

O-585-17

TRADE MARKS ACT 1994

**IN THE MATTER OF
APPLICATION NO. 3173410**

BY XIA MENG

TO REGISTER THE FOLLOWING TRADE MARK IN CLASS 39:

Birke

AND

OPPOSITION THERETO (UNDER No 407474)

BY BIRKE REISEN & SCHULUNGEN GMBH

BACKGROUND AND PLEADINGS

1. These proceedings concern an application to register the trade mark **Birke** which was filed by Ms Xia Meng on 7 July 2016. The mark was published for opposition purposes on 29 July 2016 in respect of the following services in class 39:

Travel agency; Travel agency services for arranging travel; Travel and transport information and advisory services; Travel and transport reservation services; Travel arrangement services; Travel booking agencies; Travel courier; Travel information services; Travel reservation and booking services; Travel and tour information service; Travel and tour ticket reservation service; Travellers (Transport of -); Travel reservation; Travel reservations; Travel arrangement; Travel arrangements; Travel agency and booking services; Travel reservation services; Travel courier services; Travel guide services; Travel ticket reservation services; Travel agencies; Travel agency; Travel agency services; Travel and tour agency services; Travel services; Travel agency services for arranging holiday travel; Travel agency services for business travel; Travel agency services for sea travel; Travel agency services relating to travel by omnibus; Travel agents services for arranging travel; Travel courier and travel guide services; Travel guide and travel information services; Travel information; Travel information about disruptions due to adverse weather conditions; Travel arrangement and reservation services; Travel consultancy and information services; Travel agency services, namely, making reservations and bookings for transportation; Travel route planning; Travelling trunks rental.

2. Registration of the mark is opposed by Birke Reisen & Schulungen GmbH (“Birke Austria”). It claims to run a business around the world under the name Birke (often used with a logo). The business operates in the field of travel services, services which are targeted at Chinese tourists. The “majority beneficial owner” of Birke Austria is an individual named Mr Cheung Kot. It is claimed that in 2012 Mr Kot incorporated a UK company called Birke Travel UK Limited (“Birke UK”) to offer a similar service (targeting Chinese tourists) in the UK. Birke UK was, it is claimed, set up as a joint venture between Mr Kot and Ms Meng (the applicant), with each owning a 50% shareholding and each acting as directors. The following grounds are claimed to arise:

- Section 3(6) of the Trade Marks Act 1994 (“the Act”), the claim being that the filing of the mark by Ms Meng constitutes an act of bad faith. The allegation is that Ms Meng has no personal rights in the mark so as to warrant the making of the application in her name.
- Section 5(4)(a) of the Act in that the use of the mark by Ms Meng would be liable to be prevented (by Birke Austria) under the law of passing-off. Although the UK arm of the business is operated by Birke UK, Birke Austria claims that it owns the relevant goodwill due to a licensing arrangement.
- Section 60(2) of the Act on the basis that the mark has been filed by an agent/representative of Birke Austria.

3. Ms Meng filed a counterstatement denying the grounds of opposition. She accepts that she and Mr Kot each own 50% of the shares in Birke UK, but, she states that Birke UK has operated independently of Birke Austria and that it was not set up as a related company. It is stated that in 2016 Mr Kot entered into an agreement with her to transfer his shares to her, although he has yet to comply with this agreement. It is denied that any license exists between Birke Austria and Birke UK. It is denied that Birke Austria has acquired any goodwill in the UK. Ms Meng denies that she applied for the mark in bad faith and, in actual fact, Mr Kot/Birke Austria has been acting in bad faith by disrupting the business of Birke UK. It is denied that the section 60 ground arises and it is stated that Ms Meng applied for the mark in her own name with the intention to hold the application on trust for Birke UK.

4. Both sides filed evidence. The matter was heard before me on 10 October 2017 at which Birke Austria was represented by Dr Florian Spiegl of Fladgate LLP. Ms Meng was represented by Mr Florian Traub of Squire Patton Boggs (UK) LLP.

THE EVIDENCE

Evidence of Birke Austria

5. There is no dispute that Mr Kot is the controlling mind of Birke Austria. He states that Birke Austria was set up in 2004 and has been trading since 2005 providing travel services under a BIRKE logo mark. An invoice at Exhibit 1, from 2005, relates to a German customer (called IDC) of Birke Austria and concerns the provision of hotel rooms in the Austrian towns of Vienna and Salzburg. The invoice uses the words BIRKE INTERNATIONAL, a BIRKE logo, and the full name of Birke Austria at the bottom of the invoice.

6. It is stated that Birke Austria provides services to around 5000 visitors per year. An untranslated copy of its accounts are provided in Exhibit 2 for the calendar year 2015, with Mr Kot highlighting that “Umstatzerlose” (which he explains translates as “turnover”) is just over 2 million Euro and that there is a similar amount for 2014. He states that that since 2005 Birke Austria has developed a significant reputation in Austria, other European countries, and China. To illustrate its reputation, Mr Kot provides the following: Exhibit 3, an invoice from 2011 relating to a stand that Birke Austria had at a travel fair in Vienna; Exhibit 4, information about Birke Austria accompanying the former President of Austria on a diplomatic trip to China in 2010; Exhibit 5, untranslated prints from 2016 of Birke Austria’s website, with Mr Kot highlighting that some well-known trade organisations (airlines and hotel chains) are listed as partners; Exhibit 6, a contract between Birke Austria and Hilton International enabling the former to re-sell the latter’s hotel rooms in Austria for the period April 2016 to March 2017; Exhibit 7 photographs of Birke Austria’s stand at a travel fair in China in 2013.

7. Mr Kot states that Birke Austria’s clients travel from China to several countries including the UK. He explains that organising the trips is more difficult in some locations than others, therefore, it was more efficient to have a team in the respective countries. Consequently, in addition to an office in China which serves its clients, Mr Kot decided to “establish local offices in Germany, Switzerland and the UK”. He states that these were set up as separate entities in which he retained ultimate control

through beneficial ownership and directorships. He says that Birke UK is one such company. There is also a German and Swiss company, although the latter has since ceased trading. He states that each of these companies exists to serve and assist Birke Austria and its customers in China and that they do not trade independently. They would not, for example, partner with or provide services to a competitor of Birke Austria. He states that the related companies rely on the existing commercial partners and goodwill of Birke Austria. To enable the companies to take advantage of that goodwill, Birke Austria permits them to use the mark in the course of their business, although he accepts that he has never formalised this licence arrangement. The ability to use the mark stems, Mr Kot states, from his involvement and continuing control on behalf of Birke Austria.

8. In terms of Birke UK, Mr Kot says that he approached Ms Meng in April 2012 with a view to her leading Birke Austria's operations in the UK. He knew Ms Meng from a family contact and was aware that she was looking for work and the opportunity to stay in the UK on a visa. He considered Ms Meng to be a talented manager and, therefore, proposed a joint venture. Mr Kot states that the position would be for a booking to be made with Birke Austria via the Birke office in China, with Ms Meng then organising trips in the UK (for example, arranging hotel rooms), using Birke Austria's contracts and resources. He states that Birke UK relied heavily on Birke Austria (both financially and administratively), including paying for company formation, accountancy services and other office services. The exhibits provided to demonstrate this are: Exhibit 8, which contains emails from Birke Austria's finance manager arranging for Birke UK to be set up; Exhibit 9, which contains email exchanges between Ms Meng and Treetops Accountants whereby Ms Meng agrees to forward an email to Birke Austria's finance manager to help and provide "everything needed"; Exhibit 10, which is an untranslated email from a stamp manufacturer, said to relate to orders placed by Birke Austria's finance manager for an office stamp (showing the company logo) for Birke UK. Mr Kot states that whilst Birke UK had a license to use the mark (by virtue of his involvement in both Birke Austria and Birke UK) at no point did he state, or lead Ms Meng to believe, that she had a personal right in the Birke mark.

9. Mr Kot then explains that at the end of June 2016 he travelled to the Birke office in China and, whilst there, he identified accounting discrepancies and inconsistencies

relating to clients handled by Birke UK. He telephoned Ms Meng on 5 or 6 July for an explanation but he says that no adequate explanation was offered. He states that during this call he stated that pending resolution of these matters, Birke UK should cease operating and stop any further trade under the mark. He considers that this call must have led to the filing of the application on 7 July 2016, reflecting a desire to misappropriate Birke Austria's goodwill.

10. Mr Kot states that the filing of the application forms part of a pattern of bad faith behaviour on the part of Ms Meng. He refers to:

- i) On 23 March 2016 Ms Meng filed forms at Companies House to remove Mr Kot as a director of Birke UK, without his permission. Mr Kot subsequently re-instated himself. Mr Kot states that Ms Meng has not sought to object to his re-instatement, which he takes as an acknowledgement of wrongdoing. Exhibit 11 contains various documents in relation to this.
- ii) Login information for Birke UK's bank account being changed by Ms Meng, and also that she removed Mr Kot from the banking mandate. Mr Kot states that this was an attempt to block investigations into the misconduct that he had identified. It is not clear when this action was taken. From a letter to Ms Meng from Birke Austria's representatives, this appears to have been in the period when Mr Kot had been removed as a director, so, between 23 March 2016 and 27 July 2016.

11. Mr Kot notes that Ms Meng relies on a transfer agreement and that she claims that it is he who has been acting in bad faith. Mr Kot denies this, and specifically denies "the existence of any enforceable transfer agreement". He states that, in any event, this would not give Ms Meng the right to apply for the trade mark for her own purposes [in her own name] as she has never had any personal rights in the mark, the only rights were those licensed to Birke UK by Birke Austria. In relation to the claim that the mark was applied for on trust (for Birke UK), Mr Kot states that Birke UK has never given any form of authorisation to do so, and that it is telling that Ms Meng has never sought to assign the mark to Birke UK. Exhibit 13 contains an email between the parties in which Ms Meng states that the Birke logo is materially different from the applied for

mark, something which Ms Meng states in her counterstatement was taken out of context.

12. Mr Kot provides evidence relating to Birke UK's "commercial relationships and reputation" since its incorporation in 2012, as follows:

- i) Exhibit 14 – two invoices issued by Birke UK to a Chinese travel company in 2013.
- ii) Exhibits 15/16– an email from Miki Travel Limited, confirming that access was provided to its portal to Birke UK and Birke Austria, the accounts for which were opened on the same day in 2012. Birke UK has not accessed the portal since 11 November 2015. The exhibits also provide contact information for Birke UK from which I note that an address is listed in Austria as its head office.
- iii) Exhibit 17 – an email from September 2012 from Travco, identified by Mr Kot as a hotel wholesaler, relating to the setting up of an account by Birke UK. I note that one of the recipients of this email is Birke Austria's finance manager.

13. Mr Kot states that Birke UK does not advertise extensively because it relies on the clients based in China. However, the evidence above is put forward as evidence of goodwill, goodwill owned by Birke Austria on account of the license arrangement that Mr Kot says was in play. He adds, though, that Birke Austria had built up goodwill on account of its own UK business prior to the incorporation of Birke UK and through its reputation as a provider in Europe. Evidence in support of this is given as follows:

- i) An invoice issued to Birke Austria for the purchase of some attraction tickets in the UK. It is not possible to ascertain the date of the invoices, one is dated "10.18-21", the other "10.11-17".
- ii) The email at Exhibit 16 described above.

14. Mr Kot concludes by stating that if Ms Meng was allowed to use the mark on her own account there would be considerable confusion and an assumption that her services are connected with Birke Austria.

Evidence of Ms Meng

15. Ms Meng does not dispute that she is a 50% shareholder in Birke UK, with Mr Kot being the other 50% shareholder. She also accepts that Birke UK is one of a number of entities around the world which trades under the Birke name. However, she states that Birke UK was, when the mark was filed, the only entity trading in the UK. She states that it is run as an independent company, but that it co-operates with other Birke companies such as Birke Beijing, who refer customers to Birke UK. She states that Birke UK does not receive referrals from Birke Austria and that there is no license between these two companies. She accepts that Birke UK received some administrative assistance from Birke Austria when it was first set up due to Mr Kot's role in both companies but it has, for many years, dealt with suppliers and advisers on its own account without reliance on Birke Austria.

16. Ms Meng states that Birke UK has developed significant goodwill in the UK in connection with travel services. Sales for 2014 and 2015 have been over £200k each year (Exhibit XW1 contains a print of a text message from Birke UK's accountants confirming this). She refers to links with other travel companies (some of which are also mentioned by Mr Kot), which she considers to support goodwill. Ms Meng considers that because Birke UK is an independent company, it wholly owns the goodwill created. She is aware that Mr Kot has subsequently set up another Birke company in the UK (in October 2016) but, until then, Birke UK was the only company trading under the name in the UK.

17. Ms Meng states that in March 2014 she reached a verbal agreement with Mr Kot that she would be responsible for the day to day operation of Birke UK and that it was clear to her that she had ultimate control as an independent trading entity. Exhibit XW2 contains an email from the accountants of Birke UK confirming that Ms Meng has been their main point of contact. She states that after several months of being in charge of the day-to-day operations of Birke UK, she entered into a share transfer agreement

with Mr Kot, dated 1 March 2016, for the purpose of transferring his shares to her. This is attached at Exhibit XW3.

18. Ms Meng notes two clauses in particular. Clause 5 stipulates that Ms Meng agreed to take on liabilities owed by Birke UK, in consideration for Mr Kot transferring his shares to her. Clause 6 stipulates that Mr Kot agreed to use his best efforts to cooperate with Ms Meng to complete the share transfer. She states that it was understood that Mr Kot would resign as a director. She states that it is in consequence of all this that she filed the form at Companies House to remove Mr Kot as a director and, also, to change the bank mandate. She adds that when Mr Kot re-instated himself, she did not file another removal form because he would just be able to add himself back again. She states that contrary to the agreement, Mr Kot has failed to transfer his shareholding and he has not resigned as a director. I note that the agreement makes no mention of intellectual property or the trade mark BIRKE.

19. Ms Meng states that Birke Austria, presumably under the direction of Mr Kot, has sought to disrupt the activities of Birke UK. This includes terminating the contract with Travco. Exhibit XW5 contains a note from Mr Kot requesting termination and Exhibit XW4 contains emails between Ms Meng and Travco where she is trying to re-instate (but failing) the account. Ms Meng also states that Mr Kot/Birke Austria has attempted to block Birke UK's bank account and served a statutory demand for the sum of over £33k for which Ms Meng says there is no basis.

20. Ms Meng states that she filed the application in her own name because it would be very difficult to conduct business through Birke UK whilst there was still an ongoing dispute over these matters. She states that her intention was to hold the application on trust for Birke UK until the difficulties with Mr Kot had been resolved and that at no stage has she sought to use the mark on her own account for her own profit. She considers that she has acted in the best interests of Birke UK.

21. In relation to the purported license, she says it is unclear to her how such an assertion can be made. She is not aware of any agreement, formal or otherwise, and she sees no basis for presuming that a license exists simply because Mr Kot happens to be involved in both companies.

Reply Evidence of Birke Austria – Witness Statement of Mr Powell

22. Mr Powell works for Birke Austria’s representatives in this matter. He provides a “to whom it may concern letter” from Miki Travel Limited who, as mentioned earlier, have an account set up for both Birke Austria and Birke UK. The letter writer states that:

“both companies’ use of the “BIRKE” mark, including the trade that it does with Miki Travel in the UK, in my opinion, “BIRKE” has become a recognised brand in the UK travel industry”.

23. Mr Powell also provides some translations of certain parts of the documents provided by Mr Kot, including those that relate to the attendance of Birke Austria at travel fairs. I do not intend to summarise this aspect of the evidence further.

SECTION 3(6) – BAD FAITH

24. Section 3(6) of the Act states that:

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

25. In *Red Bull GmbH v Sun Mark Limited* [2012] EWHC 1929 (Ch), Arnold J summarised the general principles underpinning section 3(6) 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 C-529/07

Chocoladenfabriken Lindt & Sprüngli 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).”

26. Whether the trade mark was applied for in bad faith must be assessed at a particular point in time. As stated in the *Sun Mark* case, the relevant date is the application date of the application to register the trade mark. The relevant date is 7 July 2016.

27. In contrast to many bad faith cases, a number of points are accepted by the parties. Further, there are also other points on which there is no conflict of evidence. I note the following:

- i) It is common ground that Birke UK was set up as some form of joint venture between Ms Meng and Mr Kot, with each owning a 50% shareholding and both being directors of the company.
- ii) It is common ground that Birke UK would obtain its clients from China, via the Birke office/company in Beijing.
- iii) It is common ground, and Ms Meng knew, that there were other Birke companies around the world. It is also reasonable to infer that she knew that they too would have been set up by Birke Austria or Mr Kot.

- iv) It is common ground that Birke UK would provide travel related services to Chinese clients, using contacts in the UK travel industry such as Travco and Miki Travel.
- v) It is common ground that Birke UK received assistance from Birke Austria when the former was first set up.
- vi) It is not disputed that Ms Meng was the person who was primarily running Birke UK.

28. There was a dispute, at least at the hearing, as to the existence of the transfer agreement. Mr Speigl submitted that the agreement may have been fabricated by Ms Meng. I was surprised to receive such a submission because at no point in the proceedings had Birke Austria questioned the veracity of the agreement document itself. Mr Speigl did, though, point to the statement made by Mr Kot denying “the existence of any enforceable transfer agreement” as being sufficient to call the veracity of the transfer agreement into doubt. I do not agree that this is sufficient. As Mr Traub submitted, there is a major difference between denying the existence of an enforceable agreement and denying the existence of the agreement per se. If Mr Kot was intending to say that the document (which contains a signature purporting to be his) was fabricated, he should have said so, or, alternatively, Birke Austria’s representatives should have clearly called the veracity of the document into doubt much earlier and much more clearly, as opposed to what I consider to be an ambush at the hearing. For these reasons, I accept as fact the existence of the transfer agreement between Mr Kot and Ms Meng. I add, though, that there is nothing in the transfer agreement relating to the ongoing use, or otherwise, of the Birke name in trade. The effect of the agreement is simply that Mr Kot (once the transfer is enacted) would no longer be entitled to a shareholder’s equity, nor liable for any debts.

29. Ms Meng puts much significance (in her counterstatement and evidence) on Birke UK being an independent company. Obviously, I accept that Birke UK is a separate legal entity from Birke Austria, and that Birke Austria has no shareholding in Birke UK. Nevertheless, it is still clear to me that the whole purpose and existence of Birke UK was to serve customers based in China who had approached the Chinese arm of the

Birke business looking for travel services in the UK. It is, to all intents and purposes, the UK arm of Birke Austria, and is consistent with the setting up of other companies (arms) in Germany, Switzerland and China. This is also consistent with Birke UK identifying an address in Austria as its head office. The nature of this relationship is, therefore, another factor which must be taken into account when deciding on the issue of bad faith.

30. The timing of the application is also noteworthy. As highlighted by Mr Spiegl, the application was made a day or two after Mr Kot contacted Ms Meng about alleged irregularities in accounting. Whilst Ms Meng does not detail these discussions in her evidence, she does not deny that they took place. It is, thus, clear to me that in the days leading up to the filing of the application, relations between Mr Kot and Ms Meng had taken a turn for the worse.

31. Ms Meng relies heavily on the transfer agreement in support of her position, with Mr Traub highlighting that the filing of the mark in Ms Meng's name took place after the agreement had been reached, the underlying point being that Ms Meng would be the owner of Birke UK if that agreement had been acted upon. However, what is clear is that there is a dispute between the parties about control of the business in the UK.

32. Bad faith involves not only dishonesty, but conduct that has fallen short of the standards of acceptable commercial behaviour. I come to the view that the timing of the application, following the telephone call from Mr Kot, is symptomatic of Ms Meng seeking to preserve her own personal position. Regardless of any dispute about the enforceability of the transfer agreement, it is important to keep in mind the distinction between Birke UK and Ms Meng personally. Birke UK was one of a number of companies which were, in essence, arms of Birke Austria. Whilst I accept that there is little evidence to show the nature of what Mr Kot calls a licence agreement, I still consider it clear that the right to use the Birke mark in the UK stemmed from the inter-relationship between the various Birke companies (and Mr Kot). No personal right extended to Ms Meng. Further, it is not as though Birke UK has sought other clients or advertised itself in any way (or at least there is no evidence of doing so) and, as stated earlier, its whole trading activity is based upon Chinese clients of Birke China/Beijing being passed to it. Ms Meng states that she was holding the mark on

trust. This is something very easy to say, but the facts overall suggest to me that she was motivated more by self-preservation, in some way allowing her to continue using the Birke name even if the dispute over Birke UK was not resolved in her favour. I note, for example, that she accepts that it would have been very difficult to conduct business through Birke UK whilst there was still an ongoing dispute. I consider the filing of the mark to be something that people in the relevant trade would view as conduct falling below the standards of acceptable commercial behaviour. The claim under section 3(6) succeeds.

SECTION 5(4) – PASSING-OFF

33. Section 5(4)(a) of the Act reads:

“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

(b)...

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.”

34. Given the finding I have made under section 3(6), it is not strictly necessary to consider the ground under section 5(4)(a) of the Act. If it had been necessary to consider the ground fully, I would have had serious reservations as to the sustainability of the ground. This is because, whilst both Ms Meng and Mr Kot refer to the existence of goodwill in the UK, I must make a factual finding that such goodwill exists, goodwill based on customers in the UK. The issue I have is that the only customers that Birke UK have are based in China. This in my view is not enough, consistent with the view expressed by the Supreme Court in *Starbucks v B Sky B* [2015] UKSC 31. The ground

would have failed on this reason alone, irrespective of the dispute over the claimed ownership of goodwill.

SECTION 60

35. Mr Speigl accepted at the hearing that the ground under section 60 added little to the case beyond the pleaded grounds. I agree. Therefore, I do not intend to make any observations in relation to this ground of opposition.

CONCLUSIONS

36. The opposition has succeeded under section 3(6) of the Act. Subject to appeal, Ms Meng's application is to be refused registration.

COSTS

37. The opponent having been successful, it is entitled to a contribution towards costs. My assessment is as follows:

Official fee - £200

Preparing a statement of case and considering the counterstatement - £400

Filing evidence - £900

Attending the hearing - £500

Total - £2000

38. I order Ms Xia Meng to pay Birke Reisen & Schulungen GmbH the sum of £2000 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 22nd day of November 2017

Oliver Morris

For the Registrar, the Comptroller-General