

O-447-15

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 2620455
BY ALLIED INTERNATIONAL TRADING LIMITED
TO REGISTER THE TRADE MARK
SUPERTEX**

**IN CLASS 25
AND**

**IN THE MATTER OF OPPOSITION
THERE TO UNDER No. 103795 BY
XIANTAO HONGXIANG NON-WOVEN COMPANY LIMITED**

BACKGROUND

- 1) On 10 May 2012, Allied International Trading Limited (hereinafter the applicant) applied to register the trade mark SUPERTEX in respect of the following goods in class 25: Aprons, bibs, overalls, dungarees, gloves; disposable gloves, aprons, footwear and headgear; clothing and headgear being in the nature of workwear.
- 2) The application was examined and accepted, and subsequently published for opposition purposes on 8 June 2012 in Trade Marks Journal No.6943.
- 3) On 6 September 2012 Xiantao Hongxiang Non-woven Co. Ltd (hereinafter the opponent) filed a notice of opposition, subsequently amended. The grounds of opposition are in summary:
 - a) The opponent contends that it is the true owner of the mark SUPERTEX as it has sold protective clothing under this mark in the EU and the UK since 2005 with various distributors, one of which, from 2011, was the applicant. In order to sell protective clothing in the EU it needs to be certified by a laboratory. The certificates issued in relation to the opponent's clothing include the trade mark used and the name of the opponent. An extension of this certificate was required to sell the goods in the UK. Therefore, the applicant would have been aware of the use of the mark by the opponent and so the application was filed in bad faith contrary to section 3(6) of the Act.
 - d) The opponent first used the mark SUPERTEX in the UK in 2005 in relation to protective clothing and work-wear. The goods were sold through various distributors in the UK including, from 2011, the applicant. As the marks are identical and the goods sought to be registered are identical or similar to those sold by the opponent consumers will be deceived as to from where the goods originate. The opponent will suffer damage as a result of loss of sales and a negative effect to its goodwill and reputation. The mark in suit therefore offends against section 5(4)(a) of the Act.
- 4) On 29 November 2012, the applicant filed a counterstatement. It basically denies all the grounds of opposition, but puts the opponent to proof of use of its marks. The applicant accepts that the marks are identical but states that it was using the mark in suit prior to any use by the opponent.
- 5) Both sides filed evidence. Both parties seek an award of costs in their favour. Neither side wished to be heard, but both sides provided written submissions, albeit in the form of letters.

OPPONENT'S EVIDENCE

- 6) The opponent filed a witness statement, dated 28 February 2013, by Shuhong Jin the legal representative who is an employee of the opponent and has held his position for eighteen years. He states that he is authorised to make the statement and that he has access to the records of the opponent and has spoken, where required, to other officers of the company. From his statement I take the following:
 - The opponent claims to have sold protective clothing and workwear under the trade mark SUPERTEX and also the device mark shown in Annex A:
 - Sales are said to have begun in the EU in 2007 and in the UK from 2008. The following are sales figures by year:

Year	Sales
2008	US \$21,800
2009	US \$90,573
2010	US \$198,740
2011	US \$410,848
2012	US \$275,125

- Sales were undertaken by four companies. Three are UK companies (W.T.E (UK) Ltd, SIG Plc and Empire Tapes Plc) one is Italian (Guantifico Senese SRL).

7) Mr Jin provides the following exhibits:

- SJ2: Product literature which appears to be from the internet and photographs of various items of protective clothing and boxes. Whilst some of the photographs have a date of 2009 upon them, they merely show items of clothing and boxes, some of which have the mark in suit upon them and which could have been taken anywhere in the world.
- SJ3: Extracts from the website of Empire Tapes Plc. This shows a protective suit on sale for £108 dated February 2013.
- SJ4: Copies of invoices, purchase orders and customs documentation. These show shipments of protective suits to Empire Tapes Plc and SIG Distribution between March 2011- May 2012.
- SJ5: An extract from the applicant's website, dated February 2013, showing it uses the trading name "Supertouch".
- SJ6: Copies of purchase orders and invoices between the two parties in the instant case from 2011 & 2012, in relation to Supertex protective suits.
- SJ7: Copies of certificates issued by two Italian laboratories showing that the opponent's protective suits, marked SUPER-TEX (C0303FR, CO303, COM03, COM13), meet EU specifications for protective clothing. These are dated July 2007, October 2009, December 2009, December 2010, February 2011 and May 2012.
- SJ8: copies of correspondence between the parties. These show the applicant under the name "Supertouch" enquiring about the sizing of the opponent's Supertex and Supertex Plus protective suits. Further correspondence deals with issues surrounding the laboratory certification covering different colours of suits, and also problems highlighted by the certifying laboratory regarding the instructions proposed to be used by Supertouch on Supertex products. These date from May 2011 to August 2011 and include several pages with the SUPERTOUCHE name at the top and a device mark which has at its centre the words SUPERTEX Coveralls.

APPLICANT'S EVIDENCE

8) The applicant filed a witness statement, dated 30 April 2013, by Arsalan Sultan the Finance Controller of the applicant company, a position he has held for five years. I take the following from his statement.

- The applicant started manufacturing coveralls under the SUPERTEX brand in 2005 and selling these products in early 2006 and has continued to sell these products under the brand since. The items are manufactured in China and the applicant visits the suppliers regularly to ensure that standards such as ISO 9001:2008 are being adhered to by these manufacturers.
- The applicant's products are tested in the UK by SATRA (said to be the world's leading research and technology centre). The applicant has spent over £300,000 on testing various products over the previous five years.
- The products are distributed by companies such as Bunzl Ltd, Scully suppliers Ltd, Fayze Ltd, Interior Control Ltd and Air Management Systems Ltd. These distributors sell to companies such as Asda, Tesco, Morrison, Marks & Spencer and Bernard Mathews. As such the applicant has a considerable reputation in the mark SUPERTEX in relation to coveralls. It sells other workwear products under different trade marks.
- The applicant's sales figures are as follows:

Year	Total Sales £ million	Sales under SUPERTEX
2006	8.0	2,596
2007	8.1	69,499
2008	9.4	88,244
2009	10.4	103,898
2010	12.2	127,320
2011	12.8	128,754
2012	14.4	285,124

- The average price per coverall has varied from £3 - £6 during this time. The applicant advertises its products in the UK via the British Safety Industry Federation publications as well as industry exhibitions and shows.

9) Mr Sultan provided the following exhibits:

- AS2: Copies of Catalogues issued by the applicant dating between 2006 -2013. The front pages show the name "SUPERTOUCHE" and all show coveralls under the name SUPERTEX offered for sale.
- AS3: A copy of an email from Owl-House (the designer of the 2006-2007 catalogue) in which they reference SUPERTEX.
- AS4: Copies of emails between the applicant and Jipin Disposable Products Inc a manufacturer of SUPERTEX products dated August 2005. This is to confirm the neck and chest labels as well as the details on the packaging, all of which show use of the SUPERTEX mark. It also discusses delivery dates and numbers of coveralls required.
- AS5: Copies of import invoices and shipping documentation for the period 2005-2013. All show use of the mark SUPERTEX upon coveralls.
- AS6: Copies of invoices from the applicant to its UK customers dated 2006 -2013. All show use of the mark SUPERTEX upon coveralls.

OPPONENT'S EVIDENCE IN REPLY

10) The opponent filed a witness statement, dated 3 September 2013, by Mr Jin who has previously supplied evidence in this case. He now claims that his company has sold products in the EU and UK since 2005 (as per the statement of grounds), whereas his earlier statement gave a start date of sales in the EU as 2007 and the UK as 2008. He states that his company supplies a number of companies amongst whom are Jipin International Trade Co Ltd also known as Jipin Disposable Products Inc (Jipin). This company effectively merged with the opponent in 2002. He states that the products supplied to the applicant by Jipin and referred to in the applicant's evidence were his company's products. He states that his company's products are also distributed in the UK by Bunzl Ltd, although he does not provide details of the trade marks used on these products.

APPLICANT'S ADDITIONAL EVIDENCE

11) The applicant filed a witness statement, dated 16 June 2015, by Josh Little the applicant's Trade Mark Attorney. He points out that the opponent does not provide any evidence to back up its claim to have used the mark SUPERTEX since 2005. He states that the opponent's claim that Jipin was making products for it in 2005 is not backed up by evidence. He states that the mark SUPERTEX is similar to SUPERTOUCHE and is simply an extension of the trading name of the applicant. He states that Jipin sold the coverall under the mark PROMAX and that the applicant requested that the mark SUPERTEX be used instead. He backs up this contention in his exhibits described below. He states:

"The opponent may well have sold products branded "Promax" prior to the applicant, but it had not sold products branded with the Mark [SUPERTEX] prior to the applicant. Again, the applicant supplied the Mark to Jipin and instructed Jipin to apply it to the products."

12) Mr Little also supplies the following exhibits:

- 1: A copy of an email from Jipin to the applicant dated which shows that the coverall supplied to the applicant had until the email been referred to by the name PROMAX and sold in the EU under this mark.
- 2: Copies of email correspondence between the applicant and a graphic Design company (Hi Resolution) dated December 2003 in relation to artwork n relation to the Supertex coverall bag.
- 3. A witness statement, dated 15 July 2014, by Julia Zhu the sales Manager of Hubei Jipin International Trade Co Ltd aka Jipin Disposable Products Inc (Jipin). She states that Jipin was first contacted by the applicant on 22 April 2005 and asked to manufacture goods under the SUPERTEX mark. She states:

"3. For the avoidance of doubt, the applicant supplied the product details, brand name and logo artwork to Jipin.

4. Jipin was not aware that any other party was using the same or similar name or logo in relation to the same or similar goods at the time."

And:

"7. Jipin has made available products for the opponent since ([sic]) under the mark "Promax". Jipin has never made available products for the opponent under the mark "Supertex"."

13) That concludes my summary of the evidence filed, insofar as I consider it necessary.

DECISION

14) I turn first to the ground of opposition under Section 5(4)(a) which reads:

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

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

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

15) In deciding whether the marks in question offend against this section, I intend to adopt the guidance given by the Appointed Person, Mr Geoffrey Hobbs QC, in the *WILD CHILD* case [1998] RPC 455. In that decision Mr Hobbs stated that:

“The question raised by the grounds of opposition is whether normal and fair use of the designation WILD CHILD for the purposes of distinguishing the goods of interest to the applicant from those of other undertakings (see section 1(1) of the Act) was liable to be prevented at the date of the application for registration (see Article 4(4)(b) of the Directive and section 40 of the Act) by enforcement of rights which the opponent could then have asserted against the applicant in accordance with the law of passing off.

A helpful summary of the elements of an action for passing off can be found in Halsbury’s Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731 is (with footnotes omitted) as follows:

‘The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

(1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.

16) I also note the comments of Pumfrey J in *South Cone Incorporated v JackBessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* case, in which he said:

“27. There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems

to me that in any case in which this ground of opposition is raised the Registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under Section 11 of the 1938 Act (See *Smith Hayden (OVAX)* (1946) 63 RPC 97 as qualified by BALI [1969] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed at the relevant date. Once raised the applicant must rebut the prima facie case. Obviously he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of possibilities that passing off will occur."

17) I must also keep in mind the comments of Mr Justice Floyd in *Minimax GMBH & Co KG and Chubb Fire Limited* [2008] EWHC 1960 (Pat) in which he says of the above:

"Those observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application."

18) In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC as the Appointed Person considered the relevant date for the purposes of s.5(4)(a) of the Act and concluded as follows:

"39. In *Last Minute*, the General Court....said:

'50. First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51. However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non-registered national mark before the date of filing, in this case 11 March 2000.'

40. Paragraph 51 of that judgment and the context in which the decision was made on the facts could therefore be interpreted as saying that events prior to the filing date were irrelevant to whether, at that date, the use of the mark applied for was liable to be prevented for the purpose of Article 8(4) of the CTM Regulation. Indeed, in a recent case before the Registrar, *J Sainsbury plc v. Active: 4Life Ltd* O-393-10 [2011] ETMR 36 it was argued that *Last Minute* had effected a fundamental change in the approach required before the Registrar to the date for assessment in a s.5(4)(a) case. In my view, that would be to read too much into paragraph [51] of *Last Minute* and neither party has advanced that radical argument in this case. If the General Court had meant to say that the relevant authority should take no account of well-established principles of English law in deciding whether use of a mark could be prevented at the application date, it would have said so in clear terms. It is unlikely that this is what the

General Court can have meant in the light of its observation a few paragraphs earlier at [49] that account had to be taken of national case law and judicial authorities. In my judgment, the better interpretation of *Last Minute*, is that the General Court was doing no more than emphasising that, in an Article 8(4) case, the *prima facie* date for determination of the opponent's goodwill was the date of the application. Thus interpreted, the approach of the General Court is no different from that of Floyd J in *Minimax*. However, given the consensus between the parties in this case, which I believe to be correct, that a date prior to the application date is relevant, it is not necessary to express a concluded view on that issue here.

41. There are at least three ways in which such use may have an impact. The underlying principles were summarised by Geoffrey Hobbs QC sitting as the Appointed Person in *Croom's TM* [2005] RPC 2 at [46] (omitting case references):

- (a) The right to protection conferred upon senior users at common law;
- (b) The common law rule that the legitimacy of the junior user's mark in issue must normally be determined as of the date of its inception;
- (c) The potential for co-existence to be permitted in accordance with equitable principles.

42. As to (b), it is well-established in English law in cases going back 30 years that the date for assessing whether a claimant has sufficient goodwill to maintain an action for passing off is the time of the first actual or threatened act of passing off: *J.C. Penney Inc. v. Penneys Ltd.* [1975] FSR 367; *Cadbury-Schweppes Pty Ltd v. The Pub Squash Co. Ltd* [1981] RPC 429 (PC); *Barnsley Brewery Company Ltd. v. RBNB* [1997] FSR 462; *Inter Lotto (UK) Ltd. v. Camelot Group plc* [2003] EWCA Civ 1132 [2004] 1 WLR 955: "date of commencement of the conduct complained of". If there was no right to prevent passing off at that date, ordinarily there will be no right to do so at the later date of application.

43. In *SWORDERS TM* O-212-06 Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

'Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.'

19) I also take into account the views in *Neutrogena Corporation and Another v Golden Limited and Another*, 1996] RPC 473, where Morritt L.J. stated that:

"There is no dispute as to what the correct legal principle is. As stated by Lord Oliver of Aylmerton in *Reckitt & Colman Products Ltd. v. Borden Inc.* [1990] R.P.C. 341 at page 407 the question on the issue of deception or confusion is

"is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]"

The same proposition is stated in Halsbury's Laws of England 4th Edition Vol.48 para 148. The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect*

Ltd. (1941) 58 R.P.C. 147 at page 175 ; and *Re Smith Hayden's Application* (1945) 63 R.P.C. 97 at page 101.”

And later in the same judgment:

“... for my part, I think that references, in this context, to “more than *de minimis*” and “above a trivial level” are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993) . It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion.”

20) Initially the opponent contended that it had used the mark SUPERTEX in the EU from 2007 and the UK from 2008. However, following the applicant filing its evidence showing use in the UK since 2006 the opponent contended that this was use of their trade mark and therefore the goodwill attached would accrue to the opponent. I am willing to accept that the opponent via what is in all probability a subsidiary company provided the protective suits /coveralls that the applicant was selling. However, the opponent has singularly failed to show that it invented the mark. Other than the use by the applicant the opponent has failed to show use of the mark prior to 2007 when it had a protective suit certified by an Italian laboratory. The invoices and other documentation filed all date from 2011. Therefore the question of who invented the mark is crucial as the first use claimed by both parties relates to the sales made by the applicant. The applicant filed correspondence with a graphic design company which shows that the name was being considered for use on coveralls in December 2003 and that it commissioned graphic work at this date. The applicant has also filed evidence that whilst the opponent was selling coveralls prior to 2005 these sales were under the mark PROMAX.

21) The applicant's evidence has not been challenged by the opponent. I take into account the comments of Mr Arnold Q.C (as he was) when acting as the Appointed Person in *Extreme* BL/161/07 where he commented on the issue of unchallenged evidence and cross examination:

“Unchallenged evidence

33. *Phipson on Evidence* (16th ed) states at paragraph 12-12:

In general a party is required to challenge in cross-examination the evidence of any witness of the opposing party if he wishes to submit to the court that the evidence should not be accepted on that point. The rule applies in civil cases as it does in criminal. In general the CPR does not alter that position.

This rule [sic] serves the important function of giving the witness the opportunity of explaining any contradiction or alleged problem with his evidence. If a party has decided not to cross-examine on a particular important point, he will be in difficulty in submitting that the evidence should be rejected.

However the rule is not an inflexible one...

34. The authority cited in support of this statement of the law is the decision of the House of Lords in *Browne v Dunn* (1894) 6 R 67. The relevant passages from the speeches are set out in the judgment of Hunt J in *Allied Pastoral Holdings v Federal Commissioner of Taxation* (1983) 44 ALR 607, the material parts of which are quoted in the judgment of the Court of Appeal in *Markem Corp v Zipher Ltd* [2005] EWCA Civ 267, [2005] RPC 31 at [59]-[60].

35. In my judgment the learned editors of *Phipson* are correct to say that the rule is not an inflexible one. There are at least two well-established exceptions to it. The first is that, as the speech of Lord Herschell LC in *Browne v Dunn* makes clear, it may not be necessary to cross-examine on a point if the witness has been given full notice of it before making his statement. As I pointed out in *BRUTT Trade Marks* [2007] RPC 19 at [23], this may be significant in registry proceedings where evidence is given sequentially. The second is that a court is not obliged to accept a witness's evidence in the absence of cross-examination if it is obviously incredible: see *National Westminster Bank plc v Daniel* [1993] 1 WLR 1453.

36. Where, however, evidence is given in a witness statement filed on behalf of a party to registry proceedings which is not obviously incredible and the opposing party has neither given the witness advance notice that his evidence is to be challenged nor challenged his evidence in cross-examination nor adduced evidence to contradict the witness's evidence despite having had the opportunity to do so, then I consider that the rule in *Brown v Dunn* applies and it is not open to the opposing party to invite the tribunal to disbelieve the witness's evidence.

37. Despite this, it is not an uncommon experience to find parties in registry hearings making submissions about such unchallenged evidence which amount to cross-examination of the witness in his absence and an invitation to the hearing officer to disbelieve or discount his evidence. There have been a number of cases in which appeals have been allowed against the decisions of hearing officers who have accepted such submissions. Two recent examples where this appears to have happened which were cited by counsel for the proprietor are *Score Draw Ltd v Finch* [2007] EWHC 462 (Ch), [2007] BusLR 864 and *EINSTEIN Trade Mark (O/068/07)*. Another recent example is *Scholl Ltd's Application (O/199/06)*. I consider that hearing officers should guard themselves against being beguiled by such submissions (which is not, of course, to say that they should assess evidence uncritically)."

22) In my opinion the evidence of the applicant is "not obviously incredible", indeed it is perfectly credible and corroborated by documentation. It is clear that the opponent had not used the mark in suit until 2011 when it began supplying other parties with coveralls under the mark SUPERTEX. In reaching this view I am regarding the certification by the Italian laboratory as being on behalf of the applicant. Even if I am wrong in this the applicant began its use at least 18 months prior to this date. The opponent has failed to show that it had goodwill at the relevant date of January 2006. **The ground of opposition under section 5(4)(a) therefore fails.**

23) I next turn to the ground of opposition based on section 3(6) which reads:

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

24) Section 3(6) has its origins in Article 3(2)(d) of the Directive, the Act which implements Council Directive No. 89/104/EEC of 21 December 1988 which states:

"Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that....

(c) the application for registration of the trade mark was made in bad faith by the applicant."

25) I refer to case O/094/11 *Ian Adam* where Mr Hobbs QC acting as the Appointed Person said:

“32. Any attempt to establish bad faith must allow for the fact that there is nothing intrinsically wrong in a person exercising *‘the right to apply the rules of substantive and procedural law in the way that is most to his advantage without laying himself open to an accusation of abuse of rights’* as noted in paragraph [121] of the Opinion delivered by Advocate General Trstenjak in Case C-482/09 Budejovicky Budvar NP v. Anheuser-Busch Inc on 3 February 2011. In paragraph [189] of his judgment at first instance in Hotel Cipriani SRL v. Cipriani (Grosvenor Street) Ltd [2009] EWHC 3032 (Ch); [2009] RPC 9 Arnold J. likewise emphasised:

“... that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Art. 107 can hardly be said to be abusing the Community trade mark system.”

These observations were not called into question in the judgment of the Court of Appeal in that case: [2010] EWCA Civ 110; [2010] RPC 16. They were re-affirmed by Arnold J. in Och-Ziff Management Europe Ltd v. Och Capital LLP [2011] ETMR 1 at paragraph [37].

33. The line which separates legitimate self-interest from bad faith can only be crossed if the applicant has sought to acquire rights of control over the use of the sign graphically represented in his application for registration in an improper manner or for an improper purpose. The appropriate remedy will in that case be rejection of the offending application for registration to the extent necessary to render it ineffective for the purpose which made it objectionable in the first place.

34. In a case where the relevant application fulfils the requirements for obtaining a filing date, the key questions are: (1) what, in concrete terms, is the objective that the applicant has been accused of pursuing? (2) is that an objective for the purposes of which the application could not properly be filed? (3) is it established that the application was filed in pursuit of that objective? The first question serves to ensure procedural fairness and clarity of analysis. The second question requires the decision taker to apply a moral standard which, in the absence of any direct ruling on the point from the Court of Justice, is taken to condemn not only dishonesty but also *‘some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined’*: Gromax Plastics Ltd v. Don & Low Nonwovens Ltd [1999] RPC 367 at 379 (Lindsay J). The third question requires the decision taker to give effect to the principle that innocence must be presumed in the absence of evidence sufficient to show that the applicant has acted improperly as alleged.

35. In assessing the evidence, the decision taker is entitled to draw inferences from proven facts provided that he or she does so rationally and without allowing the assessment to degenerate into an exercise in speculation. The Court of Justice has confirmed that there must be an overall assessment which takes into account all factors relevant to the particular case: Case C-529/07 Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH [2009] ECR I-4893 at paragraph [37]; Case C-569/08 Internetportal und Marketing GmbH v. Richard Schlicht [2010] ECR I-00000 at paragraph [42]. As part of that assessment it is necessary as part of that approach to consider the intention of the applicant at the time when the application was filed, with intention being regarded as a subjective factor to be determined by reference to the objective circumstances of the particular case: Chocoladefabriken Lindt & Sprüngli GmbH (above) at paragraphs [41], [42]; Internetportal and Marketing GmbH (above) at paragraph [45]. This accords with the well-established principle that ‘national courts may, case by case, take account -on the basis of objective evidence -of abuse or fraudulent conduct on the part of the persons concerned in order, where appropriate, to deny them the benefit of the provisions of Community law on which they seek to rely’: Case C16/05 The Queen (on the applications of Veli Tum and Mehmet Dari) v. Secretary of State for the Home Department [2007] ECR I-7415 at paragraph [64].

36. The concept of assessing subjective intention objectively has recently been examined by the Court of Appeal in the context of civil proceedings where the defendant was alleged to have acted dishonestly: Starglade Properties Ltd v. Roland Nash [2010] EWCA Civ 1314 (19 November 2010). The Court considered the law as stated in Royal Brunei Airlines v. Tan [1995] 2 AC 378 (PC), Twinsectra Ltd v Yardley [2002] 2 AC 164 (HL), Barlow Clowes International Ltd v. Eurotrust International Ltd [2006] 1 WLR 1476 (PC) and Abu Rahman v. Abacha [2007] 1 LL Rep 115 (CA). These cases were taken to have decided that there is a single standard of honesty, objectively determined by the court and applied to the specific conduct of a specific individual possessing the knowledge and qualities that he or she actually possessed: see paragraphs [25], [28], [29] and [32]. This appears to me to accord with treating intention as a subjective factor to be determined by reference to the objective circumstances of the particular case, as envisaged by the judgments of the Court of Justice relating to the assessment of objections to registration on the ground of bad faith.”

26) In the case of *Red Bull GmbH v Sun Mark Limited, Sea Air & Land Forwarding Limited* [2012] EWCH 1929 (Ch) Arnold J. Set out the general principles of what constitutes “Bad Faith” as follows:

“130 A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/ Article 3(2)(d) of the Directive/ Article 52 (1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, “Bad faith in European trade mark law” [2011] IPQ 229.)

131 First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see *Case-529/07 Chocoladenfabriken Lindt & Sprungli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132 Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2009] EHC 3032 (Ch), [2009] RPC 9 at [167] and cf. *Case C-259/02 La Mer Technology Inc. V Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and *Case C-192/03 Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133 Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207–2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134 Fourthly, bad faith includes not only dishonesty, but also “some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined”: see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135 Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly’s Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136 Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137 Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant’s conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant’s own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138 Eighthly, consideration must be given to the applicant’s intention. As the CJEU stated in *Lindt v Hauswirth* :

“41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant’s intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant’s intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 *P Henkel v OHIM* [2004] ECR I-5089, paragraph 48).”

27) It is well established (*Chocoladenfabriken Lindt & Sprungli AG v Franz Hauswirth GmbH; Nonogram Trade Mark* [2001] RPC 21 and *Hotpicks Trade Mark* [2004] RPC 42) that the relevant date for consideration of a bad faith claim are the application’s filing date or at least a date no later than that. In the instant case the relevant date is 10 May 2012.

28) In asserting that the marks were applied for in bad faith, the onus rests with the opponent to make a prima facie case. A claim that a mark was applied for in bad faith implies some action by the applicant which a reasonable person would consider to be unacceptable behaviour or, as put by Lindsay J. in the *Gromax* trade mark case [1999] RPC 10:

“includes some dealings which fall short of the standards of acceptable commercial behaviour”.

29) The issue must be determined on the balance of probabilities. On the basis of these authorities it is clear that a finding of bad faith may be made in circumstances which do not involve actual dishonesty. Furthermore, it is not necessary for me to reach a view on the applicant’s state of mind regarding the application for registration if I am satisfied that its actions in applying for the mark in the light of all the surrounding circumstances would have been considered contrary to normally accepted standards of honest conduct.

30) In the instant case, it is clear that the mark was invented by the applicant and at the date of the application had been in use for approximately six years. It is also clear that the use of the mark by the opponent started in 2011. The applicant was perfectly entitled to believe that it had a right to register the mark in suit. **The applications were not filed in bad faith and so the ground of opposition under section 3(6) fails.**

CONCLUSION

31) The applicant has succeeded in defending its position under both grounds of opposition.

COSTS

32) As the applicant has been successful it is entitled to a contribution towards its costs.

Preparing a statement and considering the other side’s statement	£200
Preparing evidence and considering the other side’s evidence	£800
Submissions	£200
TOTAL	£1,200

33) I order Xiantao Hongxiang Non-Woven Company Limited to pay Allied International Trading Limited the sum of £1,200. This sum to be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 23rd day of September 2015

**George W Salthouse
For the Registrar,
the Comptroller-General**

