

O-071-04

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NO. 2198572
IN THE NAME OF JOSEPH YU
AND AN APPLICATION FOR A DECLARATION OF INVALIDITY
UNDER NO. 81086 IN THE NAME OF LIAONING LIGHT INDUSTRIAL
PRODUCTS IMPORT & EXPORT CORPORATION**

TRADE MARKS ACT 1994

IN THE MATTER OF Registration No. 2198572

In the Name of Joseph Yu

and an Application for a Declaration of Invalidity Under No. 81086

in the name of Liaoning Light Industrial Products Import & Export Corporation

Background

1. Trade Mark registration No. 2198572 is in respect of the mark WALKERLAND and is registered in respect of:

Class 9 Safety footwear, protective garments and headgear.

Class 25 Footwear, clothing and headgear.

2. The registration currently stands in the name of Joseph Yu, the application having been made in the name of Walkerland International Limited and assigned to Mr Yu, the assignment being recorded on 27 August 2003.

3. By an application dated 27 November 2002, Liaoning Light Industrial Products Import & Export Corporation applied for the registration to be declared invalid. The application is made on the following grounds:

Under Section 3(6) because the registered proprietor:

- knew the applicant to be the rightful owner,
- purported to be acting in the best interests of the applicant with whom he occupied a position of responsibility and trust, his actions bringing his personal interest into conflict with his duties to the applicant,
- did not have any informed consent to the registration, having misled the applicant as to the nature, composition, and ownership of Walkerland International Limited

Under Section 5(4)(a) - by virtue of the law of passing off.

4. On 31 January 2003, the registered proprietors filed a counterstatement in which they deny the grounds on which the application is based.

5. The registered proprietors and the applicants for invalidity both ask for an award of costs in their favour.

6. Both sides filed evidence in these proceedings. The matter came to be heard on 9 December 2003, when the applicants for invalidation were represented by Mr Simon Malynicz of Counsel, instructed by Trade Mark Consultants Co, their trade mark attorneys. The registered proprietors were represented by Mr Hughes of Counsel, instructed by Forester Ketley & Co, their trade mark attorneys.

Applicants= evidence

7. This consists of two Witness Statements. The first is dated 19 March 2003, and comes from Yan Shu Zhou (also known as David Zhou), an employee and sole authorised UK representative of Liaoning Light Industrial Products Import & Export Corporation.

8. Mr Zhou says that from 1988 to July 1994 he was a business manager in the export department of his company, making regular trips to the UK to develop business contacts. He says that the trade mark WALKERLAND was invented and adopted by his company around 1992/3, his department having been involved in the development of the name and sample packaging. He recalls this as having taken place well before his departure to the UK in July 1994 to take up his current position. Mr Zhou says that his role at that time was to promote his company's goods in the UK, which included a range of workmen's footwear under the name WALKERLAND, and to solicit orders from wholesale outlets and retail customers.

9. Mr Zhou says that when he arrived in the UK, he had with him a sample boot bearing the name WALKERLAND, a photograph of which is shown as exhibit YSZ1. The photograph depicts a boot with the name WALKERLAND™ on the ankle, and WALKERLAND WEAR on the sole. Exhibit YSZ2 consists of a copy of a certificate, dated 11 July 2000, recording the registration of Liaoning Light Industrial Products Imp. & Exp. Corporation in the UK.

10. Mr Zhou recounts visiting Melcro Shoes Limited in 1994, stating that although this did not result in any sales of his company's boots, Mr Derek Aldridge, a footwear designer at Melcro introduced him to Mr Yu at a meeting in Melcro's offices in Autumn 1994. Mr Zhou says that later that year he again met Mr Yu at the offices of Ador (UK) Limited, Mr Yu's company, at which he introduced Mr Yu to the sample boot bearing the WALKERLAND name. He says that Mr Yu was keen to buy the boots but could only guarantee a small number of sales to retail establishments, which would not have been economically viable. Mr Zhou says that his company continued to manufacture and sell a range of WALKERLAND footwear outside of the UK, exhibit YSZ3 confirming this fact.

11. Mr Zhou says that from 1994 to 1996 he developed a strong friendship with Mr Yu, who he recognised as having an extensive knowledge of the UK footwear market, and contacts within that market. He says that Mr Yu often expressed an interest in placing an order for WALKERLAND boots. He recounts his company having a cancelled order of 10,000 WALKERLAND boots to dispose of, his having approached Mr Yu with a view to his company, Ador (UK) Limited, selling the boots, and Mr Yu's company being appointed as the sole outlet for the WALKERLAND range of boots. Exhibit YSZ4 consists of a fax (and a certified translation thereof) sent to Mr Zhou by Mr Yu on 7 November 1996. The fax makes reference to some technical specifications of the footwear, and, inter alia, that WALKERLAND is not a British brand because of the use of™.

12. Mr Zhou states that the first shipment of goods to Ador took place on 19 December 1996, with further shipments up to October 1998, all supplied in the original boxes that were designed and manufactured by his company in 1994. Exhibit YSZ5 consists of a selection of invoices, the earliest dating from 19 December 1996, sent by Liaoning Light Industrial Products Import & Export Corporation to Ador (UK) Limited for the supply of WALKERLAND leather safety boots. Mr Zhou refers to the trading relationship with Mr Yu's company, which, he says, encountered some difficulties in obtaining payment from Ador for goods supplied by Liaoning.

13. Mr Zhou says that by late 1998 it had become clear that there was a profitable market for WALKERLAND boots in the UK, and discussions were held with Mr Yu with regard to setting up a company to exclusively sell WALKERLAND. He says that Mr Yu was tasked with the setting up of the new business under the name Walkerland International Limited, but that he would retain full control and management. Mr Yu organised the registration of the company through his accountants, Dean Kerr Dua & Company, of Harrow, Middlesex, and the company was duly incorporated on 20 April 1999. Exhibit YSZ6 consists of a current extract from the Companies register, which confirms the date of incorporation, but little else. Mr Zhou says that he did not have sight of any official correspondence in relation to the company, and that Mr Yu agreed to look after the formalities of dealing with the issues of shares and the appointment of officers of the company.

14. Mr Zhou says that as part of setting up the new company he arranged for the testing and CE certification for the WALKERLAND steel toe-capped boots, the process starting in 1998 and completed in May 1999. Exhibit YSZ7 consists of various documents relating to the testing carried out by Intertek Testing Services. A certificate issued on 13 May 1999 mentions WALKERLAND, but only as part of the name Walkerland International Limited. The exhibit also includes a selection of invoices made out to Liaoning Light Industrial Products, although not all mentioning WALKERLAND, the earliest reference being 23 October 1998, for testing ~~A~~Black WALKERLAND ankle boots@.

15. Exhibit YSZ8 consists of photographs of a boot bearing the name WALKERLAND although there is nothing by which to date them. Exhibit YSZ9 consists of details of the registration that is the subject of these proceedings, taken from the Trade Marks Register, Mr Zhou saying that he believed that the mark was being held in trust for Liaoning Light Industrial Products. Exhibits YSZ10 consists of a selection of sales confirmation documents and invoices, relating to the supply of WALKERLAND boots by Liaoning Light Industrial Products Import & Export Corporation, to Walkerland International Limited, from March 1999 onwards. Exhibit YSZ11 consists of various items of correspondence relating to the shipping, storage and supply of WALKERLAND footwear, the earliest dating from 28 July 1999. These mention Walkerland International Limited, Mr Zhou being the named contact. Exhibit YSZ12 consists of a fax (and certified translation) addressed to Mr Zhou and Mr Jin, relating to payments made and due, although no mention of WALKERLAND. The exhibit also includes an invoice dated 23 December 1998, issued by Liaoning Light Industrial Products to Ador (UK) Limited, for the supply of WALKERLAND boots. The amount stated US\$84,060 is one of the amounts shown in the fax and it seems reasonable to infer that the other amounts also relate to the supply of WALKERLAND boots.

16. Mr Zhou states that in November 1999, he became aware that a competing boot was being sold under the name WALKLANDER, by Wembley Footwear Limited. He says that he found out that this boot was being made in China on behalf of Lee Yuen Investment Company. Mr Zhou says that business commitments required him to be in China. As he was aware that Mr Yu's company, Ador UK Limited had been a commission agent for Lee Yuen Investments, he asked Mr Yu to deal with the infringement of their trade mark. Mr Zhou says that on his return Mr Yu told him that there was nothing to be done other than litigation.

17. Mr Zhou relates his concerns over his deteriorating business relationship with Mr Yu, and in particular, over Mr Yu's reluctance to discuss or provide any information or documents relating to Walkerland International Limited's set up and shareholding. He says that he pressed Mr Yu to arrange a meeting with his accountants to obtain details of the shareholding. Mr Zhou says that Mr Yu told him that his accountants had only provided him with one form for the appointment of Directors and that he would obtain another. He says that it had been confirmed to him that the ownership of the company was on a 50-50 basis, a fact that subsequently turned out to be untrue.

18. Mr Zhou says that a meeting with Mr Yu's accountants took place on 1 February 2000, attended by Mr Yu, Mr Dua, Mr Padania and himself. He says that he was issued with a form to have him appointed as a Director of Walkerland International Limited, and that on the advice of the accountants, the share allocation was decided on the basis of Mr Zhou and Mr Yu each holding 49%, with the accountants holding the remaining 2%

19. Mr Zhou states that in December 1999, he asked Trade Mark Consultants Co to place details of the WALKERLAND trade mark on their books for future renewals. He says that in the following April he approached the firm for advice on the infringement, and after investigations the firm told him that an application had been made by Mr Yu, to register the name WALKLANDER. Exhibit YSZ13 consists of details of the trade mark, showing the application to have been made on 29 September 1999.

20. Mr Yu's application for WALKLANDER had met with an objection based on the WALKERLAND registration in the ownership of Walkerland International Limited, but subsequently waived on the basis of a Letter of Consent, dated 28 January 2000, signed by Mr Yu, confirming that at the time of writing, Mr Joseph Yu is still the sole director. Mr Zhou says that he was shocked to be told that an inspection of the Companies Register revealed that he had been appointed as a director on 1 February 2000, but that the shareholding was split on the basis of Mr Joseph Yu holding 99 shares, with his son, Simon Yue holding one share, the allotment having taken place on 25 May 1999. Exhibit YSZ14 consists of the official documentation relating to the allocation. A Mr Norman Younger is noted as being a former holder on one share up until the same date. Mr Zhou notes that the Form 88(2), Return of Allotment of Shares, was not received in Companies House until nearly one year after the transfer. The form records the company as having 99 allotted shares, with Mr Joseph Yu holding 98.

21. Mr Zhou alleges that Mr Yu's application to register WALKLANDER as a trade mark is a clear breach of his duties as a director of WALKERLAND International Limited, and shows that he was colluding with the competitor company infringing his company's mark. Exhibit

YSZ15 consists of an advertising leaflet for the competitors' boots, named as WALKLANDER, Mr Zhou noting that it uses the name ADOR in the e-mail address, inferring that this establishes a connection with Ador UK Limited, Mr Yu's company.

22. Mr Zhou goes on to refer to the opposition filed by his company against the WALKLANDER trade mark, and to his subsequent transfer of the WALKERLAND trade mark into the name of Liaoning Light Industrial Products, details being shown as exhibit YSZ16

23. Mr Zhou states that his worsening business relationship with Mr Yu resulted in Mr Yu being sent letters requesting that he desist from using WALKERLAND on boots. He says that Mr Yu responded by instructing his solicitors to write to various parties to freeze the company's stock. Mr Zhou says that copies of these letters can be found in exhibit YSZ17 attached to his Statutory Declaration of 12 January 2001 that had been filed in the earlier rectification proceedings, exhibited with the Witness Statement of James Setchell. Mr Zhou says that he resigned as a director of Walkerland International Limited in September 2000, with an agreement having been executed on 21 June (2000) under which all stock was transferred into his custody. He concludes saying that he believes Walkerland International Limited has since ceased trading.

24. Next is a Witness Statement dated 20 March 2003, from James Setchell, a trade mark attorney employed by Trade Mark Consultants Co, the applicants' representatives in these proceedings. Mr Setchell's statement does no more than introduce and exhibit copies of the evidence filed in earlier rectification and opposition proceedings (JCS1-JCS4) involving the parties, and the resulting decisions. Whilst I have read this evidence and will take it into account in my decision in these proceedings, much of it is repetition of the details set out in Mr Zhou's Statements. As it has already been summarised in the relevant decisions, copies of which I have attached for ease of reference, I do not propose to re-invent the wheel by including it in the summary of the evidence.

25. The one exception is exhibit JCS5, which consists of an extract from the Community Trade Mark handbook, which, as Mr Setchell points out, shows China to have become a member of the Paris Convention on 19 March 1995.

Registered proprietors' evidence

26. This consists of a Witness Statement dated 30 April 2003, by Joseph Yu. Much of Mr Yu's statement consists of submissions on the evidence filed by the applicants. Where they have some evidential value I have summarised them below, otherwise I will take them into account in my determination of this case.

27. Mr Yu refers to the meeting at which Mr Zhou claims to have been introduced to Mr Yu by Mr Aldridge. Mr Yu refutes this saying that Mr Aldridge was his assistant and co-designer at the time of the meeting, and that they had both held meetings with Mr Zhou regarding various businesses. Mr Yu relates the earlier proceedings in which Mr Aldridge had confirmed that he and Mr Yu designed the style for the WALKERLAND brand, by way of confirmation referring to exhibit JY1. The exhibit consists of undated copies of what appears to be labels

and packaging bearing inter alia the WALKERLAND name, a photocopy of a floppy disc bearing descriptions presumably relating to its contents (no mention of WALKERLAND), and a letter dated 4 April 2001 addressed TO WHOM IT MAY CONCERN. The letter confirms that Mr Aldridge has been involved with Mr Yu in designing boots in the WALKERLAND brand since 1996, and in 1997, he and Mr Yu further designed the logos and boxes for the WALKERLAND brand. Mr Aldridge refers to the computer disc saying that it contains one of these designs, although apart from saying that it is a very old disc does not date it. He states that the applicants were one of three suppliers that produced the designs at his and Mr Yu's instructions, and that Mr Yu was the only person that inspired the brand name.

28. Mr Yu questions how the Chamber of Commerce were in a position to certify that Jiaxin Leather Shoes factory used and processed WALKERLAND footwear between 1994 and 1996, challenging that the WALKERLAND trade mark was in existence before his involvement with the applicants. He says that he requested the applicants to make samples bearing the WALKERLAND mark, which he was going to send to a few European countries, as well as America and Canada with a view to marketing them there. He says that it is his practice always to make sure a product will sell before making any arrangements to expand and register the relevant trade mark, in the present case doing so for some 2-3 years before registration.

29. Mr Yu says that through his efforts, by late 1998 it was clear there was a profitable market in the UK for WALKERLAND boots. He denies that he was requested by Mr Zhou to set up a new company, stating that he paid for the formation himself, and that he and Simon Yue owned all shares. He says that the only reason Mr Zhou was appointed as a director was because his company supplied goods to Walkerland on credit terms and he had been instructed by the applicants to look after the collection and transferring of money back to China. Mr Yu refers to exhibit JY2, which consists of a company report showing Walkerland International Limited to have been incorporated on 20 April 1999. He says that the applicants are mentioned on the CE Certification issued in the name of Walkerland International Limited because it is usual for the supplier to pay for the testing.

30. Mr Yu says that he strongly disputes that Mr Zhou conducted all business relating to Walkerland International Limited. He draws attention to the retraction of the claim that his company had been an agent of the applicants as evidenced in the letter shown as exhibit JY3, and to the fact that contrary to the applicants' claims, the trade mark had not been registered by them but by a third party, details of which he shows as exhibit JY4.

31. Next is a Witness Statement dated 1 May 2003, from Sarah Leno, a partner in Forrester Ketley & Co, the registered proprietors' representatives in these proceedings.

32. Ms Leno says that the issues raised by the applicants in this case have, to a greater or lesser extent already been addressed and considered by the Registry in earlier rectification and opposition proceedings between the parties, and requests that this be taken into account. Ms Leno refers to the copies of the evidence from the rectification proceedings filed by Mr Setchell, saying that to avoid unnecessary duplication the evidence has not been exhibited, but is also relied upon by the registered proprietors..

Applicants= evidence in reply

33. This consists of a Witness Statement dated 10 July 2003 from Yan Shu Zhou. Mr Zhou states that contrary to Mr Yu's claims, Mr Aldridge cannot have been employed as his assistant and co-designer in 1994 because at that time he was employed by Melcro Shoes Limited, a company with which Mr Yu had no involvement. He says that the redesigning of the packaging in 1998 referred to by Mr Aldridge was on his instructions acting as the sole representative of the applicants, and that Mr Yu was not the co-designer of the logo.

34. Mr Zhou says that the State Administration for Industry and Commerce is a Government department, whose role includes the registration of companies and enterprises, and the registration and enforcement of intellectual property rights, including trade marks. Exhibit YSZ17 confirms this to be the case, and, as Mr Zhou states, shows that the role of the Jiuti City Administration included the inspection of business premises, and as such, the Administration is well placed to certify that WALKERLAND boots were being made by his company in the relevant period.

35. Mr Zhou says that whilst Mr Yu was a buyer of the footwear, there is no evidence to support Mr Yu's claim to have instructed his company to make goods under the trade mark WALKERLAND. He further states that where a company manufactures and exports products under a buyers trade mark, the company always states this on the sales confirmation sheet, and it is clear from the sales confirmations shown in exhibit YSZ5 that no such arrangement existed. Mr Zhou goes on to say that exhibit YSZ4 clearly shows that Mr Yu was aware that the trade mark was the property of the company, exhibit YSZ18 being a clearer copy of the letter shown as exhibit YSZ4. The exhibit consists of a translation of a fax dated 7 November 1996, sent by AJoseph@ of Ador (UK) Limited (which I take to be Mr Yu, the registered proprietor) to Mr Zhou Yannai and Mr Ge of Liaoning Light Shoes Dept (the applicants) in response to their fax of the same date. The fax details various specifications for some footwear, and containing the following statement:

AAAs WALKERLAND is followed by TM, I don't think it is a British brand because genuine British brands have 7 at the end, not TM. If, upon clarification, it is not a British brand, please start the production immediately. This is because all of the soles have already been made and should not be wasted. Moreover, there is no need to put any plastic marks on the soles, as WALKERLAND has already been imprinted there.

The main thing is to secure as early a shipping date as possible and to send over the sample(s)/prototype(s) with WALKERLAND-labelled boxes. There will be orders from other customers once sample/prototype is received.@

36. Mr Zhou concludes his statement saying that contrary to Mr Yu's statement, the Chinese registration for WALKERLAND by another company was granted on 7 June 1996, but that his company had made first use of the mark.

Applicants= evidence Rule 33(8)

37. This consists of a Witness Statement dated 18 August 2003, from Lionel Peter Knight. Mr Knight says that he is semi-retired and assists his son in running a clothing and footwear store called P.R.K. Blackmans Shoes, and that prior to 1995 he personally traded under the name P.R.K. Jeans.

38. Mr Knight recalls having first met Mr Zhou in early to mid 1996, saying that at that time he recalls the business was selling a wide range of traditional workmen=s boots. Mr Knight says that although he did not keep a record of Mr Zhou=s visit, he can confirm that it took place several months prior to his first and only attendance at the London Shoe Show at Novatel Hotel in early 1997. He says that Mr Zhou came to the shop with samples of boots on a cold call@basis, and showed him samples of workmen=s footwear produced by his company. Mr Knight recalls that one boot had the word WALKERLAND on the sole, and that he told Mr Zhou that the steel toe caps were too narrow for the UK customer. He says that at that time no order was placed with Mr Zhou, although since 2000 they have been a customer of Mr Zhou. Mr Knight states that the meeting with Mr Zhou was particularly memorable, and he distinctly recalls the name WALKERLAND being embossed on the sole.

Registered proprietors= evidence Rule 31(8)

39. At the hearing Mr Hughes requested that two further items be admitted as evidence. After hearing submissions I determined that I would allow the request.

40. The first piece of evidence consists of a letter dated 8 June 1999, from Dean Kerr Dua & Co, Mr Yu=s accountants, confirming that forms to appoint Joseph Yu as Company Director, and Simon Yue as Company Secretary of Walkerland International Limited had been forwarded to Companies House. The address of the registered office is given as 350 Pinner Road, North Harrow, Middx, with the trading office at 12 Lytton Road, Barnet, Herts.

41. The second item consists of two order confirmations, dated 3 August 1999, relating to orders for WALKERLAND sports shoes, placed with Li Yuen (China) Investments Ltd, of Hong Kong by Walkerland International Limited from their address in Lytton Road. The orders are noted for delivery in November 1999, and although signed on behalf of Li Yuen, have not been signed in the space provided by anyone from Walkerland International Limited. There is nothing to confirm that the orders were ever fulfilled.

That concludes my review of the evidence insofar as it is relevant to these proceedings.

Decision

42. Turning first to the ground under Section 3(6). That section reads as follows:

A3(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.@

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

AI 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.@

44. Mr Simon Thorley, sitting as the Appointed Person, in *RoyalEnfield* [2002] RPC 24 made the following observations in relation to a claim that an application had been made in bad faith:

AAAn 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.@

45. This should be taken in conjunction with other decisions of the Appointed Persons e.g. *SMILEY DEVICE trade marks* BL 0/313/01 and *LOADED Trade Mark* BL 0/455/00. which although emphasising the seriousness of the allegation, qualify the onus on the opponents in substantiating their claim. For an application to be found to have been made in bad faith does not require an impossible burden of proof. I have to consider whether Mr Yu's application for the trade mark in suit fell Ashort of the standard of acceptable commercial behaviour observed by reasonable and experienced men@in this particular field.

46. The applicants' first objection is that at the time of making the application to register the trade mark, the registered proprietors were aware that the applicants owned the trade mark, but he nonetheless registered the trade mark in their own name, and in doing so had acted in bad faith.

47. The earliest claimed use of the trade mark WALKERLAND is by Liaoning Light Industrial Products Import & Export Corporation (Liaoning), the applicants, who, according to Mr Zhou, invented and adopted it in 1992-1993. Mr Zhou says that at that time he was the Business Manager in the company's export department, and that his department had been involved in the development of the brand name and sample packaging well before his

departure to the UK in July 1994 to take up the position as the company's sole authorised representative in the UK.

48. Corroboration of these dates is provided by way of a certificate issued by the Chamber of Commerce of Jiutai City (YSZ3) which confirms that the Jiaxin Leather Shoes Factory of Jiutai City, produced and processed WALKERLAND footwear for Liaoning from 1994 to 1996. In his written evidence Mr Yu does not question the validity of the certificate or the accuracy of the translation, only how the Chamber of Commerce were in a position to issue this certificate. However, when asked by Mr Malynicz in cross examination whether he thought the document was genuine, Mr Yu alleged that it was forged because Liaoning and The Chamber of Commerce are both connected to the government. It is clear from exhibit YSZ17 that the Chamber's role includes the regulation of commercial activities in its area, including the registration of companies and enterprises, and the registration and enforcement of intellectual property rights, including trade marks. However, I see no reason to assume that the certificate is false, either in itself, or in the information it attests to. In my view the certificate constitutes reliable evidence of use of WALKERLAND, by the applicants, in respect of footwear, dating from 1994, albeit in China.

49. Further corroboration of Liaoning's involvement with the WALKERLAND brand can be found in two invoices shown as exhibit YSZ3. These are dated 24 January and 11 May 1995, and show Liaoning as the exporter of WALKERLAND footwear to Japan and Korea. In his written evidence Mr Yu comments:

@The orders from the Japanese and Korean companies have not been exhibited, even though there appears to be a reference to @Purchase Order@ on the Korean invoice.@

50. Mr Yu may well be saying that without sight of the purchase orders he does not consider these invoices to be genuine; I do not know, but if that is what he is getting at, why not say so? In his cross examination Mr Yu was more direct alleging that the documents were a forgery, but not stating why he believes this to be the case. The invoices correspond to a period in which the Chamber of Commerce have stated that Liaoning were trading in WALKERLAND boots, and in the absence of any evidence to the contrary, I do not see that I can question the validity of the invoices on the strength of a bald assertion.

51. Mr Zhou says that part of his role in the UK included the promotion of, inter alia, workmen's footwear under the brand name WALKERLAND with the aim of soliciting orders, and that he brought a sample of the boot with him. Corroboration is provided by Mr Knight, a footwear retailer, who states that in early to mid 1996, Mr Zhou called at his shop promoting workmen's footwear produced by his company, one of which, a boot had the word WALKERLAND on the sole. Mr Knight says that he did not keep a record of the visit but remembers Mr Zhou, and can date his call by reference to it taking place prior to his attending the London Shoe Show in early 1997.

52. Mr Zhou says that on his arrival in the UK, he regularised his company's business by registering the company name with Companies House, which he did in August 1994. That Mr Zhou effected the registration is not disputed, and I believe it can be accepted that he was in the UK in July-August 1994.

53. Mr Zhou says that in 1994 he called at the offices of Melcro Shoes Limited, a wholesaler based in Hackney, at which time he met Mr Derek Aldridge, a footwear designer with that company. He says that at a meeting in the Melcro offices in Autumn 1994, Mr Aldridge introduced him to Mr Joseph Yu, and that a further meeting with Mr Yu took place at Ador (UK) Limited's offices. Mr Yu admits that he and also Mr Aldridge met with Mr Zhou regarding various businesses, but neither Mr Yu nor Mr Aldridge mention Melcro, either to confirm that they had any involvement with the company, or had met with Mr Zhou on their premises. Specifically, Mr Aldridge, does not deny that he had been employed by Melcro, or that he had introduced Mr Zhou to Mr Yu as claimed, nor does Mr Yu challenge Mr Zhou's statement that he and Mr Yu had met again at Ador's premises. These are specific claims that could easily have been rebutted, in the absence of which I can only infer that it is Mr Zhou who is giving the more reliable account.

54. The only point that Mr Yu disputes is that Mr Aldridge had been working other than as his assistant and co-designer, stating that their business relationship commenced in 1991, but even this is not corroborated by Mr Aldridge, and I am left to wonder why, although I do not believe that the answer is, of itself, of any particular importance.

55. The meeting at Ador is of some significance for it is at this time that Mr Zhou says he showed Mr Yu the WALKERLAND boot. Again apart from admitting that meetings with Mr Zhou had taken place, Mr Yu avoids commenting on anything specific. I am satisfied that the meeting took place, and in the absence of a specific denial, I can only assume that Mr Zhou is giving an accurate account of events. Therefore, the position as I see it is that in the Autumn of 1994, Mr Yu had met Mr Zhou, and had seen a sample boot bearing the name WALKERLAND provided by Mr Zhou, and was fully aware that Liaoning were actively looking to sell their WALKERLAND boots in the UK.

56. The next two strands of the applicants' objection relate to the setting up of a company under the name Walkerland International Limited, the formalities of which were undertaken by Mr Yu. The applicants claim that Mr Yu occupied a position of responsibility and trust with them and purported to be acting in their best interests, and that his actions brought his personal interest into conflict with his duties to them. Tied to this is the allegation that Mr Yu did not have any informed consent to the registration of the trade mark WALKERLAND, having misled the applicant as to the nature, composition, and ownership of the applicants' company, Walkerland International Limited.

57. Mr Yu's trading relationship with Liaoning begins in 1996. Mr Zhou recounts that early that year his company informed him that a cancelled order meant it had 10,000 items bearing the WALKERLAND trade mark to dispose of, and that he approached Mr Yu's company with a view to entering into an agreement. Mr Yu has a different recollection stating that he had requested Liaoning to make samples and had requested that they put the WALKERLAND trade mark on them because he was going to send the samples to a few European countries, as well as America and Canada with a view to marketing them there. This seems somewhat at odds with the fax communication sent by him to Liaoning on 7 November 1996 (exhibits YSZ4/YSZ18) in which he is recorded as saying:

As WALKERLAND is followed by TM, I don't think it is a British brand because genuine British brands have **7** at the end, not TM. If, upon clarification, it is not a British brand, please start the production immediately. This is because all of the soles have already been made and should not be wasted. Moreover, there is no need to put any plastic marks on the soles, as WALKERLAND has already been imprinted there.

58. If, as Mr Yu claims, he had devised the trade mark and instructed Liaoning to make samples bearing WALKERLAND, why was he so unsure about the availability of the mark for use in the UK? It is also clear that soles bearing the mark had already been made, which would tie in with Mr Zhou's version of events. Mr Yu does not dispute the authenticity of the fax, or the accuracy of the translation. Mr Zhou says that at this time he gave Mr Yu a further sample of a pair of completed labelled boots. In cross examination Mr Yu maintained that he had **inspired** the brand name WALKERLAND. When it was put to him by Mr Malynicz that somebody else invented the brand name, Mr Yu admitted that another party had registered the name in China in 1995, and he had thought of the brand in England, which Mr Malynicz told him was not what he had said in his evidence.

59. In his evidence relating to the origins of the mark, Mr Zhou makes some very specific claims. In his responses Mr Yu mostly either makes a bald denial, challenges Mr Zhou to prove what he is saying, or simply says nothing at all. Where he has chosen to make a more detailed response these are ambiguous and give the impression of someone being very careful in his choice of words in an attempt to skirt around an awkward issue. Mr Yu makes statements such as **...my designer (Derek Aldridge) and I ...designed styles for the WALKERLAND brand** and **I would submit that Liaoning has been using my designs**, both of which I believe are calculated to give the impression that Liaoning were applying the mark on behalf of Mr Yu. Nowhere does Mr Yu say **I invented the mark**. The closest he gets is saying that **it was not in existence before his involvement** which given the evidence from the Jiaxin Chamber of Commerce, the invoices relating to Liaoning's use in Japan and Korea, and his admission relating to the existence of the Chinese registration is clearly not the case.

60. The letter from Mr Aldridge exhibited by Mr Yu is equally ambiguous. In the letter Mr Aldridge states **I have been involved in the designing of boots in the WALKERLAND brand since 1996....Liaoning was the supplier that produce the designs for myself and Joseph Yu at our instructions**. Mr Aldridge could have said **Liaoning produced WALKERLAND boots to the designs produced by myself & Mr Yu**, which in my view would be consistent with the fax of 7 November 1996 relating to the surplus WALKERLAND soles. The fax contained technical and design specifications for boots to be produced by Liaoning. Mr Aldridge went on to say **...myself and Mr Joseph Yu...further designed the logos and boxes for the WALKERLAND brand**. By the use of the words **further designed** Mr Aldridge seems to be saying that neither he nor Mr Yu conceived the name. Mr Aldridge continues, saying **Mr Joseph Yu and I have been working together to design boots in this name since 1996** and **Joseph Yu was the only person that inspired the brand name**. I do not know what Mr Aldridge means by Mr Yu having **inspired** the brand, why not simply say he devised or invented the name? I am left to wonder whether this **loose** language is a deliberate attempt to insinuate without actually saying that Mr Yu coined the WALKERLAND name, which from the evidence is clearly not the case, or whether Mr Aldridge simply does not know. Whatever, I find this evidence to be singularly unreliable.

61. The evidence includes invoices for the purchase of WALKERLAND branded footwear from Liaoning by Mr Yu's company, Ador (UK) Limited, the earliest dated 3 February 1997 relating to a delivery of 2,448 pairs. Further invoices show that over the following two years, many thousands of pairs were delivered to Ador. Mr Zhou draws attention to his signature on behalf of the seller (Liaoning) but as the signature is in Chinese characters this is not clear. Mr Zhou also mentions that Ador are shown as being a customer, but to my mind that would be the case even if Liaoning were manufacturing WALKERLAND boots to order. The most that can be said about these invoices is that they show an active trade between Liaoning and Ador from February 1997.

62. Mr Zhou mentions financial difficulties having arisen between Liaoning and Ador because Ador were not paying for deliveries of goods, stating that this, and the fact that it had become apparent there was a profitable market in the UK for WALKERLAND steel toe-capped boots provided the impetus for the setting up of Walkerland International Limited. Mr Yu counters that there is no evidence that his company had defaulted on payments owed to Liaoning, but does not deny that this was so. I ask myself, if this is not true, why not simply say so? I can only conclude that the reason is that Mr Yu cannot, in all truth, do so. In fact there is evidence that goes to outstanding payments. Exhibit YSZ12 consists of a letter dated 26 November 1999, which Mr Zhou received from a colleague in China. The letter details various amounts owed from 1998, and two payments received, one from Mr Zhou on 31 August 1999. The writer expresses their "anger" because contrary to an agreement, not all of the monies owed had been paid off by the agreed date of May 1999. The debts pre-date the setting up of Walkerland so can only have come from a trade with Ador. The two payments mentioned both post-date the setting up of the new company which lends support to Mr Zhou's version of events. Mr Yu does not dispute the validity of this letter, or the accuracy of the translation.

63. Where Mr Yu does agree with Mr Zhou, is that by 1998 there was a profitable market for the WALKERLAND boots. Mr Yu attributes this success to his own efforts, but whether or not this is the case is neither here nor there. Mr Zhou states that he and Mr Yu discussed the possibility of setting up a new company to exclusively sell WALKERLAND boots in the UK, saying that Mr Yu agreed to look after the formalities dealing with the issuing of shares and appointment of officers. He asserts that it was agreed that he would have full control of the new company's business, with the share allocation being on a 50-50 basis between him and Mr Yu. Mr Zhou says that as he would be in control of the business he would be able to avoid any future problems with payments to Liaoning.

64. Although Mr Yu disputes that he was requested by Mr Zhou to look after the formalities of incorporating a new company to distribute WALKERLAND boots, and denies that Mr Zhou was instrumental in forming Walkerland International Limited, he does not comment, either to accept or deny that he and Mr Zhou discussed and agreed that the company should be set up.

65. The new company Walkerland International Limited was incorporated on 20 April 1999. Mr Yu's accountants, Dean Kerr Dua & Co took care of the formalities, using their office address as the company's registered office. As far as I am aware there is nothing unusual in this. Although Mr Yu states that the new company was his, the invoice for the accountants'

services was sent to Mr Yu of Walkerland International Limited, at 12 Lytton Road, Barnet, the address at which Mr Zhou says he is domiciled, but which he also describes as his business address. Mr Yu says that he paid for the company formation, and that when it was incorporated he was the sole Director with 99% of the shareholding, with Simon Yue holding the position of Company Secretary with 1% of the shares. This is confirmed in the letter from Mr Yu's accountants provided to me at the hearing. He refutes the allegation that it had been agreed that the company would be jointly owned, or that Mr Zhou would control the company, which I take to mean that he denies that he had agreed to Mr Zhou having 50% of the shares.

66. Mr Yu alleges that the only reason Mr Zhou was later appointed as a Director is because Liaoning supplied goods to Walkerland International Limited on credit terms, and had requested the appointment to enable Mr Zhou to look after the collection and transfer of money back to China. If only in relation to the reason behind Mr Zhou's appointment as a Director, there seems to be some relationship between Mr Yu's and Mr Zhou's given version of events, but this still does not tell me whether Walkerland International Limited was to be a vehicle set up at the behest of Liaoning (through Mr Zhou) to sell Liaoning's goods in the UK, or, as Mr Yu asserts, is and always has been his company with no other connection with Liaoning other than that they manufactured footwear ordered by his company.

67. Mr Zhou says that his relationship with Mr Yu deteriorated and that he became increasingly concerned that Mr Yu had not provided him with any information or documents for signature relating to Walkerland International Limited's set up or shareholding, and by his reluctance to discuss matters relating to the company. He says that in order to obtain information he pressed Mr Yu to arrange a meeting with his accountants. Mr Zhou states that prior to the meeting, Mr Yu told him that the accountants had only given him one form for the appointment of directors, but that he would ask for another. Mr Zhou says that the meeting with Mr Yu's accountants took place on 1 February 2000, and was attended by Mr Yu, Mr Dua, Mr Padania and himself. He says that Mr Dua gave him the form required to appoint him as a director of Walkerland, and after a discussion on the allotment of shares, Mr Dua advised that the allocation should be on the basis of Mr Yu and Mr Zhou holding 49% each, with the accountants the remaining 2%. Mr Zhou recounts that a check of the Walkerland company records showed that he had been appointed a director on 1 February 2000, but that the shareholding was split between Mr Yu and his son.

68. Mr Zhou has given a fairly detailed recollection of a meeting, which in part is corroborated by exhibit YSZ14, a copy of Walkerland's annual return for the year ending 5 April 2000. This lists Mr Zhou as a director although does not show this to have been on 1 February 2000, only that it was prior to 5 April 2000. If Mr Yu considers Mr Zhou's recollections to be a completely untrue or distorted version of events, he could have said so; he has remained silent. It would have been an easy matter for him to have contacted Mr Dua and obtained evidence to the contrary; he did not do so. I can therefore only assume that Mr Zhou is giving an accurate account.

69. When put to him in cross examination that there was no evidence that he had had anything to do with the running of the company, Mr Yu stated that his role was on the business side and finding customers, with Mr Zhou handling the ordering goods, deliveries and collecting

payments to be remitted to Liaoning. Mr Malynicz took Mr Yu to the documentation, in particular, YSZ11, stating that every one seemed to be signed by Mr Zhou. Mr Yu asserted that any actions taken by Mr Zhou were authorised by him, but when asked by Mr Malynicz to provide evidence of him having obtained customers for the company, to Mr Zhou having given money to him, or his having given Mr Zhou any instructions or orders, Mr Yu stated that it was not his stuff and repeated his explanation of the different roles undertaken by him and Mr Zhou.

70. The invoices shown at exhibit YSZ10 are all addressed to Walkerland International Limited, Mr Zhou saying that they show that he acted on behalf of the company. Where there is a signature for the buyer it is represented in Chinese characters, and as there is no transliteration, I do not know whether it is Mr Zhou's. However, the company address for Walkerland International Limited is shown as 12 Lytton Road, Barnet, Mr Zhou's business address.

71. Exhibit YSZ11 consists of correspondence and invoices, covering a period from July 1999 to April 2000, sent by or to Walkerland International Limited, (of 12 Lytton Rd), relating to the shipping, storage, distribution and sale of WALKERLAND footwear. Without exception, these either specifically mention Mr Zhou, or clearly relate to him, for example, by the use of the name David.

72. Exhibit YSZ27 consists of invoices relating to the testing of the WALKERLAND footwear. These record that the testing was undertaken on behalf of, and paid for by Liaoning. Most show Mr Yu's name as the reference. Mr Yu says that it is abnormal for the supplier to pay for the testing. I do not know whether this is, in fact the case, but if Walkerland International Limited was, as Mr Yu would have me accept, no more than a customer of Liaoning, why does the Examination Certificate dated 13 May 1999, issued by Intertek Testing, state that it was issued to Walkerland International Limited as the Authorised representative of Liaoning Light Industrial Products?

73. As far as I can see, apart from seeming to have been the contact with the company testing the WALKERLAND footwear for, and on behalf of Liaoning, there is no evidence that Mr Yu had anything to do with the management or running of Walkerland International Limited. Mr Zhou on the other hand, appears to have been firmly at the helm. As Mr Malynicz put to Mr Yu, there is no evidence that Mr Zhou was operating under his supervision or instruction. Mr Zhou appears to have been acting independently and had control of the operation of the company.

74. Mr Zhou recounts that he was instructed by Liaoning to file a trade mark application for the trade mark WALKERLAND. He says that he discussed this with Mr Yu who kindly offered to assist in seeking registration. The application was filed on 27 May 1999, the applicants being Walkerland International Limited. Mr Yu denies that the application to register the trade mark was made on behalf of Walkerland International Limited acting as trustee for Liaoning, a claim made on the basis that the applicant company was his own.

75. Even if the legitimacy of Mr Yu's ownership of Walkerland International Limited is open to question, in reality, because of the way the company was set up, Mr Yu is correct when he

says that at the time the application to register the trade mark was made, the company was effectively owned by him. However, it is clear in my mind that when he made the trade mark application, Mr Yu was fully aware that WALKERLAND was a mark that belonged to Liaoning.

76. Mr Zhou states that in November 1999, he learnt that a London company was selling a competing boot under the name WALKLANDER, and that he later found out that they were being manufactured in China on behalf of a Hong Kong trading company, Lee Yuen Investment Company. Mr Zhou says that he had been aware that Mr Yu's company, Ador, had been a commission agent for that company, so he asked Mr Yu whether he knew about the WALKLANDER boots, Mr Yu confirming that he did. Mr Zhou says that he was about to make a trip to China and asked Mr Yu to investigate the matter, and that on his return, Mr Yu informed him that he had not been able to stop the infringement. None of this has been denied by Mr Yu. Mr Zhou recounts that he consulted his trade mark attorneys whose investigations disclosed that the owner of the infringing trade mark was in fact Mr Yu.

77. Unlike the Hearing Officer in the earlier case, I had the benefit of having Mr Yu available for cross examination. Mr Malynicz asked Mr Yu if he had told Mr Zhou about the registration. Mr Yu stated that he did not tell him because my business is my own business. It is nothing to concern Mr Zhou...I am under no loyalty to Mr Zhou. He is one of my suppliers...I have no loyalty to tell him. Mr Malynicz questioned Mr Yu on his reasons for registering WALKLANDER when he knew of WALKERLAND. The exchange went as follows:

Mr Yu: It is a simple question with a simple answer. A lot of my customers told me...my next door neighbour was selling WALKERLAND, so I cannot sell WALKERLAND in this area. This has happened in Manchester and Birmingham. If I have one customer in Birmingham selling WALKERLAND, I cannot sell to another customer in Birmingham, WALKERLAND, because they are in competition. That is why I thought of another name, WALKLANDER, I want to register. That name I can use for Mr Zhou.

Mr Malynicz: You were fighting with Mr Zhou?

Mr Yu: No, I did not tell him because it is my business. If I have another name I will be doing competition in the same area, Birmingham, Manchester. He will run another name. I was thinking about seven names, to register seven names, I tried to register.

Mr Malynicz: Do you not think people would confuse WALKERLAND and WALKLANDER?

Mr Yu: No.

Mr Malynicz: Looking at the boot, do you not think that is remarkably similar? I confused them. I am sure that everybody confuses them. You confused them too.

Mr Yu: Yes, I have explained this to you. This is the boot originally by Caterpillar. About 25 brands copy the same boot.

Mr Malynicz: We are not concerned with the look of the boot. We are concerned with the brand name.

Mr Yu: WALKERLAND. Some boots saying WALKERLAND in this area, Birmingham. Maybe we can get the business by picking another brand name.

Mr Malynicz: I am going to suggest to you a different version. I am going to suggest to you that at this stage you did not tell Mr Zhou about it because you did not want him to know about it?

Mr Yu: No.

Mr Malynicz: You did not want Mr Zhou or Liaoning to know about your secret application to the registry?

Mr Yu: No, after they register me the boots can be made by Mr Zhou's company.

Mr Malynicz: Is it true that Mr. Zhou asked you to sort out the infringement? You said you would do so. Mr. Zhou said: "I have found these Walklander boots out there. We need to do something about it." That is his evidence. You said to him: "I will do it. I will sort it out." Did you say that to him or not?

Mr Yu: No.

Mr Malynicz: Yes or a no.

Mr Yu: No, because he had already asked me. We did discuss about it. I said originally: "In future your factory will be doing my other brand names as well."

Mr Malynicz: You did not explain any of this to Mr. Zhou, did you? You just said to him that you will sort it out. You did not explain your rights to him. You just said that you would sort it out?

Mr Yu: Sort it out but because I registered at the same time or applied at the same time about six or seven names at the same time, that was fine. A lot of companies, I learn that they register a lot of brand names. Whether they use it or not is another story. At that time, if I register brand names I can use it in four or five years.

78. Quite clearly Mr Yu did not tell Mr Zhou that he had registered WALKLANDER as a trade mark. Mr Yu asserts that what he was doing was his business, but the fact is he made the application in the name of Walkerland International Limited, and as stated by the Hearing Officer in the earlier proceedings:

“...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”.

79. Mr Yu’s written evidence and his answers to Mr Malynicz more than suggest that Mr Yu deliberately kept the fact from Mr Zhou even when they discussed the WALKLANDER boot that had come to Mr Zhou’s attention, and that he considered to be an infringement of their own trade mark. Mr Yu does not say how he came to choose the name WALKLANDER for his trade mark, but given that he was aware of WALKERLAND and was seeking to set up in direct competition, I believe that the source of his inspiration is reasonably obvious. I find it difficult to believe that Mr Yu does not consider WALKERLAND and WALKLANDER to be so similar that people would be confused. Mr Yu also seems to suggest that it was his intention that Mr Zhou’s company, Liaoning would make footwear under the new brand names that he was registering, presumably also WALKLANDER. If he believed that the marks were not similar, and his intention was that Liaoning make WALKLANDER boots, why hide the fact of his registration from Mr Zhou?

80. In the earlier proceedings, the Hearing Officer considered the question of the similarity of the WALKERLAND and WALKLANDER trade marks. In his decision he expressed his views as follows:

A44) 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.@

81. I can have no argument with this. On any reasonable assessment the two marks would be considered to be extremely close. Mr Malynicz put it to Mr Yu that he himself had been confused. Mr Yu attempted to link his confusion to the design of the boot, but the plain fact is that this is exactly how the consumer will see the names.

82. Perhaps not surprisingly, Mr Yu’s application for WALKLANDER encountered an objection based on Walkerland International’s registration for WALKERLAND. At this point I would have thought that Mr Yu would have been alerted to the fact that what he was seeking to do may not be in the best interests of Walkerland International Limited; it clearly did not. In order to overcome the citation Mr Yu furnished a letter of consent from Walkerland International Limited. Mr Zhou has exhibited the correspondence which Mr Yu sent into the Patent Office, part of which consists of a letter from Mr Yu, a letter of consent from Walkerland International signed by Mr Yu consenting to the registration of WALKERLANDER, and a leaflet for WALKLANDER boots. Although not directly relevant to the mark that is the subject of these proceedings, an inspection of this correspondence, and in particular, the letter of consent, gives a useful insight into Mr Yu’s attitudes.

83. Mr Zhou states that the letter of consent is not on authentic letter headed Walkerland International Limited paper, the reason for this being that Mr Yu did not have access to Walkerland stationery, Mr Zhou going so far as to say that the letterhead produced by Mr Yu is tantamount to forgery. The letterhead used by Mr Yu is clearly different from the samples exhibited by Mr Zhou, having a different address (which Mr Yu confirmed is his home/business address), telephone and fax numbers. It also contains device elements which are absent from the letter of consent. When asked by Mr Malynicz whether the letter heading of the letter of consent furnished by him, or that used by Mr Zhou is the ordinary stationery or letterhead of Walkerland International, Mr Yu answered stating that "We have two or three letterheads". He claimed to have invented the letterhead used by Mr Zhou, again repeating that they had two or three versions, seeming to say that the version used by him was on his computer. In the earlier proceedings the Hearing Officer noted that "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?" If Walkerland was Mr Yu's company, why did he apparently have to resort to using a letterhead apparently stored on his personal computer, and use his home address? But whatever the reason, there is no evidence that shows either version of the letterhead to be genuine, or indeed, fake, and I can make nothing of this.

84. Mr Zhou also comments on the dating of the letter of consent, noting that although it is dated 28 January 2000, it did not reach the examination unit until 14 February, some 17 days later. Mr Zhou concludes that the letters from Mr Yu must have been deliberately back dated as it does not take seventeen days for a letter to reach an examination unit. Mr Zhou says that the reason Mr Yu had to backdate the letter of consent was so that it preceded the board meeting of 1 February when he was formally appointed a director. In cross examination, Mr Malynicz put it to Mr Yu that he had had to pretend that the letter had been written before the meeting with Mr Dua and Mr Badria, to which Mr Yu answered yes. When asked to confirm his answer, Mr Yu replied "Given that this letter was written after, there is nothing to concern the company". I asked him whether the letter was written before or after 1 February, Mr Yu answered "before", but when asked whether he was saying that it did not matter whether it was written before or after, Mr Yu replied "even if I write the letter after...".

85. The date on which the letter was written does matter, because if, as Mr Zhou says, it was written after, Mr Yu would not have been able to say "Until the time of writing, Mr Joseph Yu is still the sole director of Walkerland International Ltd". Malynicz and the Hearing Officer found this to be an "odd" and "bizarre" way of phrasing a letter and I would have to agree with both. Mr Yu's answers and the wording used leaves me in no doubt that Mr Yu deliberately backdated the letter of consent, because had he not done so he would not have been in a position to write it after Mr Zhou had been appointed a director on 1 February. The Hearing Officer ultimately concluded that the letter of consent was not valid.

86. It may well be that Mr Yu did not see anything wrong in any of his actions, be it in the incorporation of Walkerland International Limited, or the application for WALKLANDER, but the issue of bad faith does not depend on the personal morals or ethics of the individual. In *Demon Ale Trade Mark* [2000] RPC 355 Mr Geoffrey Hobbs QC, sitting as the appointed person, stated:

AI 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.@

87. In the *New century* case (BL0/018/00) the Hearing Officer assessed the relevant merits of the opponents' claim that the application had been filed in contravention of Section 3(6) stating:

AThat brings me to the ground of opposition under Section 3(6). The relevant provision here is as follows: AA trade mark shall not be registered if or to the extent that the application is made in bad faith.@ Lindsay J considered the matter in *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367. He felt that bad faith included acts of dishonesty and also dealings that fell short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the area being examined. The relevant facts in this case are that (a) Mr Leith was aware that NEW CENTURY was the opponent's trade mark in the United States of America; (b) he knew that the opponent had started to trade in the United Kingdom under the trade mark, he was himself a customer; (c) he should have been aware that the opponent could be expected to expend that trade, if he had not already done so;@

88. The Hearing Officer went on to hold:

AIt follows from that if this application were successful he would be in a position to prevent the opponent from registering their mark in the United Kingdom, and possibly from using it here. In my view the application has been made in bad faith. It is difficult to see how a person who applies to register a mark in his own name which he has previously recognised as the property of a potential overseas principal can be said to be acting in accordance with acceptable standards of commercial behaviour. I do not believe that combining the mark with the applicant's own name is any answer to that criticism.@

89. Although there is no conclusive evidence relating to the setting up of Walkerland International Limited, the inference I get from the facts is that Mr Zhou, on behalf of Liaoning, was as much part of the motivation for its incorporation as Mr Yu, and certainly seems to have been more actively involved in its day to day operation. However, the company was set up under the ownership of Mr Yu, and whether or not this was, as Mr Yu claims, a legitimate business transaction I do not believe that the same can be said of his filing of the application to register the trade mark WALKERLAND. The evidence leaves much to be desired, but taking the best view that I can I believe that it establishes to a reasonable level of certainty that Mr Yu was aware that WALKERLAND was the opponent's trade mark, that they had used it outside of the UK and were actively looking to establish a trade within the UK; his company was itself a customer. The parallels in this and the *New Century* case are plain to see, and find that in making the application the registered proprietors, as they now stand also acted in bad faith, and the ground under Section 3(6) succeeds.

90. My decision under Section 3(6) effectively decides the matter and I do not need to go on to consider the grounds under Section 5(4)(a) or Section 60. I would, however say that had I given full consideration to the ground under Section 5(4)(a), that I believe I would have found that the applicants for invalidation had established a reputation and goodwill in the United Kingdom, and that given the absolute identity in both the marks and goods, that damage would inevitably follow, and that the ground under Section 5(4)(a) stood as established.

91. The application having been successful the applicants are entitled to an award of costs. I therefore order the registered proprietors to pay the applicants the sum of , 3,200 as a contribution towards their costs. This sum 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 19th day of March 2004

**Mike Foley
for the Registrar
The Comptroller-General**