

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NO 2210099  
BY JOSEPH YU TO REGISTER THE TRADE MARK :**

**WALKLANDER**

**AND IN THE MATTER OF OPPOSITION THERETO  
UNDER NO 51019  
BY LIAONING LIGHT INDUSTRIAL PRODUCTS IMPORT & EXPORT  
CORPORATION**

**In the matter of application no 2210099  
by Joseph Yu to register  
the trade mark WALKLANDER  
and in the matter of opposition thereto  
under no 51019 by  
Liaoning Light Industrial Products Import & Export Corporation**

**Background**

1) On 29 September 1999 Joseph Yu applied to register the trade mark **WALKLANDER**. The application was published on 15 March 2000 with the following specification in class 9: *safety footwear, safety clothing and safety headgear*. The application proceeded upon the basis of the consent of the proprietor of trade mark registration no 2198572.

2) On 26 May 2000 Liaoning Light Industrial Products Import & Export Corporation (LLI) filed notice of opposition to this application.

3) The opponent states that he is the owner of United Kingdom trade mark registration no 2198572 of the trade mark **WALKERLAND** which is registered in respect of:

*safety footwear, protective garments and headgear  
footwear, clothing, headgear*

in classes 9 and 25 respectively. This registration was filed on 27 May 1999. The opponent claims that the applicant has filed a confusingly similar trade mark knowing that the opponent has an earlier registration. The opponent states that the application was filed with a forged letter of consent. The opponent states that, consequently, the application was failed in bad faith and its registration would be contrary to section 3(6) of the Act.

4) The opponent states that the trade mark in suit is similar to the trade mark **WALKERLAND** and encompasses similar or identical goods. Registration of the trade mark in suit would, therefore, be contrary, to section 5(2)(b) of the Act.

5) The applicant filed a counterstatement. He denies that the opponent is the owner of trade mark registration no 2198572 and that the letter of consent that was furnished was forged. The applicant denies that registration of the trade mark in suit would be contrary to sections 3(6) and 5(2)(b) of the Act.

6) Both parties seek an award of costs.

7) Both parties filed evidence.

8) It is to be noted that trade mark registration no 2198572 is subject of a rectification action which seeks to return it to the ownership of Walkerland International Ltd. This decision is issued subsequent to the decision in relation to that application for rectification.

9) The matter came to be heard on 16 July 2001 when the applicant was represented by Ms Leno of Forrester Ketley & Co and the opponent was represented by Mr Setchell of Trade Mark Consultants Co.

## **Opponent's evidence**

10) The opponent's evidence consists of a statutory declaration made by Yan Shu Zhou. Mr Zhou states that he is an employee of LLI. He states that LLI manufactures footwear, especially workmen's boots for protection against accidents. Mr Zhou states that LLI invented and adopted the trade mark WALKERLAND for workmen's boots destined for English speaking countries and commenced exports to the United Kingdom in 1996. Mr Zhou states that LLI have always been the sole supplier of WALKERLAND boots in the United Kingdom, at first through him personally and subsequently through Walkerland International Ltd (WIL). Mr Zhou exhibits at YSZ1, pages 5a to 9, copies of invoices and notices of confirmation of sales. These emanate from LLI and are directed to Ador (UK) Ltd. They all relate to WALKERLAND leather safety boots and emanate from 1996, 1997 and 1998.

11) Mr Zhou states that since 1996 Joseph Yu had been a customer of LLI. He states that Mr Yu was the "controller" of Ador (UK) Ltd. Mr Zhou states that in 1999 it was decided to establish a United Kingdom trading company to carry out the specific business of marketing the WALKERLAND safety footwear of LLI. He states that Mr Yu, who was a trusted friend, offered to look after the formalities through his accountants. The company that was set up was Walkerland International Ltd (WIL). Mr Zhou considered that he was the managing director of the company and in control of it on behalf of LLI. Mr Zhou describes WIL as his "old UK company". Mr Zhou states that WIL was to be jointly owned by himself and Mr Yu and that they would be the only two officers of the company. He states that he had no proof that this was the set up as Mr Yu undertook to look after the formalities of share allocation and appointment of officers. Mr Zhou states that he did all the work for WIL. He states that he believed that he was the managing director and 50% shareholder in WIL. Mr Zhou states that he was instructed by LLI to file an application for the trade mark WALKERLAND.

12) Mr Zhou states that on 1 February 2000 he had a meeting at the offices of Mr Yu's accountants with Mr Yu and his accountant Mr Dua. Mr Zhou states that Mr Dua gave him the appropriate form to sign to consent to being a director. He states that there was a discussion at which it was agreed that he and Mr Yu should each hold 49% of the shares and Mr Dua 2%. He states that he has since discovered that the shares were not allocated in this manner. He has discovered from the records of Companies House that Mr Yu was listed as a director with 99 shares, Mr Yu's son Simon Yue was listed as secretary with one share and that he, Mr Zhou, was listed as a non-shareholding director.

13) Mr Zhou states that he was becoming increasingly uneasy about the actions and behaviour of Mr Yu. He states that prior to the 1 February 2000 meeting he learnt from a customer that a London company was importing similar safety boots from a Hong Kong company. The boots were made in China and labelled WALKLANDER. Mr Zhou states that he asked Mr Yu about the use of this trade mark. Mr Yu stated that he knew about the use and described it as a blatant case of trade mark infringement. He stated that he would go to Hong Kong and try to stop the infringement. Mr Yu knew the Hong Kong suppliers, Li Yuen Investment Co, which is a trading company for which Ador had been a commission agent.

14) Mr Zhou states that after returning from trip to China Mr Yu informed him that he had not been able to stop the infringement. Mr Zhou consulted his trade mark attorneys whose investigations disclosed that the owner of the "infringing" trade mark was Mr Yu.

15) Mr Zhou then refers to a file inspection which was made in respect of the application in suit. He comments that to overcome the citation of WALKERLAND Mr Yu furnished a letter of consent from WIL. Mr Zhou exhibits the correspondence which Mr Yu sent into the Patent Office at pages 18, 19 and 20 of exhibit YSZ2. This consists of a letter from Mr Yu, a letter of consent from WIL signed by Mr Yu in respect of the application by Mr Yu and a leaflet for WALKLANDER boots. Mr Zhou states that the letter of consent is not on authentically letter headed WIL paper. This is because Mr Yu did not have access to WIL stationery. Mr Zhou describes the letterhead produced by Mr Yu as tantamount to forgery. Mr Yu exhibits at page 22 of YSZ2 what he describes as an example of the authentic letterhead. This has a different address and different telephone and fax numbers. It also contains device elements which are absent from the letter of consent. Mr Zhou also comments on the dating of the letter of consent. He states that it was purportedly written on 28 January 2000 but did not reach the examination unit until 14 February. Mr Zhou states that the letters from Mr Yu re the consent must have been deliberately back dated as it does not take seventeen days for a letter to reach an examination unit. Mr Zhou states that there was a reason for this backdating. It was so that the letter of consent preceded the board meeting of 1 February when he was formally appointed a director; otherwise Mr Yu could not make the claim “Until the time of writing, Mr Joseph Yu is still the sole director of Walkerland International Ltd” which is in the letter.

16) Mr Zhou states that on discovering Mr Yu’s “deception” he confronted him and was given the excuse that he had acted as he had to protect himself in case Mr Zhou tried to remove him from WIL. Mr Zhou notes that Mr Yu attached to the letter of consent the publicity leaflet that was used by the company that had imported the WALKLANDER boots. He notes that the leaflet quotes a Chinese e-mail address containing the word ador which is part of the name of Mr Yu’s English company.

17) Mr Zhou goes on to describe further disagreements with Mr Yu which included the freezing of LLI stock and monies in the United Kingdom. Mr Zhou states that he set up a new company – Walkerland UK Limited – which operates from the same address as WIL had. This new company took over all the business and assets of WIL, including its stock, monies, customer base and office tenancy. As part of this transfer Mr Zhou had to pay money to Ador and release stock to Li Yuen Investment Co.

18) Mr Zhou goes on to make submissions, assertions and comments on his earlier evidence. This part of the declaration does not add to the evidence of fact and so I will say no more about it.

### **Applicant’s evidence**

19) This consists of a witness statement by Joseph Yu.

20) Mr Yu states that registration no 2198572 of the trade mark WALKERLAND is currently the subject of a rectification action to have it returned to WIL.

21) Mr Yu states that the WALKERLAND trade mark was made in the name of WIL and that he paid for the formation of WIL and is a director of it. Mr Yu states that he and his designer designed styles for the WALKERLAND brand in 1997. Mr Yu states that LLI is not the only supplier of imported footwear labelled with the trade mark WALKERLAND. He states that a company called Li Yuen (China) Investments Limited supplied footwear bearing the WALKERLAND brand to his companies. He exhibits in support of this a letter dated JY3

from Li Yuen in support of this claim. The letter, dated 4 April 2001, is written by KS Luk and states:

“Further to our telephone conversation, I am happy to find an old PVC logo, old and dusty, that we made from an engineering mould in 1998 to prove that we have been working on this project before you applied the ‘Walkerland’ brand on behalf of Walkerland International Ltd London”

The attached logo shows the word WALKERLAND, the letters TM and the device of a man which is seen in various exhibits. Despite the comments of Mr Luk the logo would seem to be in pristine condition and shows no indication of age.

22) Mr Yu denies that he offered to look after the formalities of establishing a United Kingdom trading company to carry on the specific business of marketing WALKERLAND safety footwear for Mr Zhou. He also denies that Mr Zhou was in control. Mr Yu states that he paid for the company formation of WIL and refutes that claim that it had been agreed that WIL should be jointly owned by himself and Mr Zhou. Mr Yu states that he paid all rents due for WIL and that Mr Zhou was only an authorised signatory on cheques. He states that Mr Zhou was later removed as a director of WIL. Mr Yu denies the alleged impropriety of his accountants.

23) Mr Yu denies that LLI is the owner of the trade mark WALKERLAND. He states that in 1996 he thought of the name WALKERLAND and started to make samples and did the marketing and searching. He states that only when the brand took off did Mr Zhou and LLI try to take the brand out of his hands by virtue of “the surreptitious assignment without my authority”.

24) Mr Yu states that he was fully entitled to sign the application form for the trade mark in suit. He states that the only reason that the trade mark WALKERLAND was cited was because it was in the name of his company WIL and not his name personally. He states that accordingly it was in order for him to provide a letter of consent from WIL. Mr Yu states that he cannot comment on why the letter took so long to reach the unit. He states that the date stamp indicates when the letter was received by the unit, not necessarily when it reached the Patent Office. In fact there is a fainter date stamp that shows the letter was received by the Patent Office on 11 February 2000.

25) Mr Yu states: “Although Mr. Zhou alleges that I have forged stationery and that the genuine letterhead is that which he exhibits at page 22, nevertheless he provides no evidence to the effect that his stationery is genuine. He does not provide evidence to the effect that he paid for the stationery, as he alleges, and nor does he give any further information regarding the CE test certificate”.

26) Mr Yu reiterates that he devised the trade mark WALKERLAND. He states that as WIL is his company he is entitled to provide a letter of consent.

### **Opponent’s evidence in reply**

27) This consists of a further statutory declaration by Mr Zhou.

28) Mr Zhou begins by reiterating points made in his earlier declaration. He disputes Mr Yu’s

claim to the invention of the trade mark WALKERLAND. He exhibits at pages 40 and 41 of exhibit YSZ3 two invoices. Both are from LLI. One invoiced is dated 24 January 1995 and is addressed to a company in Japan. It relates to WALKERLAND rubber boots. The second invoice is dated 11 May 1995 and is addressed to a company in Korea. It is for WALKERLAND footwear.

29) Mr Zhou exhibits at pages 42-45 of YSZ3 two letters in Chinese and translations he has made of them. The first letter is dated 7 November 1996. It is from Ador and signed by Joseph, who I assume is Mr Yu. The letter is addressed to LLI. The letter is a reply to a fax which has not been exhibited. The translation of the letter includes the following:

“I think the brand ‘WALKERLAND’ should not be an English brand because the brand ‘WALKERLAND’ is with ‘TM’ on its postfix and a proper English brand should have ® on its postfix instead of ‘TM’. If it is ascertained that this is not an English brand, please produce the goods immediately because you have already got those ready-made soles. Do not throw away those soles. Please do not put any more rubber logo on the sole because those ready-made soles have already got the word ‘WALKERLAND’ on them.

It is most important to make quick shipment and send the samples as well as ‘WALKERLAND’ boots box immediately. Upon receipt of the samples, other customers will place the orders.”

The other letter is dated 23 May 2001. The translation states:

“This is to certify that Jiaxin Footwear Factory of Jiutai City has made ‘Walkerland’ Brand work boot for Liaoning Light Industrial Products Import and Export Corporation between 1994 and 1996.”

30) Mr Zhou goes on to give details as to the background of the first letter referred to in paragraph 29. He states that an order for 10,000 WALKERLAND boots for the USA was cancelled. This left LLI with the task of disposing of 10,000 soles of WALKERLAND boots. Ador was offered boots made with these surplus soles.

31) Mr Zhou goes on to state how he ran WIL and did all the work for the company.

32) Finally Mr Zhou exhibits at pages 46, 47 and 48 of exhibit YSZ3 illustrations of boots bearing the WALKERLAND trade mark.

## Decision

33) The grounds of opposition are under section 3(6) and section 5(2)(b) of the Act. The relevant provisions read as follows:

Section 3(6): “A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

Section 5(2)(b):

“A trade mark shall not be registered if because——

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

The term ‘earlier trade mark’ is defined in section 6 of the Act as follows:

“(a) a registered trade mark, international trade mark (UK) or Community trade mark which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks.”

Section 5(5) of the Act states:

“Nothing in this section prevents the registration of a trade mark where the proprietor of the earlier trade mark or other earlier right consents to the registration.”

34) In a decision on an application for the rectification of the WALKERLAND trade mark I decided that the register should be rectified to show WIL as the owner of the trade mark. That decision dealt solely with the issue of whether a request for the transfer of the ownership was properly authorised and filed. I decided that it had not been. I did not decide and did not have to decide whether if LLI had filed a rectification, under section 60, or invalidity action, rather than filing a form TM16, they would have proved that they were the owners of the trade mark. Consequently that decision does not colour my position in this case.

35) My summary of the evidence contains points that may seem to digress from the issues before me in this case. In reaching a decision in this case I have found it necessary to put the relationships between the two parties in a context. I have also considered it necessary to consider the evidence carefully in order to apportion the weight that should be given to the conflicting statements of Mr Zhou and Mr Yu. Mr Yu’s statements and claims are of importance when considering if he acted in bad faith and the nature of the letter of consent.

36) Mr Yu claims to have invented the trade mark WALKERLAND. The opponent has filed evidence showing earlier use of the trade mark – see paragraph 28. Mr Zhou has also produced the evidence referred to in paragraph 29. Ms Leno comments that Mr Zhou is not a qualified translator and has not produce a copy of the fax to Mr Yu which gave rise to the

letter which is exhibited. Mr Zhou might not be a qualified translator but the actual translation of the letter from Mr Yu has not been challenged. As the letter was from Mr Yu it can be presumed that he understands Chinese and could readily comment if the translation was inaccurate. Mr Zhou has commented upon the events which gave rise to the letter. This has not been challenged. The accuracy of the translation of the letter dated 23 May 2001 referred to in paragraph 29 has not been challenged. Mr Yu comments on having designed styles for WALKERLAND brand in 1997. Even if this is the case it is not the same as having invented the trade mark. From the evidence before me I have no doubt that LLI were using the trade mark WALKERLAND in relation to safety boots before Mr Yu claims he invented the trade mark. I also have no doubt that Mr Yu was aware of that use. This is not to state that I reach or can reach a conclusion as to who is the rightful owner of the trade mark WALKERLAND in the United Kingdom. I do not.

37) In paragraphs 13, 14 and 16 I deal with Mr Zhou's claims in relation to the WALKLANDER "infringement". Mr Yu does not contradict, deny or comment upon these statements by Mr Zhou. He merely states that because he does not accept that WALKERLAND belongs to LLI that there could not be an infringement. Mr Yu has been ready in his statement to refute and deny various of the claims of Mr Zhou. In such circumstances I take the absence of denial as an acceptance that what Mr Zhou says is true.

38) There are silences in the evidence of Mr Yu, as for the matters discussed in paragraph 37. There is also a deafening silence in the evidence of Mr Yu as to why he decided to coin the trade mark WALKLANDER. It would have seemed easy enough to deal with the issue, especially in the context of Mr Zhou's comments as to infringement.

39) In considering the weight and perspective I should take in relation to the actions and assertions of the two protagonists I consider the dispute over the letter of consent is of interest. Firstly there is the issue as to whether the letter was on authentic WIL note paper. Mr Zhou says it was not. He refers to the WIL paper he used, this paper bears devices and so would not have been readily produced from a standard word processing program. Mr Yu's letter paper bears no device elements. Mr Yu does not deny the claim of Mr Zhou, he simply states that Mr Zhou has not proved that his is the authentic letter paper. Why is Mr Yu silent? Mr Zhou commented upon the time that it took for the letter of consent to reach The Patent Office. It does seem to have been a rather long time. However, this could have been due to a delay in postal delivery. Nothing can be proved. I do note however that Mr Yu wrote the following in the letter of consent:

"Until the time of writing, Mr Joseph Yu is still the sole director of Walkerland International Ltd."

I have never seen the like in a letter of consent before. It seems a bizarre thing to write it in a letter of consent. I am left wondering why it was written unless there was an issue as to the dating of the letter and Mr Zhou's position in the company from 1 February 2000.

40) This is a case which would have benefited almost certainly from the cross-examination of Mr Yu and Mr Zhou to test their contradictory claims and allegations. This was not requested by the parties and so I am left with the evidence before me. There are statements by Mr Yu which are contradicted by the factual evidence – his claim to have invented the trade mark WALKERLAND. There are other areas where he is silent in reply to the claims of Mr Zhou or seems to attempt to side-step the issue; as in relation to the authenticity of the letter paper



used on the letter of consent. In these circumstances I would state that where there is a conflict of evidence I prefer the version given by Mr Zhou; although I do not presume that Mr Zhou's evidence is the unglossed truth. When putting forward a case it is almost inevitable that the lily will be gilded and that certain "unhelpful" facts will be glossed over or omitted. It is also the case that one's view of events is affected by the position from which one is looking at them.

### **Likelihood of confusion**

41) At the beginning of the hearing I asked Ms Leno whether she conceded that there was a likelihood of confusion. I had presumed that this was not a point that would be contested and that the issues of the case fell to be considered in relation to the validity of the letter of consent and the claim of bad faith. Ms Leno refused to concede this point. I will, therefore, deal with it now.

### **Comparison of goods**

42) The goods of the application in suit are: "*safety footwear, safety clothing and safety headgear*". The goods of the earlier registration include: *safety footwear, protective garments and headgear*. The goods of the earlier registration encompass all the goods of the application in suit and so the goods are identical.

### **Comparison of signs**

43) The signs to be compared are as follows:

#### **Earlier trade mark:**

**WALKERLAND**

#### **Application:**

**WALKLANDER**

44) I do not see that there is any mileage to be gained from a lengthy comparative analysis of the signs. I have no doubt that they are phonetically, visually and conceptually similar. They are similar to a remarkable extent.

### **Conclusion**

45) In determining the question under section 5(2), I take into account the guidance provided by the European Court of Justice (ECJ) in *Sabel BV v. Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V.* [2000] FSR 77 and *Marca Mode CV v. Adidas AG* [2000] ETMR 723. The respective goods are identical. The signs are similar to a high degree. The earlier sign has a good degree of inherent distinctiveness. Mr Zhou exhibited at page 20 of YSZ2 the WALKLANDER leaflet which shows how the trade mark has been used. At pages 46, 47, 48 and 49 of YSZ3 the exhibits show how the WALKERLAND trade mark has been used. This seems to me to be the perfect example of what can be expected in normal and fair use – as here there is normal and fair use! The trade marks appear on the boots in almost the identical spots, and are shown in use on almost identical goods. The visual similarity is overwhelming. Ms Leno submitted that there had been no evidence furnished of confusion on the market place. She commented that Mr Zhou in his second declaration had stated evidence

of confusion could be furnished if the Registrar required this. The registrar did not make this request and no evidence was furnished. I do not think evidence would have assisted the case of the opponent; it being cast iron anyway. **I have no hesitation in finding that there is a likelihood of confusion.** I cannot see how confusion would not arise.

### **Validity of letter of consent**

46) The finding of a likelihood of confusion means nothing if I accept that the letter of consent is valid. I have dealt with the issue of the authenticity of the headed note paper upon which the letter was written. I do not consider that this is important in itself, there are no rules as to appropriate paper. I dealt with the issue more in relation to the credibility and motivation of Mr Yu. There is doubt as to when the letter of consent was written. As I have indicated there is a somewhat bizarre wording included in it.

47) Under the 1938 Act citations of earlier trade marks could be overcome by a letter of consent. However, this was not mandatory upon the registrar. In certain circumstances she would not accept letters of consent as a means of overcoming citations where goods were pharmaceuticals or it was considered that the trade marks were “too close”. The registrar in such circumstances was acting in the public interest. Under the 1994 Act the registrar does not have a discretion in relation to letters of consent. In relation to pharmaceuticals other agencies decide on what trade marks can come onto the market. Where it is a matter of similar trade marks it is left to the owners to decide if the trade marks can co-exist. It is presumed that it would be against the interest of the owners to have the public deceived as to the particular provenance of the goods. In the commercial world trade marks can live together in the market place through the aid of co-existence agreements. In this case the presence of the two trade marks on the market place will almost certainly lead to confusion. However, I have no discretion to abrogate the letter because I believe that its effects would lead to confusion and deception of the public. I can only abrogate it if I find that it is not genuine.

48) Mr Yu considers that he could write the letter owing to his position with WIL. However, Mr Yu is not WIL and was not WIL; he was a director, that is undisputed. Being a director does not give one carte blanche in relation to the actions of a company. The registration of a company sets up a legal entity which enjoys certain privileges but also imposes duties and restrictions. Mr Yu as an individual sought consent from WIL. He does not adduce into proceedings any correspondence between himself and WIL about the letter of consent. If Mr Yu was acting for WIL it would have been reasonable to expect such correspondence. No agreement is produced in relation to the letter of consent. A co-existence agreement is not obligatory in relation to a letter of consent but where the trade marks are so similar and the goods are identical it is what one would expect. He produces no records showing that he discussed the matter with anyone else at WIL. The letter of consent certainly was not known about by Mr Zhou and did not emanate from the premises where he was working. Indeed he produces nothing to show the WIL had been formally approached and had considered the issue. The impression I get is that Mr Yu has confused himself with the company of which he is a director. He has failed to differentiate between the two.

49) In normal circumstances a letter of consent signed by a director of a company will give no rise to unease. In this case Mr Yu is both asking for consent and giving consent, in a different capacity. In such circumstances it could be expected that Mr Yu should be at arm's length from the actions of WIL; there would appear to be a conflict of interest. Even this would not necessarily give rise to concern. However, when there is a challenge to the letter of consent,

in circumstances such as these, it is reasonable to expect that corroborative evidence from a third party or other source would be forthcoming. Mr Yu could have, for example, produced a copy of company minutes. In the face of the challenge Mr Yu has furnished no corroborative evidence. I have no evidence before me that the letter of consent was furnished with the blessings of WIL. **I do not consider that the letter of consent is valid. The provisions of section 5(5) do not apply and the application in suit is to be refused under section 5(2)(b) of the Act.**

### **Bad faith**

50) In the event that I am wrong in my findings above I go on to consider whether the application in suit was made in bad faith.

51) The standard test of bad faith is that of Lindsay J in *Gromax Plastics Limited v. Don and Low Nonwovens Ltd* [1999] RPC 167 where he stated:

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes some dealings which fall short of the standard of acceptable commercial behaviour observed by reasonable and experienced men in the particular field being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”

Lindsay J clearly states that the matter must not be adjudged by some paraphrase of the courts but by reference to the words of the Act and upon a regard to all material surrounding circumstances.

52) Part of the attack on the basis of the bad faith relates to the letter of consent; that the supplying of the letter of consent represents an act of bad faith. It might have been an act of bad faith but that is not relevant. The bad faith must relate to the making of the application; other matters are not caught by section 3(6). The letter cannot give rise to a refusal under section 3(6) but it can be part of the material surrounding circumstances.

53) Ms Leno referred to the comments of Mr Thorley, sitting as the appointed person, in *Royal Enfield* [2002] RPC 24:

“An allegation that a trade mark has been applied for in bad faith is a serious allegation. It is an allegation of a form of commercial fraud. A plea of fraud should not lightly be made (see Lord Denning M.R. in *Associated Leisure v. Associated Newspapers* (1970) 2 QB 450 at 456) and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts (see *Davy v. Garrett* (1878) 7 Ch. D. 473 at 489). In my judgement precisely the same considerations apply to an allegation of lack of bad faith made under section 3(6). It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference. Further I do not believe that it is right that an attack based upon section 3(6)

should be relied on as an adjunct to a case raised under another section of the Act. If bad faith is being alleged, it should be alleged up front as a primary argument or not at all.”

There are several other decisions of the appointed persons which emphasise the seriousness of the allegation and the strength of the evidence that is required to substantiate the claim e.g. *SMILEY DEVICE trade marks* BL 0/313/01 and *LOADED Trade Mark* BL 0/455/00. A claim that an application was made in bad faith does not require an impossible burden of proof.

54) I have to consider whether Mr Yu’s application for the trade mark in suit fell “short of the standard of acceptable commercial behaviour observed by reasonable and experienced men” in this particular field.

55) This is not the sort of case where there is going to be smoking gun evidence. However, there could be evidence that would lead me to an inevitable conclusion. Filing a highly similar trade mark for identical goods is not normally the basis for a 3(6) action. One reason is that an opposing party can rely on section 5(2)(b) and another is that it could be difficult to prove knowledge of an earlier trade mark. In this case objection under section 5(2) was fended off by way of the shield of a letter of consent. Consequently section 3(6) becomes a potential sword for the opponent.

56) It is a fact that Mr Yu knew of the existence and use of the WALKERLAND trade mark, he was a director of WIL. Accepting actual use is an excellent indication of intention of use it is clear from exhibits that Mr Yu intended to use the trade mark in a similar manner on a similar style of footwear as WIL. It is a fact that Mr Yu was a majority shareholder in WIL and so the filing of the application in suit represents a clear conflict of interest. It is a fact that Mr Yu by signing the letter of consent intended to have the two trade marks co-existing on the register. I have no doubt from the evidence before me that there is an arguable case as to the ownership of the trade mark WALKERLAND and I find it difficult to believe that Mr Yu was not aware of this. He certainly would have been aware of the fact that LLI had been using the trade mark before him, as shown by the evidence of sales to Japan. Mr Yu has not contested Mr Zhou’s claims that he brought to the former’s attention the sales of WALKLANDER boots in the United Kingdom and that he considered this to be an infringement of the WALKERLAND trade mark. Mr Yu has not contested that he told Mr Zhou that he would try and sort out the infringing behaviour whilst all the time being the person behind WALKLANDER. Taking all these elements together a picture is drawn up as to the action of Mr Yu in filing the application in suit. The facts tell me that the intention of the application was to set up a registration that in use would cause confusion. Mr Yu did not choose a trade mark that merely brought to mind the WALKERLAND trade mark he chose a trade mark that was bound to cause confusion. The evidence showing the use of the two trade marks even shows use on boots of virtually the same design, with the trade mark appearing in virtually the same spot. I also have the overall picture of Mr Yu’s actions and behaviour, for instance in relation to the letter of consent. These form part of the material surrounding circumstances.

57) Mr Yu has not commented upon his motivation in making the application. Again it is another matter that he is silent upon and upon which he could readily speak. From the evidence before me those motives could relate to causing difficulties for LLI in relationship to their claimed ownership of WALKERLAND. The use of the trade mark in suit is certainly designed to cause confusion in the market place. It is possible that Mr Yu considers that his action in making this application was acceptable. The issue of bad faith does not depend on

the personal mores and ethics of the individual. In *Demon Ale Trade Mark* [2000] RPC 355 Mr Hobbs QC, sitting as the appointed person, stated:

“I do not think that Section 3(6) requires applicants to submit to an open-ended assessment of their commercial morality. However, the observations of Lord Nicholls on the subject of dishonesty in *Royal Brunei Airlines Sdn. Bhd. v. Philip Tan* [1995] 2 AC 378 (PC) at p.389 do seem to me to provide strong support for the view that a finding of bad faith may be fully justified even in a case where the applicant sees nothing wrong in his own behaviour.”

I consider that Mr Yu’s actions, by making this application, fell “short of the standard of acceptable commercial behaviour observed by reasonable and experienced men”. **I, therefore, find that the application in suit was made in bad faith and is refused under section 3(6) of the Act.**

**58) The opponent having been successful he is entitled to a contribution to his costs. In deciding upon the sum to be paid I have taken into account that substantially similar evidence was filed in respect of three sets of related proceedings. I order the applicant to pay the opponent the sum of £1,300. This sum is to be paid within 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 8<sup>th</sup> day of August 2002**

**D.W.Landau  
For the Registrar  
the Comptroller-General**