

**O/372/21**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF REGISTRATION NO. 3413662  
IN THE NAME OF AKORD TECHNOLOGIES LIMITED  
IN RESPECT OF THE TRADE MARK**

**Shappy**

**IN CLASS 8**

**AND**

**IN THE MATTER OF AN APPLICATION FOR INVALIDATION THERETO  
UNDER NO. 502992  
BY SHENZHENSHI YASHENGWEIGE TECHNOLOGY CO., LTD**

## Background and pleadings

1. Akord Technologies Limited (“the proprietor”) applied to register the trade mark ‘Shappy’ in the UK on 12 July 2019. The application was accepted and published in the Trade Marks Journal on 26 July 2019, and subsequently proceeded to registration under registration number 3413662 on 20 December 2019 in respect of the following goods:

*Class 8: Tools, hand tools, hand implements, craft tools, craft pliers, pliers, crimping pliers, crocodile pliers, ring pliers, crimping tools, engraving tools, hand drills, glass cutters, pick axes, screwdrivers, spanners, ratchets, eyelash curlers, watch tools, stands and holders adapted for the aforesaid goods, wire brushes, wire cutters and wire strippers, tap and die sets, tube and pipe cutters, nail clippers (for use on humans), cuticle clippers, nail files (for use on humans), nail buffers, nail scissors (for use on humans), nail polishers, manicure drills; vegetable peelers, garlic peelers; apple corers; scoops; callus rasps, hard skin removers; scissors; tweezers; pipe bending apparatus; tongs, ice tongs, sugar tongs, bread tongs, curling tongs; oil filter removal tools; chisels; clamps; hammers and mallets; scrapers; glass cutters; saws, hand saws, hack saws, pruning saws, saw blades; rotary drills; hair trimmers (for use on humans), hair clippers (for use on humans), hair straighteners, nasal hair trimmers, epilators and hair removal apparatus; car trim removal tools; secateurs; pocket tools; scrapers; kids camping tools, hygienic and beauty implements for humans and animals; Food preparation implements, kitchen knives and cutlery; Lifting Tools, hand implements, long reach grabbers, pickup tools, craft tools, hole punches, foam applicators, glass cutters, pick axes, screwdrivers, spanners, wrenches, telescopic wrenches, ratchets, eyelash curlers, watch tools, stands and holders, wire brushes, wire cutters and wire strippers, tap and die sets, tube and pipe cutters, cuticle clippers, cuticle pusher tools, nail buffers, nail scissors (not for animals), nail polishers, nail art tools, manicure tools, manicure drills, manicure sets; tattoo ink cups being parts of tattoo apparatus, tattoo*

*apparatus; vegetable peelers, garlic peelers; scoops; callus rasps, hard skin removers; scissors; tweezers; pipe bending apparatus; tongs, ice tongs, sugar tongs, bread tongs, curling tongs; oil filter removal tools; chisels; clamps; hammers and mallets; scrapers; pasta cutters; glass cutters; saws, hand saws, hack saws, pruning saws, saw blades; car trim removal tools, tyre valve removal tool, tyre levers, tyre removers; secateurs; pocket tools; scrapers: kids camping tools; hand tools for the repair of mobile phones; dent pullers; skateboard tool; precision screwdrivers, watch repair tools, watch repair kit, gardening strimmer wire, air compressor fittings. Sculpting and modelling tools.*

2. SHENZHENSHI YASHENGWEIGE TECHNOLOGY CO., LTD (“the cancellation applicant”) filed an application to invalidate the trade mark registration on the basis of Section 5(4)(a) of the Trade Marks Act 1994 (“the Act”) on 17 January 2020. This is on the basis of its alleged earlier rights in the sign ‘shappy’. The cancellation applicant claims to have been selling tweezers, craft tools, hand tools and pocket tools under this sign since January 2017, and claims to have acquired goodwill under the sign. The cancellation applicant claims that use of the trade mark applied for would therefore be a misrepresentation to the public, and that it has already caused damage to the aforementioned goodwill. The cancellation applicant claims the combination of these factors amounts to passing off.
3. The proprietor filed a counterstatement denying the claims made and requesting that these are substantiated by the cancellation applicant.
4. Only the cancellation applicant filed evidence in these proceedings. This will be summarised to the extent that it is considered necessary. Neither party filed written submissions. The cancellation applicant is represented by Bailey Walsh & Co. LLP. The proprietor began these proceedings unrepresented but appointed professional representatives Urquhart-Dykes & Lord LLP on 12 September 2020, following the filing of the cancellation applicant’s evidence, and prior to its deadline to file its own evidence.

## Evidence

5. The cancellation applicant's evidence consists of a witness statement in the name of Philip Stephenson, a registered patent and trade mark attorney at Bailey Walsh & Co. LLP, the cancellation applicant's representative. The witness statement introduces 12 exhibits, namely Exhibit PS1 to Exhibit PS12.
6. In the witness statement, Mr Stephenson confirms that the cancellation applicant has sold products under the trade mark "shappy" via Amazon.co.uk since 2017. Mr Stephenson states the sales under the mark are in respect of a wide range of goods, including those listed in the application for invalidation, but no sales figures are given. Mr Stephenson explains that sale of the goods under the mark is authorised by the cancellation applicant and that the goods are retailed by authorised sellers and licensees.
7. Mr Stephenson explains that Exhibit PS1 shows craft tools sold by DONG GUAN ZHAN MAI WANG LUO KE JI., Ltd (previously identified as an authorised seller or licensee), in addition to an authorisation letter from the cancellation applicant. The authorisation letter is very simple. It is signed by the cancellation applicant and is headed "Letter of Authorization". The text states that the cancellation applicant provides DONG GUAN ZHAN MAI WANG LUO KE JI Co., Ltd authorisation to sell goods under 'our Brand 'SHAPPY"' on Amazon from 1 January 2017 to 1 January 2027. Mr Stephenson states the goods were first made available on 8 August 2017, and that they remain available at a referenced Amazon UK web address. The exhibit itself shows an undated page on amazon.co.uk showing a bookbinding starter kit "by Shappy". The storefront and seller are listed as ZHANMAI and the business name is listed as the authorised seller referenced.
8. Exhibits PS2-PS12 provided follow the same format as above. Each exhibit shows products for sale on undated pages from Amazon.co.uk. The dates from which the products were made available are provided either in Mr Stephenson's witness statement, or in the exhibit itself. The sellers named are those listed by Mr Stephenson as 'authorised sellers or licensees', and the

sign is visible on each website printout. Details of these are provided in the table below:

<b>Exhibit</b>	<b>Product shown</b>	<b>Seller/storefront &amp; business shown</b>	<b>Date product made available</b>
PS2	4-piece tweezer set	CHUANG DI & DONG GUAN CHUANG DI WANG LUO KE JI Co., Ltd	21 July 2017
PS3	Snap Fastener kit	CHUANG DI & DONG GUAN CHUANG DI WANG LUO KE JI Co., Ltd	9 September 2017
PS4	Tyre tread depth gauge	CHUANG DI & DONG GUAN CHUANG DI WANG LUO KE JI Co., Ltd	14 September 2017
PS5	Pocket tooth pick holder	LEI NUOSEN NETWORK & DONG GUAN NUO SEN WANG LUO KE JI Co., Ltd	1 January 2017
PS6	Sliver grommet eyelets	ZHANMAI	20 October 2017
PS7	Inflatable Globe	CHUANG DI	24 July 2017
PS8	Party Decorations	CHUANG DI	10 August 2017
PS9	Plastic bingo chip markers with storage bag	CHUANG DI	31 July 2017

PS10	Silicone pet finger toothbrush	Patel AI UK	27 July 2017
PS11	Beaded pull chain extension	Patel AI UK	30 December 2017
PS12	Tap Jacket for outdoor taps	Tatuo EU	28 September 2018

9. The corresponding letters of authorisation are provided either with the exhibit, or with a previous exhibit listing the seller. The letters of authorisation provided with Exhibit PS1 to Exhibit PS5 all follow the same format as explained above. The letters provided under Exhibits 6, 7, 10 and 12 display a US and EU trade mark registration number.

## Legislation

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

“(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, where the condition in subsection (4A) is met,

(aa) .....

(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.”

11. Subsection (4A) of Section 5 states:

“(4A) The condition mentioned in subsection (4)(a) is that the rights to the unregistered trade mark or other sign were acquired prior to the date of application for registration of the trade mark or date of the priority claimed for that application.”

12. Section 47 states:

47. (1) ...

(2) Subject to subsections (2A) and (2G), 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.

(2ZA) ...

...

(5) Where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(5A) An application for a declaration of invalidity may be filed on the basis of one or more earlier trade marks or other earlier rights provided they all belong to the same proprietor.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made: Provided that this shall not affect transactions past and closed.”

13. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Trade Marks Act relied on in these proceedings are derived from an EU Directive. This is why this decision continues to make reference to EU trade mark law.

### **General principles of Section 5(4)(a)**

14. 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).”



## Decision under 5(4)(a)

### Goodwill

15. As is set out in the case law above, the first element that must be established in order for a claim to be successful under section 5(4) is that the cancellation applicant held goodwill in the mark relied upon at the relevant date, that is on 12 July 2019.

16. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

“27. There is one major problem in assessing a passing of 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 s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark* [1969] R.P.C. 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 to 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 probabilities that passing off will occur.”

17. In *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat) Floyd J. (as he then was) stated that:

“[The above] 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 this instance, the cancellation applicant claims it holds goodwill in the trade mark in respect of tweezers, craft tools, hand tools and pocket tools. However, the cancellation applicant's Exhibits PS7-PS12 appear to be entirely unrelated to any goods reasonably falling within these categories. These exhibits do not contribute to establishing goodwill is held in respect of the goods claimed. I have considered PS5, namely a pocket tooth pick holder, and I find this falls outside of the categories for which goodwill is claimed. I do not find that tooth picks are hand tools or pocket tools within the ordinary and natural meaning of the term. In any case, I do not find a holder for the tooth picks would fall into the same category as the toothpicks themselves, and these are even further removed from hand tools and pocket tools. I have also considered the goods at Exhibit PS6, namely silver eyelets for clothing. Whilst I note these may be used in craft and perhaps applied using craft tools, I do not find these to be craft tools themselves, and so I do not find Exhibit PS6 assists the cancellation applicant in establishing the goodwill claimed.

19. The relevant exhibits for consideration therefore comprise exhibits PS1 to PS4. I note examples of at least tweezers, craft tools and hand tools within these exhibits. I note that the items are shown for sale on Amazon UK, and so I find it reasonable to assume the products are available to the UK market.

The exhibits themselves appear to be undated, but a combination of the information in the exhibits provided and Mr Stephenson's comments in his witness statement confirms the products were available for sale prior to the date at which the contested registration was filed, namely 12 July 2019. There is clear use of the mark "shappy" shown within the exhibits.

20. However, I find there is the distinct lack of evidence relating to the volume of sales or the promotion of goods under the mark. Whilst the listings provided show that the mark is likely to have been present on the UK market in respect of at least some of the goods claimed prior to the proprietor's filing date, it fails to show the extent of the use of the mark made. The 'customer reviews' give an indication that some products may have been sold under the mark, however, the numbers are so low (between 11 and 47 reviews for each relevant product), that if anything this indicates very minimal use has been made. Further, as the pages themselves are undated, there is no way of knowing how many of these reviews were received prior to 12 July 2019. Whilst I acknowledge that evidence must be assessed on a case by case basis, and there is no absolute requirement that the cancellation applicant must meet, it is established that more than trivial goodwill must be shown,<sup>1</sup> and that this should be at a significant or substantial level, or as a minimum it should be at a level upon which a finding of substantial damage could be based.<sup>2</sup> It appears obvious to me that in this instance, the evidence provided falls significantly short of establishing a prima facie case that the cancellation applicant holds goodwill in the mark in the UK in respect of the goods claimed, and that if any goodwill is shown, this is at no more than a trivial level.

21. As the establishment of goodwill is essential for the success of an invalidation action filed under section 5(4)(a) of the Act, the invalidation must fail.

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<sup>1</sup> See paragraph 62 of *Hart v Relentless Records* [2002] EWHC 1984 (Ch),

<sup>2</sup> See *Smart Planet Technologies, Inc. v Rajinda Sharm* [BL O/304/20]

## COSTS

22. The proprietor has been successful and is entitled to a contribution towards its costs. The proprietor was unrepresented in these proceedings until the evidence rounds, and so I have awarded the costs for considering the TM26(i) and preparing the counterstatement at a rate of £19 an hour in line with the Litigants in person Act 1975, for a period of three hours. However, I consider that after appointing professional representation, the proprietor will have undoubtedly incurred costs for the review of the papers by its professional representative. I therefore find that an award of costs for the legal representative considering the evidence appropriate. As no evidence was filed by the proprietor, and as the evidence filed by the cancellation applicant is minimal, it is my view this should fall at below the scale minimum of £500 for both considering *and* filing evidence. In the circumstances I award the proprietor the sum of £407 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

Considering the TM26(i) and preparing a counterstatement	£19 x 3 hours = £57
Considering the evidence filed	£350
<b>Total</b>	<b>£407</b>

23. I therefore order SHENZHENSHI YASHENGWEIGE TECHNOLOGY CO., LTD to pay Akord Technologies Limited the sum of £407. The above sum should be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this 18th day of May 2021**

**Rosie Le Breton  
For the Registrar**