

O/204/20

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NUMBER 3216748
FORMERLY OWNED BY JINNI TECH LTD**

Mini-Mag

IN CLASS 9

AND

**THE APPLICATION FOR A DECLARATION OF INVALIDITY THERETO
UNDER NUMBER 502037 BY RED.COM LLC**

Background

1. The trade mark Mini-Mag was applied for by Jinni Tech Ltd on 5 March 2017. It was registered on 2 June 2017. The registration is for “Data storage media”, in class 9.
2. On 17 April 2018, an application to declare the registration invalid was filed by Red.com LLC (“the applicant”) on the grounds that registration was contrary to sections 47(1)/3(6) and 47(2)/5(4)(a) of the Trade Marks Act 1994 (“the Act”).
3. The applicant claims that use of the registration is liable to be prevented under the law of passing off (section 5(4)(a) of the Act) owing to its use of the following signs in the UK, in respect of memory storage devices, since 20 January 2014:

RED MINI-MAG

MINI-MAG

4. The applicant claims that the mark was applied for in bad faith, under section 3(6) of the Act. It states that Jinni Tech Ltd manufactures and sells products for cameras used in the film production industry, as does the applicant. The applicant states that Jinni Tech Ltd sells a memory storage device which claims to be compatible with the applicant’s goods (and no other third-party cameras). There is litigation between the parties in the US. The applicant states that the contested trade mark was applied for on the same date as the applicant filed its US lawsuit against Jinni Tech Ltd for trade mark infringement. It claims that there are a number of motives for the application for the contested mark:

“(i) The application for registration had been filed speculatively or with a view to obtaining leverage or other compensation from the Applicant. This is particularly relevant in view of the ongoing litigation in the USA between the respective parties.

(ii) It can be inferred that an intended purpose of the application for registration was to “free-ride” on the goodwill and reputation of the Applicant’s trade marks and to take advantage of that goodwill and reputation.

(iii) The application for registration subject of these proceedings may be an indication of a dishonest intention by the Registered Proprietor to try to block the Applicant from the UK market and/or block the Applicant from obtaining registered trade mark protection for the mark RED MINI-MAG or MINI-MAG, which would be a legitimate interest, and/or obtain an economic advantage.”

5. Jinni Tech Ltd filed a defence and counterstatement. This includes a statement of truth which has been signed by Bruce Royce, the sole director of Jinni Tech Ltd. The counterstatement denies the grounds and puts the applicant to proof of its goodwill. There are several denials in respect of the bad faith ground. Given that Jinni Tech Ltd did not file evidence or submissions, the counterstatement represents its only documentation. As it has been signed with a statement of truth by the sole director of Jinni Tech Ltd, I will treat its contents as its evidence.¹

6. The applicant is professionally represented whilst Jinni Tech Ltd has represented itself. The applicant filed evidence and written submissions in lieu of a hearing. On 5 February 2019, Jinni Tech Ltd was dissolved. The contested trade mark registration became the property of the Crown, as *bona vacantia*. Although Jinni Tech Ltd no longer exists, as the contested registration is *bona vacantia* it is not a nullity, with the consequence that these proceedings still need to be decided.

The evidence

7. The applicant has filed two witness statements; one from its Chief Operating Officer and Chief Brand Officer, Brent Carter; and one from Woody Gregson, a freelance camera operator.

¹ See the comments of Mr Daniel Alexander QC, sitting as the Appointed Person, in *Soundunit Limited v. Korval Inc.*, BL O/468/12.

8. Some of Mr Carter's evidence relates to use in the US, without also clearly relating to use in the UK. Since the applicant's section 5(4)(a) ground depends upon it being able to show goodwill in the UK, I will confine this summary to the evidence which relates to the UK; commenting separately upon US use, if necessary, when I look at the ground under section 3(6).

9. Mr Carter's witness statement is dated 1 October 2018. He states that the applicant manufactures and sells high-performance video cameras and related accessories, one of which is branded RED MINI-MAG, also referred to as MINI-MAG. This is a memory storage device for its video cameras, retailing at between £650 and £2300 + VAT, depending upon size. Packs of 4 or 12 units are priced at approximately £5300 and £19,500, respectively.

10. Exhibit BC-7 contains copies of purchase orders, receipts and invoices showing sales to UK companies of RED MINI-MAG products, between 2014 and 2018. These invariably show the applicant's UK subsidiary, Red Europe Limited, located at Pinewood Studios in Buckinghamshire, as the supplier. The precise details of customers are redacted, but there are customers in, for example, Brentford, Bristol, London, Kent, Guildford, Cornwall and Monmouthshire. The documents show various items of equipment which include "Red Mini-Mag" at a cost of several hundred pounds apiece. Mr Carter states that between 20 January 2014 to 15 February 2018, turnover for the applicant's memory storage devices in the UK bearing the signs relied upon was in excess of £2million. Mr Carter states that the applicant's cameras have about a 40% share of the UK market for film and television cameras.

11. Mr Gregson is a freelance 2nd Assistant Camera/Clapper Loader in film and television. His witness statement is dated 26 September 2018. Mr Gregson states that he considers the applicant's products to be of good quality and highly reliable. Further, that amongst camera technicians, no other product is called MINI-MAG either specifically or colloquially. Mr Gregson knows it to be a small-sized memory card for use in Red cameras to record image capture.

12. Mr Carter states that Jinni Tech Ltd manufactures and sells products for professional cameras and computer systems for use in the film industry via its website. Exhibit BC-2 comprises prints from the website, but these are dated 28 September 2018.

13. I will look at the remainder of the evidence, and the content of the counterstatement, when I assess the section 3(6) ground.

Section 5(4)(a) of the Act

14. Section 47(2) of the Act states:

“(2) The registration of a trade mark may be declared invalid on the ground-

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.”

15. Section 5(4)(a) states:

“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.”

16. In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court, conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56 In relation to deception, the court must assess whether “a substantial number” of the Claimants' customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

17. The concept of goodwill was explained in *Inland Revenue Commissioners v Muller & Co's Margerine Ltd* [1901] AC 217 at 223:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

18. The applicant’s purchase orders, receipts and invoices show that regular and substantial sales of the goods had been made over several years prior to the date on which the contested mark was filed: the relevant date. Although the applicant has shown some evidence of the use of the contested mark by Mr Royce’s company on its website, this evidence is after the relevant date. Mr Royce has not provided any evidence of his company’s own trade so it is not possible to assess whether it had its

own goodwill prior to the relevant date. In any event, the applicant's own use goes back to 2014 and there is no suggestion that the contested mark was in use at that time.

19. The applicant had sufficient UK goodwill as of 5 March 2017 upon which to base its claim of passing off. Given the almost identical nature of one of the signs relied upon, in relation to identical goods, misrepresentation and damage are the inevitable conclusion. The section 47(2)/5(4)(a) ground succeeds.

Section 3(6) of the Act

20. Given my clear finding for the applicant under its passing off claim, I will deal only briefly with the applicant's bad faith claim. Section 47 of the Act states:

“(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).”

21. Section 3(6) of the Act states:

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

22. The law in relation bad faith was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited*² and further summarised by Mr Thomas Mitcheson QC as the Appointed Person in *Loch Employment Law Limited V Philip Adamson Hannay*³ as follows:

“1) The relevant date for assessing bad faith is the application date;

2) Later evidence may be relevant if it casts light backwards on the position as

² [2012] EWHC 1929 (Ch)

³ BL O/786/18

at the application date;

3) A person is presumed to have acted in good faith unless the contrary is proved – given that an allegation of bad faith is a serious allegation, it must be distinctly proved;

4) 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";

5) The provisions against bad faith are intended to prevent abuse of the trade mark system, either via the relevant office or via third parties;

6) The tribunal must make an overall assessment, taking into account all the factors relevant to the particular case;

7) 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 i.e. objectively.

8) Consideration must be given to the applicant's intention.”

23. The relevant date is 5 March 2017. I must decide what Jinni Tech Ltd, and Mr Royce, as the controlling mind of Jinni Tech Ltd, knew at that date and then decide whether filing the application fell short of acceptable commercial behaviour.⁴

24. The applicant refers in its pleadings and in its evidence to a dispute between the parties in the USA. This dispute predated 5 March 2017. A Facebook post dated 1

⁴ In *Joseph Yu v Liaoning Light Industrial Products Import and Export Corporation* – BL O-013-05, Professor Ruth Annand as the Appointed Person held: “22. [A] claim of bad faith is not avoided by making an application in the name of an entity that is owned or otherwise controlled by the person behind the application.”

August 2016 by Jinni Tech Ltd, Exhibit BC-12, acknowledges the applicant's IP rights and makes a statement that Jinni Tech Ltd is not affiliated to the applicant. Mr Carter states that Jinni Tech Ltd makes and sells accessories which are compatible with the applicant's cameras and does not sell anything else.

25. The applicant claims that the contested mark was filed for one or more of the three reasons set out in paragraph 4 of this decision. Mr Royce, in the counterstatement, states that, given the disputes between the parties in the US, his filing of the contested trade mark was to protect his business interests in his home territory, the UK. There might be some force in that argument if it were the case that the applicant had not expanded into the UK and had not shown such an intention.⁵ However, the evidence clearly shows that the applicant had a substantial trade in the UK, distinguished by the signs relied upon. Furthermore, Jinni Tech Ltd/Mr Royce were clearly aware of that business and the signs which distinguished it since they were referred to on the Jinni Tech Ltd website.

26. I find that the applicant has presented a *prima facie* case which has been inadequately rebutted. The applicant's evidence strongly indicates that Jinni Tech Ltd/Mr Royce knew of the applicant's use of its signs in the UK. Judged objectively by the ordinary standards of honest people, as set out in the caselaw cited above, the filing of the trade mark application fell short of the standards of acceptable commercial behaviour of reasonable and experienced people. I find that the application was made in bad faith.

Outcome

27. The application for a declaration of invalidity on the grounds of bad faith (section 3(6)) and passing off (section 5(4)(a)) succeeds in full. Under section 47(6) of the Act, the registration is deemed never to have been made.

⁵ See, for example, *Hogs & Heifers*, BL O/580/16, Professor Ruth Annand, sitting as the Appointed Person.

Costs

28. As the applicant has been successful, it is entitled to an award of costs, as a contribution towards the costs of the proceedings. The applicant has made a request for an award of off-scale costs based upon the extra work which it states was caused by Mr Royce's requests for extensions, late or incorrect filing of evidence and/or submissions, missed deadlines and the dissolution of and application to reinstate the company. A case management conference ("CMC") was held at Mr Royce's request, on 8 February 2019, regarding his company's extension of time request, provisionally refused by the Tribunal. The applicant attended the CMC. The tribunal's refusal to grant the extension of time request was upheld by the Hearing Officer conducting the CMC.

29. Whilst there were delays brought about by the actions, or inaction, of Mr Royce and his company, they are not unusual in the experience of this tribunal. The scale of costs is exactly that, a scale; intended to provide room for the usual ups and downs of inter partes proceedings.⁶ Taking into account the delays and extra work caused for the applicant, I award costs as follows:

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| Preparing a statement and considering statement | £500 |
| Official fee | £200 |
| Preparing evidence | £1000 |
| Preparing for and attending the CMC | £400 |
| Total | £2100 |

⁶ Tribunal Practice Notice 2/2016

30. I order Jinni Tech Ltd to pay to Red.com LLC the sum of £2100 which, in the absence of an appeal, should be paid within twenty-one days of the expiry of the appeal period.

Dated this 31st day of March 2020

Judi Pike

For the Registrar,

the Comptroller-General