

**O/643/21**

**TRADE MARKS ACT 1994**

**CONSOLIDATED PROCEEDINGS**

**IN THE MATTER OF APPLICATION NO. 3346014  
IN THE NAME OF RICHARD BALDING FOR THE TRADE MARK**

**HASU**

**AND**

**THE OPPOSITION THERETO UNDER NUMBER 415912  
BY HASU NO HANA LIMITED**

**AND**

**IN THE MATTER OF REGISTRATION NOS. 3346023 AND 3346009  
IN THE NAME OF RICHARD BALDING FOR THE TRADE MARKS**



**AND**

**THE APPLICATIONS FOR DECLARATIONS OF INVALIDITY THERETO UNDER  
NUMBERS 503041 AND 503044 BY HASU NO HANA LIMITED**

## Background and pleadings

1. This decision concerns a trade mark application and two trade mark registrations in the name of Richard Balding (“RB”), which are all contested by Hasu no Hana Limited (“HNH”).

2. The trade mark application, HASU, number 3346014, was filed on 16 October 2018 for a range of goods in classes 25 and 28. It was published on 4 January 2019 and opposed by HNH on 1 April 2019 under sections 3(6) and 5(2)(b) of the Trade Marks Act 1994 (“the Act”). Each of these grounds is directed against all of the goods of the application, which are shown in Annexe 2 to this decision. HNH relies upon four earlier trade mark registrations for its section 5(2)(b) ground, as follows:

(i) European Union Trade Mark (“EUTM”) number 6676308:<sup>1</sup>



Filing date: 24 March 2008; date of entry in register: 3 April 2009;

(ii) EUTM 6676423

hasu no hana

Filing date 24 March 2008; date of entry in register: 3 April 2009;

(iii) UK 3282664

Hasu no Hana

Filing date: 15 January 2018; date of entry in register: 13 April 2018

---

<sup>1</sup> Although the UK has left the EU, the EUTM is still relevant in these proceedings given the impact of the transitional provisions of The Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 (Tribunal Practice Notice 2/2020 refers).

(iv) UK 3282693



Filing date 15 January 2018; date of entry in register: 13 April 2018.

3. HNH relies upon all of its goods in classes 25 and 28 covered by each earlier registration, claiming that there will be a likelihood of confusion under section 5(2)(b) of the Act because the goods are identical or similar and the marks are similar.

4. The section 3(6) pleading reads:

“The Applicant’s Mark has been applied for in bad faith. The Applicant has full knowledge of the Opponent’s EUTM Registration No. 006676308 as it was agreed that it be registered in the name of the Opponent and be used under Licence by the Applicant.”

5. The notice of opposition (Form TM7) was served upon RB by the Intellectual Property Office (“IPO”) by letter on 10 April 2019. RB was informed that if he wished to defend his application against the opposition he must file a notice of defence and counterstatement (Form TM8) on or before 10 June 2019. RB filed a defence and counterstatement on 10 June 2019. The IPO responded on 4 July 2019, informing RB that the purpose of Box 8 of the counterstatement is to admit (agree) or deny (disagree) with the opponent’s claims in the notice of opposition. The letter stated:

“Although you have stated that you own the copyright in all of the trade marks being relied upon you have not stated your position in relation to the claims made under Section 5(2)(b) and Section 3(6).

...

In light of the preliminary view expressed above, you are invited to file an amended counterstatement, on or before 25 July 2019. If you choose not to

amend the counterstatement the Registrar may move to strike out any grounds which are not adequately particularised.”

6. RB filed an amended defence and counterstatement on 25 July 2019. This was deemed inadmissible by the IPO which wrote once again to RB, on 7 August 2019. The IPO’s letter repeated the information given in its previous letter of 4 July 2019, this time also specifically requesting RB to address the section 5(2)(b) and 3(6) claims and stating where they could be found in the notice of opposition. Two further weeks were given for amendment, to 21 August 2019, with the same warning as before.

7. RB filed a third notice of defence and counterstatement on 21 August 2019. All that the counterstatement said was “I disagree with the opponents claims contained in the TM7 in terms of ‘bad faith’ under section 3(6)”. The IPO wrote to RB on 10 September 2019, as follows:

“The Tribunal has noted that you have not included any references to the claim made under Section 5(2)(b) in the counterstatement. The Tribunal is treating your silence in this matter as being admittance to the claim. Therefore, it is the Registry’s preliminary view that the case will proceed under Section 3(6) only.”

8. Fourteen days was allowed for a hearing if either party disagreed. Nothing further was said by either party and the IPO served the defence and counterstatement on HNH, setting the period for evidence to be filed.

9. On 4 August 2021, the IPO wrote to RB, copied to HNH, in the following terms:

“During the course of writing the decision in these proceedings, it has become apparent that an irregularity in procedure occurred on 10 September 2019 in relation to opposition 415912 against application number 3346014. This letter concerns that opposition only; i.e. it does not concern invalidation actions 503041 and 503044 against registrations 3346023 and 3346009. The background to the irregularity, the consequences and the next steps are set out below.”

10. The letter then set out the background, as above, and went on to say:

“The course of action set out in the 10 September 2019 letter from the IPO was incorrect. Since the IPO was treating RB’s silence about the section 5(2)(b) claim as admittance to the claim, the letter should have stated that the opposition would therefore succeed under section 5(2)(b) as no defence to the claim had been made. The reference to the case proceeding under section 3(6) was, therefore, incorrect.

This is an error, or irregularity in procedure, requiring rectification under rule 74 of the Trade Marks Rules 2008 (as amended), which states:

“Correction of irregularities in procedure

74.—(1) Subject to rule 77, the registrar may authorise the rectification of any irregularity in procedure (including the rectification of any document filed) connected with any proceeding or other matter before the registrar or the Office.

(2) Any rectification made under paragraph (1) shall be made—

(a) after giving the parties such notice; and

(b) subject to such conditions, as the registrar may direct.”

Therefore, under rule 74, the IPO’s letter of 10 September 2019 was irregular. The correct course of action is to inform the parties, in particular RB, that as he did not specify a defence to the claim under section 5(2)(b) of the Act, it appears that the opposition succeeds under section 5(2)(b).

A period of 14 days from the date of this letter is allowed for either party to disagree with the above view by requesting a hearing on this issue alone that is by **Wednesday 18 August 2021**. If no such hearing is requested, the

above view will become final and the opposition to application number 3346014 will be successful under section 5(2)(b) of the Act. Any communications with the IPO regarding this matter must be in writing and must be copied to the other party.

As stated above, this letter has no effect upon the two applications for declarations of invalidity.”

11. No hearing was requested. There has been no denial of the section 5(2)(b) ground which, therefore, succeeds.<sup>2</sup> The result is that the opposition to application 3346014, HASU, succeeds and application 3346014 is refused.

12. The applications for declarations of invalidity were filed against 3346023 and 3346009 under section 47 of the Act:<sup>3</sup>



13. 3346023 (the lotus mark) was filed on 16 October 2018 and completed the procedure for registration on 15 March 2019. 3346009 ('nohana') was also filed on 16 October 2018 and completed the procedure for registration on 11 January 2019.

14. HNH relies upon sections 5(2)(b) and 3(6) of the Act for both of the invalidation actions, which were both filed on 27 February 2020. In relation to RB's lotus mark, 3346023, the two earlier marks relied upon for section 5(2)(b) are UK 3282693 and EUTM 6676308, details as above. The section 3(6) pleading is:

---

<sup>2</sup> See the decision of the Appointed Person, Professor Phillip Johnson, in *Delta Air Lines, Inc v Ontro Limited*, BL O/044/21, for a discussion on the requirement for parties to specify what is admitted or denied.

<sup>3</sup> The full text of the relevant parts of section 47, as it applied at the date on which the invalidation applications were filed, is shown in Annexe 1.

The Applicant's Mark is similar to the Opponent's Mark in that it is for an image that appears entirely within the Opponent's Mark. It is registered in Classes 25 and 28 for goods that are identical/similar to those covered by the Opponent's registration.

The Applicant's Mark has been applied for and registered in bad faith. The Applicant has full knowledge of the Opponent's UK Registration No. UK00003282693 and EUTM Registration No. EU006676308, as it has historically been agreed that the Opponent would have ownership of the Mark and be used under licence by the Applicant. The Opponent submits that the Mark is similar to the Applicant's registration No. UK00003246839 which is currently under opposition by the Opponent (OP000410773).

The Opponent submits that the Applicant has applied for its Mark in the hope that the UKIPO examiner would not pick up on the similarity between its Mark and that of the Opponent, which has transpired in this case. The Opponent was not given the opportunity to oppose the Application as it was not notified by the UKIPO during the examination process.

The Opponent submits that the Applicant's application offends under Section 3(6) of the Trade Marks Act 1994 and should be cancelled.

The Opponent hereby requests that the Applicant's Mark be cancelled and that an award of costs be made in its favour.

15. In relation to RB's 'nohana' mark, HNH relies upon the same four earlier trade marks as for the opposition, details as above. The section 3(6) pleading is essentially identical to that against RB's lotus mark, save for the details of the parties' respective marks:

The Applicant's Mark is similar to the Opponent's Marks in that it contains the word nohana which appears entirely within the Opponent's Marks. It is registered in Classes 25 and 28 for goods that are identical/similar to those covered by the Opponent's registrations.

and UK00003282664

The Applicant's Mark has been applied for and registered in bad faith. The Applicant has full knowledge of the Opponent's UK Registration No. UK00003282693 and EUTM Registrations Nos. EU006676308 and EU006676423, as it has historically been agreed that the Opponent would have ownership of the Marks and be used under licence by the Applicant.

The Opponent submits that the Applicant has applied for its Mark in the hope that the UKIPO examiner would not pick up on the similarity between its Mark and those of the Opponent, which has transpired in this case. The Opponent was not given the opportunity to oppose the Application as it was not notified by the UKIPO during the examination process.

The Opponent submits that the Applicant's application offends under Section 3(6) of the Trade Marks Act 1994 and should be cancelled.

The Opponent hereby requests that the Applicant's Mark be cancelled and that an award of costs be made in its favour.

16. RB filed defences and counterstatements. In respect of his lotus mark, RB puts HNH to proof of use of the earlier marks and states:<sup>4</sup>

---

<sup>4</sup> Only one of the two earlier marks is subject to proof of use.

I disagree with all the grounds put forward by the cancellation applicant 'Hasu No Hana Ltd'

The lilly flower emblem as used by the Nineplus Group of companies since 2004 in the market place globally and updated in its current form in 2009. It was designed by Richard Balding (myself, current registered owner) and Andre Neal of Falmouth University, head of design.

The copyright belongs to Richard Balding and I reserve the right to my own work as per the current registration.

It would like to request proof of the lilly emblem being used in the marketplace by the cancellation applicant within classes 25 & 28 in any form without using products I, myself have either produced or the companies I control have produced.

In my opinion the cancellation application is utter nonsense.

Thank you.

17. In respect of the 'nohana' mark, RB puts HNH to proof of use of the earlier marks and states:<sup>5</sup>

I disagree with all the grounds put forward by the cancellation applicant 'Hasu No Hana Ltd'

The logo containing the Pelican, Flower & word 'nohana' as used by the Nineplus Group of companies since 2008 in the market place globally. It was designed by Richard Balding (myself, current registered owner) and Lawrence Bird, fulltime employee of Nineplus Ltd, a company I own.

The copyright belongs to Richard Balding and I reserve the right to my own work as per the current registration.

It would like to request proof of the Nohana logo being used in the marketplace by the cancellation applicant within classes 25 & 28 in any form without using products I, myself have either produced or the companies I control have produced.

In my opinion the cancellation application is utter nonsense as it is being put forward by my own father as either seeking a financial opportunity or attempt to control.

Thank you.

18. At this point, all three sets of proceedings (i.e. also the opposition proceedings) were consolidated. Both parties then filed evidence. The parties have both represented themselves throughout these proceedings. Neither party requested to be heard at the conclusion of the evidence rounds, but both parties filed written submissions in lieu of a hearing. HNH's written submissions contained some factual content which had not been included in its evidence. By way of a letter dated 16 June 2021, the IPO informed HNH that such content would be disregarded by the Hearing Officer in determining the proceedings. HNH replied by letter on 18 June 2021, saying that its written submissions were the first and only opportunity it had had to reply to RB's evidence in the invalidation proceedings, RB's previous evidence having only

---

<sup>5</sup> Only two of the four earlier marks are subject to proof of use.



been in response to HNH's evidence in the opposition proceedings. This appears to be an incorrect understanding on HNH's part. The letter from the IPO to the parties following consolidation, dated 23 September 2020 said this:

**Filing of consolidated evidence/submissions in respect of cancellation actions only and amended evidence in respect of opposition 415952 by Richard Balding: 23 October 2020**

**Filing of consolidated evidence/submissions in respect of cancellation actions only by Hasu no Hana Limited: 23 October 2020**

**Both parties to file consolidated evidence strictly in reply in respect of opposition and invalidity actions: 23 November 2020**

**Upon the conclusion of the evidence rounds the parties will be asked if they wish to be heard on this matter.**

If either party disagrees with the preliminary view they should request a hearing within 14 days from the date of this letter that is on or before **7 October 2020**. If no response is received within the time allowed, the preliminary view will automatically be confirmed.

19. Therefore, RB's evidence filed on 23 October 2020 was in respect of the opposition and the invalidation actions. Although the evidence only referred in its title to the opposition number, it also said "consolidated". The evidence refers to the use of Hasu and Nohana by RB. RB has had difficulties throughout these proceedings in relation to the formalities of his evidence. In my view, the letter from the IPO was clear and RB used the word 'consolidated'. The final round of evidence was for both parties to reply simultaneously, which they did (owing to various amendments and delays, in February 2021). If HNH was unclear whether RB's evidence related to all three proceedings, it should have raised the issue at that point.

20. I have read all of the evidence and submissions but will refer to them in this decision only to the extent that is necessary. HNH's evidence comes from its director, Peter Balding, and RB has filed his own evidence.<sup>6</sup> As noted by the Appointed Person, Mr James Mellor QC, in an appeal from a previous decision involving the parties, it is an unfortunate feature of these proceedings that Peter Balding is RB's father. The relationship is first noted by RB in his counterstatement for the 'nohana' mark, and

---

<sup>6</sup> HNH's three witness statements are dated 6 March 2020, 23 October 2020 and 22 February 2021. RB's two witness statements are dated 23 October 2020 and 23 March 2021.

then by Dr Balding in his first witness statement.<sup>7</sup> Whilst Dr Balding has repeatedly stressed that he is commercially separate, as HNH's director, from this personal relationship, it cannot be doubted that the soured relations between Dr Balding and RB has had a deleterious effect upon matters which have arisen throughout the course of the proceedings, culminating in a tense case management conference which I held on 12 May 2021. The relevant part of my letter, dated 17 May 2021, to the parties after the CMC is reproduced below:

I refer to the case management conference ("CMC") which took place before me by telephone, on 12 May 2021. The CMC was arranged to discuss two points arising from Hasu No Hana Limited's ("HNH") letter of 15 March 2021. Dr Peter Balding represented HNH and Mr Richard Balding represented himself at the CMC. Shortly before the CMC took place, a third issue arose; namely, that Mr Balding had just filed what appeared to be evidence. At the time of the CMC, I had not yet seen its contents.

The CMC was emotionally charged. As mentioned in the decision of Mr James Mellor QC, sitting as the Appointed Person, in previous proceedings involving the same parties, it is also an unfortunate feature of these proceedings that Dr Peter Balding, the Director of HNH, is Mr Richard Balding's father.<sup>1</sup> Towards the beginning of the CMC, whilst Dr Balding was making submissions against Mr Balding's conduct in the present proceedings, Mr Balding asked if he could leave the CMC. He stayed after hearing my caution that leaving would mean he had

---

<sup>1</sup> BL O/039/21

---

<sup>7</sup> BL O/039/21

forfeited his right to respond to Dr Balding's points, and to be heard on the filing of his late evidence. The CMC commenced at 1.30pm. Just before 2pm, Dr Balding left the CMC, after an emotional outburst from Mr Balding which I had stopped. The telephone conference system (Skype) announced that Dr Balding had left the CMC, although Dr Balding himself did not say that he was leaving. The CMC concluded a few minutes later.

I deal below with each of the three issues:

1. The Registrar's preliminary view that the contents of HNH's exhibit PB35 should be treated as confidential from the public, but not from the Registrar (for whom I act) and the parties.

HNH's objection to the preliminary view arose from a misunderstanding on Dr Balding's part. Dr Balding confirmed that he was content for the confidentiality direction to be confirmed (under Rules 59 and 62 of the Trade Mark Rules 2008, as amended). He added that a redacted version of the exhibit had also been filed, as Exhibit PB18.

2. HNH's objection to further time being allowed for amendment to the format/formalities of Richard Balding's evidence in reply, and the amount of time which had been afforded to Mr Balding throughout the proceedings to present his evidence in an admissible format.

Following Dr Balding's submissions, Mr Balding said that he had struggled to understand what was required of him. He explained that there was a lot of legal paperwork coming from the IPO and from solicitors and that he had frequently muddled what was required. He also said that he had been looking after two small children during the course of the Covid-19 pandemic and that this had been a distraction.

Whilst the repeated delays caused by the formatting deficiencies in Richard Balding's evidence have been frustrating for HNH, and have caused the Tribunal extra work, I am mindful that Mr Balding is a litigant-in-person, with personal

circumstances which have caused distractions. Moreover, and importantly in my mind, are the facts that i) there are section 3(6) grounds in these consolidated cases and ii) the parties have recently locked horns before this Tribunal. Section 3(6) almost always involves a 'story'; all the more so, given the particular relationships involved in these cases. It is in the interests of the parties (and in the public interest) in achieving finality to their litigation that I, as the decision-taker in the substantive grounds, can consider the facts of the full 'story' before making my decision. Richard Balding's evidence-in-reply was filed on 23 March 2021. It is still deficient in that his witness statement does not bear a date. He has signed it and has made a statement of truth. I have noted that Richard Balding, in the amended version of his evidence-in-chief, dated his witness statement the same day that he submitted it to the Tribunal (23 October 2020). In order to save further frustrations, delays and costs to the parties and to save the Tribunal's resources, I have decided to treat the date of Richard Balding's evidence-in-reply witness statement as the date on which he submitted it to the Tribunal: 23 March 2021.<sup>2</sup>

3. The late submission of evidence on 12 May 2021 by Richard Balding.

Mr Balding explained that this evidence could not have been filed earlier as it was not available until very recently. He briefly described its contents. I informed Mr Balding that I would review its contents after the CMC and would give my decision in this letter about its admissibility. I have now looked at the documentation which Mr Balding filed shortly prior to the CMC. I have decided to exclude it as being inadmissible under Rule 62(1)(i). My reasons are as follows:

- The events to which the contents of the witness statement relate all took place after the relevant dates in these proceedings;
- The evidence includes matter which is the result of mediation and is confidential between the parties. Clause 15(d) does not mean that an exception to confidentiality exists, because no order for disclosure has been made in these proceedings and enforcement of the agreement is outside of the scope of these proceedings.

---

<sup>2</sup> Under Rules 62(1) and 62(2)(b).

21. It later transpired that Dr Balding’s telephone signal had failed, rather than leaving the CMC. There were no other matters dealt with at the CMC after this happened and I terminated the CMC shortly after he left.

## **Decision in relation to the applications for declarations of invalidity**

### **Section 5(2)(b)**

22. Section 5(2)(b) of the Act states:

“5. (2) A trade mark shall not be registered if because –

(a) ...

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

23. The following principles for determining whether there is a likelihood of confusion under section 5(2)(b) of the Act are gleaned from the decisions of the Court of Justice of the European Union (“CJEU”) in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.<sup>8</sup>

---

<sup>8</sup> 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

## The principles

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

---

from an EU Directive. This is why this decision continues to make reference to the trade mark case-law of EU courts.

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

#### Comparison of goods

24. To assist the parties, who are both unrepresented, in understanding this decision, I will treat the two invalidation actions separately as regards the section 5(2)(b) grounds.

#### RB's lotus mark (3346023)

25. HNH relies upon two earlier marks, UK 3282693 and EUTM 6676308, against RB's lotus mark. Both of these earlier marks are essentially the same (apart from an outline box, about which I say more below). EUTM 6676308 is registered for a wider specification than for UK 3282693, but the EUTM is subject to proof of use whereas the UK trade mark is not.<sup>9</sup> All the specifications of the earlier marks are contained in the Annexe 2 to this decision. As can be seen from the comparison which follows between the specifications of RB's lotus mark and HNH's UK trade mark, HNH will not be in any better a position relying upon the EUTM than it is for the UK trade mark.

---

<sup>9</sup> The UK trade mark, 3282693, had not been registered for five years or more at the date on which RB's lotus mark was filed or on the date on which the invalidation application was filed: see Annexe 1.

This is because the goods of HNH's earlier UK trade mark registration (not subject to proof of use) are either identical or similar to at least a medium degree to RB's lotus mark's specification.

26. The parties' respective goods are:

HNH's UK 3282693	RB's lotus mark 3346023
Class 25: Articles of clothing; Articles of clothing made of leather; Articles of outer clothing; Articles of sports clothing; Athletic footwear; Athletic shoes; Bathing suits; Bathing suits for men; Bathing trunks; Beach clothes; Beach clothing; Beach footwear; Beachwear; Bermuda shorts; Bikinis; Board shorts; Boardshorts; Booties; Boots; Boots for sport; Boots for sports; Caps; Casual clothing; Casual jackets; Casual shirts; Casual trousers; Casual wear; Clothing for leisure wear; Clothing for sports; Footwear for use in sport; Headgear; Shorts; Short-sleeved or long-sleeved t-shirts; Snow boarding suits; Snowboard jackets; Snowboard trousers; Snowsuits; Sport shirts; Sport shoes; Sports caps and hats; Sports clothing; Sports clothing [other than golf gloves]; Sports footwear; Sports shirts; Sports wear; Surf wear; Surfwear; Swim briefs; Swim shorts; Swim suits; Swim trunks; Swimming suits; Swimming trunks; Swimwear; Wet suits; Wet suits for surfing; Wet suits for water-skiing;	Class 25: Wetsuits; Wetsuits for surface watersports; Wetsuits for surfing; Wetsuits for water-skiing; Clothing; Clothing containing slimming substances; Clothing for babies; Clothing for children; Clothing for cycling; Clothing for cyclists; Clothing for fishermen; Clothing for gymnastics; Clothing for infants; Clothing for leisure wear; Clothing for men, women and children; Clothing for skiing; Clothing for sports; Articles of clothing; Articles of clothing made of leather; Articles of outer clothing; Articles of sports clothing; Athletic clothing; Beach clothing; Belts [clothing]; Belts for clothing; Boys' clothing; Wetsuits for surface watersports; Wetsuits for surfing; Wetsuits; Hats; Baseball caps and hats; Baseball hats; Beach hats; Beanie hats; Bucket hats; Ski hats; Sports caps and hats; Woolly hats.



<p>Wet suits for water-skiing and sub-aqua; Wet suits for windsurfing; Wetsuit gloves; Wetsuits; Wetsuits for surface watersports; Wetsuits for surfing; Wetsuits for water-skiing.</p>	
<p>Class 28: Sail boards; Sailboards; Skateboard wheels; Skateboards; Skateboards [recreational equipment]; Snow boards; Snowboards; Surf boards; Surf fins; Surf skis; Surfboard covers; Surfboard fins; Surfboard leashes; Surfboards; Surfboards (Bags especially designed for skis and -); Swim boards for recreational use; Wakeboards.</p>	<p>Class 28: Surfboards; Surfboards (Bags especially designed for skis and -); Bags adapted to carry surfboards; Bags especially designed for skis and surfboards; Bags especially designed for surfboards; Skateboards; Skateboards [recreational equipment]; Bags for skateboards.</p>

27. The law requires that goods/services be considered identical where one party's description of its goods/services encompasses the specific goods/services covered by the other party's description (and vice versa): see *Gérard Meric v OHIM*, Case T-33/05, General Court ("GC"). Both parties' class 25 specifications include either "articles of clothing" or "clothing". These are both wide terms, covering everything in each other's specifications (various types of clothing). Additionally, HNH's specification includes "headgear" which covers RB's "hats" and the various types of hats which are listed in RB's specification. The parties' class 25 goods are identical.

28. Almost all of the parties' class 28 goods are also identical, either because the terms are identical, worded slightly differently, or on the *Meric* principle referred to above. The only item in RB's specification which is not identical to any of the terms in HNH's specification is *bags for skateboards*. It is, therefore, necessary to decide if this term is similar to any of HNH's goods and, if it is, how similar. This is because the level of similarity between the goods plays an important role in the global assessment as to whether there is a likelihood of confusion.

29. In comparing the respective specifications, all relevant factors should be considered, as per *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.* where the CJEU stated at paragraph 23 of its judgment:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary.”

30. In *Kurt Hesse v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, Case C-50/15 P, the CJEU stated that complementarity is capable of being the sole basis for the existence of similarity between goods. In *Boston Scientific Ltd v OHIM*, Case T-325/06, the GC stated that “complementary” means:

“82 ... there is a close connection between [the goods], in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking...”.

31. Additionally, the criteria identified in *British Sugar Plc v James Robertson & Sons Limited (“Treat”)* [1996] R.P.C. 281 for assessing similarity between goods and services also include an assessment of the channels of trade of the respective goods or services.

32. The nature and purpose of skateboards and their bags differ, but they will be sold via exactly the same channels of trade; for example, specialist stores and their online equivalents. There would be no point in a bag specifically shaped for a skateboard without a skateboard to go inside. There is a strong degree of complementarity,

according to the particular sense attributed to ‘complementary’ in the context of trade mark law, set out above.<sup>10</sup> The goods are similar to at least a medium degree.

### The average consumer and the purchasing process

33. The average consumer is a ‘legal construct’: it means the typical consumer.<sup>11</sup> The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect but their level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer*, Case C-342/97. The parties’ goods are all aimed at the general public and some will be relatively inexpensive. I bear in mind, though, that this does not mean that the goods will necessarily only require a low level of attention during purchase. Consumers will look to ensure that the clothes and sporting equipment are suitable for them. I find that the level of attention will be medium. The purchase will be overwhelmingly visual via shops, websites, catalogues and advertisements, but there may also be an aural aspect, such as word-of-mouth recommendation or assistance from a retailer.

### Comparison of marks

34. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a mark as a whole and does not analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The CJEU stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

“.....it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall

---


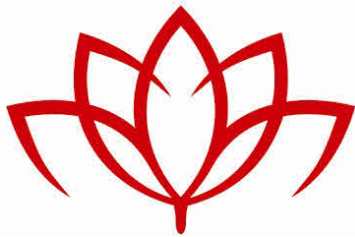
<sup>10</sup> See also the comments of Mr Mellor QC in the previous appeal, mentioned earlier (BL O/039/21), at paragraph 29

<sup>11</sup> *Hearst Holdings Inc and another v A.V.E.L.A. Inc and others* [2014] EWHC 439 (Ch), Birss J.

impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”

35. It is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

36. The marks to be compared are:

HNH's UK 3282693 mark	RB's mark
	

37. The overall impression of RB's mark resides solely in the single element of which it is comprised, a stylised, minimalistic lotus device.

38. HNH's composite mark is comprised of a minimalistic lotus device and the words HASU NO HANA or the word HASUNOHANA, beneath the device (about which I say more below). Whilst both these elements contribute to the overall impression, the lotus device is the most dominant. On close inspection (something that the average consumer is unlikely to do during the normal purchasing process), there is something, perhaps a dot, to the top right of the last letter. However, this is so small as to be negligible in the overall impression of the mark. There is also a square outline, but this appears to be the result of a physical cut and paste of the mark. If it is meant to form part of the mark, it carries little weight in the overall impression as it would be seen merely as an outline.

39. The marks coincide visually in respect of the lotus device. There are no word elements in RB's mark. The lotus devices are almost identical, the only difference that I can discern being the slight central stem in RB's mark. RB's device is in red, but as the device in HNH's mark is black, that notionally covers use in red, so this is not a point of visual difference. Given the almost identical devices, but that the words do not feature in RB's mark, the marks are visually similar to a medium degree. As there are no words in RB's device and the devices will not be articulated, there is no aural similarity; *per* the GC in Case T-424/10, *Dosenbach-Oschner AG v OHIM*, paragraph 46:

“A figurative mark without word elements cannot, by definition, be pronounced. At the very most, its visual or conceptual content can be described orally. Such a description, however, necessarily coincides with either the visual perception or the conceptual perception of the mark in question. Consequently, it is not necessary to examine separately the phonetic perception of a figurative mark lacking word elements and to compare it with the phonetic perception of other marks.”

40. The devices will be seen as lotus flowers and so the concept of the devices in both marks is identical. The words will be seen as foreign or invented words, with no concept for the average UK consumer, which makes them a neutral element in the conceptual comparison. Overall, there is a medium level of conceptual similarity between the marks.

#### Distinctive character of the earlier mark

41. There is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either *per se* or because of the use that has been made of it.<sup>12</sup> I will begin by considering the inherent distinctive character of the earlier mark *per se*, taking into account the guidance of the CJEU in *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*.<sup>13</sup> In making my assessment of the earlier mark's distinctive

---

<sup>12</sup> *Sabel BV v Puma AG*, Case C-251/95.

<sup>13</sup> Case C-342/97.

character, I bear in mind that the distinctive character of the earlier mark will only increase the likelihood of confusion where the distinctiveness is provided by an aspect of the mark which has a counterpart in the later mark. If distinctiveness is provided by an element which is not common to the later mark, it will not increase the likelihood of confusion and is more likely to point away from it.<sup>14</sup> The words have no meaning and are therefore highly distinctive, but the only common element is the lotus device. A lotus flower is averagely distinctive, not being an invented or entirely arbitrary device. However, the particular representation of the lotus flower is stylised and minimalistic, and this elevates its distinctive character to above average.

42. I will now look at whether HNH's evidence entitles it to claim that the mark's distinctive character has been enhanced through the use made of it. Distinctive character is a measure of how strongly the mark identifies the goods of HNH; determined, according to *Lloyd Schuhfabrik Meyer & Co.*, by assessing the proportion of the relevant public which, because of the mark, identifies the goods as originating from a particular undertaking. Despite relying upon the EUTM counterpart of its UK registration, the former being subject to proof of use, there was next to no use of HNH's mark prior to the date on which RB's mark was filed (the relevant date), either by HNH or by RB, if RB's use can be relied upon by HNH owing to the previous business relationship. RB, in his witness statement dated 23 October 2020, shows a single exhibit which bears HNH's earlier mark, which appeared in 2010, eight years prior to the relevant date, in a magazine called "Surfers Path" in connection with performance apparel.<sup>15</sup> There is no information about the number of sales, or whether there were any, and when.<sup>16</sup> RB also shows two exhibits bearing a circular mark with the lotus flower and the word HASU beneath it (not the words NO HANA/NOHANA).<sup>17</sup> One is from a magazine called "Wavelength" in 2008, ten years prior to the relevant date; the other is on a surfboard from 2006, twelve years prior to the relevant date. HNH's evidence, also dated 23 October 2020, also shows this mark on a surfboard in Exhibit PB23. There is no information about any sales, and it is not the same as the earlier mark relied upon.

---

<sup>14</sup> See *Kurt Geiger v A-List Corporate Limited* BL O/075/13 at paragraphs 38 to 39, Mr Iain Purvis QC, sitting as the Appointed Person.

<sup>15</sup> Exhibit RB-HASU-05

<sup>16</sup> Exhibit RB-HASU-05

<sup>17</sup> Exhibits RB-HASU-03 and RB-HASU-06

43. HNH heads up several of the exhibits with, e.g. “Flower Design embroidered on to the jean pocket”, but it is not possible to make out what appears in the small photographs of goods worn by models in what appear to be catalogues or website screen shots. Exhibit PB28 to HNH’s evidence is a screenshot of a Facebook page bearing a copyright date of 2020, but also a note that 8 photos, two of which are the altered mark, were uploaded five years ago. Another Facebook screenshot of the altered mark dates from 2014, with one ‘like’, and another had two likes, from the same year.<sup>18</sup> A third screenshot of the altered mark, from 2014, had no likes. Even if these exhibits could be taken into account in showing use of the mark relied upon, there is no information about sales, volume of sales, where sales took place and to whom, or when and how often. HNH has adduced as Exhibit PB34 to Dr Balding’s third witness statement of 22 February 2021 copies of accounts of RB’s company, Nineplus Ltd, which he states show the substantial trade of this company. This exhibit does not assist because it does not identify the marks which have been used; it is clear from the evidence that marks other than those in these proceedings have been used by RB (such as the “nine plus” roundel mark). The distinctive character of HNH’s earlier mark has not been enhanced through use.

#### Likelihood of confusion

44. Deciding whether there is a likelihood of confusion is not scientific; it is a matter of considering all the factors, weighing them and looking at their combined effect, in accordance with the authorities set out earlier in this decision. One of those principles states that a lesser degree of similarity between goods and services may be offset by a greater degree of similarity between the trade marks, and vice versa. In this case, all the goods are identical, except for RB’s bags for skateboards, which is similar to HNH’s goods to at least a medium degree. Despite this, I find that direct confusion is unlikely because the differences between the marks will be noticed by average consumers. The words, which are highly distinctive, are not a feature of the later mark (or any words). Although they may not be remembered exactly, their existence is unlikely to be forgotten in the imperfect picture retained in the average consumer’s mind.

---

<sup>18</sup> Exhibit PB28

45. However, what will be recalled is the near-identical dominant element, the lotus flower device. This has a concept which will lodge itself in the average consumer's memory, and that image will be the same for both parties' marks. The common presence of almost the same visually and conceptually dominant element, which has an above average degree of distinctiveness and is for the same goods or goods which are similar to at least a medium degree, which are purchased visually, will lead to an assumption that these marks are used by the same or economically linked undertakings; for example as sub-brands in the same range of goods. This type of confusion is known as 'indirect confusion' and was explained by Mr Iain Purvis QC, sitting as the Appointed Person, in *Back Beat Inc v L.A. Sugar (UK) Limited*, BL O/375/10:

"16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: *"The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark"*.

46. I find that there is a likelihood of confusion between HNH's 3282693 mark and RB's lotus mark, number 3346023. The section 47(2)/5(2)(b) ground of invalidation succeeds.

#### Further remarks

47. I have already commented upon the lack of evidence in relation to the earlier mark. RB has filed exhibits and he refers to use of his logos. The evidence has no effect on the outcome for two reasons. Firstly, there is very little in the way of evidence



to show use of RB's lotus device and what there is gives no idea as to scale. Secondly, unsurprisingly given the business relationship which had previously existed between the parties, there is no independent use by HNH to show that average consumers have become used to differentiating between the parties' marks and so do not consider them to belong to the same or linked entities. Whether there is a likelihood of confusion under section 5(2) of the Act is an assessment based upon a 'first-to-file' registration system. Whatever RB's views of HNH's actions and the circumstances leading to the registration of HNH's trade marks, they are earlier marks and the assessment I must make is based on the legal factors which I have set out throughout this decision.<sup>19</sup>

#### RB's 'nohana' mark (3346009)

48. HNH relies upon four earlier marks for its section 5(2)(b) claim against RB's 'nohana' mark; two of which are subject to proof of use and two which are not. Two of the earlier rights are the same (hasu no hana/Hasu no Hana), but one of these is not subject to proof of use. I have referred to the other two earlier marks, the lotus device and HASU NO HANA composite marks, above in relation to the claim against RB's lotus mark. In addition to the fact that only one of these is subject to proof of use, these earlier composite marks contain both the words and the lotus device. There are words and a lotus device in RB's 'nohana' mark. I will begin by making the assessment in relation to HNH's composite mark which is not subject to proof of use, UK 3282693, and come back to the other marks if necessary. In HNH's evidence in reply, filed as a witness statement from Dr Balding dated 22 February 2021, Dr Balding states that HNH is not obliged to show proof of use of the mark as filed, but merely the word nohana. This is incorrect. Section 47(2B) requires that use is shown of the earlier trade mark, and section 47(2C) provides that "use of a trade mark includes use in a form (the "variant form") differing in elements which do not alter the distinctive character of the mark in the form in which it was registered (regardless of whether or not the trade mark in the variant form is also registered in the name of the proprietor)".

---

<sup>19</sup> See Tribunal Practice Notice 4/2009 [Intellectual Property Office - Trade mark opposition and invalidation proceedings - defences \(nationalarchives.gov.uk\)](https://www.nationalarchives.gov.uk/ipo/ipo-notice-4-2009/)

Comparison of goods

49. The parties' respective goods are:

HNH's UK 3282693	RB's 'nohana' mark 3346009
<p>Articles of clothing; Articles of clothing made of leather; Articles of outer clothing; Articles of sports clothing; Athletic footwear; Athletic shoes; Bathing suits; Bathing suits for men; Bathing trunks; Beach clothes; Beach clothing; Beach footwear; Beachwear; Bermuda shorts; Bikinis; Board shorts; Boardshorts; Booties; Boots; Boots for sport; Boots for sports; Caps; Casual clothing; Casual jackets; Casual shirts; Casual trousers; Casual wear; Clothing for leisure wear; Clothing for sports; Footwear for use in sport; Headgear; Shorts; Short-sleeved or long-sleeved t-shirts; Snow boarding suits; Snowboard jackets; Snowboard trousers; Snowsuits; Sport shirts; Sport shoes; Sports caps and hats; Sports clothing; Sports clothing [other than golf gloves]; Sports footwear; Sports shirts; Sports wear; Surf wear; Surfwear; Swim briefs; Swim shorts; Swim suits; Swim trunks; Swimming suits; Swimming trunks; Swimwear; Wet suits; Wet suits for surfing; Wet suits for water-skiing; Wet suits for water-skiing and sub-aqua; Wet suits for windsurfing; Wetsuit gloves;</p>	<p>Class 25: Clothing; Clothing for children; Clothing for cyclists; Clothing for infants; Clothing for leisure wear; Clothing for men, women and children; Clothing for skiing; Clothing for sports; Clothing made of leather; Articles of clothing; Articles of outer clothing; Articles of sports clothing; Boys' clothing; Wetsuits; Wetsuits for surface watersports; Wetsuits for surfing; Wetsuits for water-skiing; Wetsuit gloves.</p>

<p>Wetsuits; Wetsuits for surface watersports; Wetsuits for surfing; Wetsuits for water-skiing.</p> <p>Class 28: Sail boards; Sailboards; Skateboard wheels; Skateboards; Skateboards [recreational equipment]; Snow boards; Snowboards; Surf boards; Surf fins; Surf skis; Surfboard covers; Surfboard fins; Surfboard leashes; Surfboards; Surfboards (Bags especially designed for skis and -);Swim boards for recreational use; Wakeboards.</p>	<p>Class 28: Surfboards; Bags adapted to carry surfboards; Bags especially designed for skis and surfboards; Bags especially designed for surfboards; Skateboards; Skateboards [recreational equipment].</p>
---	--



50. All of the parties' goods are identical, either because the terms are worded the same or nearly so, or on the *Meric* principle. In particular, HNH's class 25 specification includes "articles of clothing" which covers all of the terms in RB's specification.

The average consumer and the purchasing process

51. The assessment I made earlier applies here, equally.

Comparison of marks

52. The marks to be compared are:

HNH's UK 3282693 mark	RB's mark
	

53. I have already set out the overall impression of HNH's mark. RB's mark consists of several elements: a flying pelican on a grey background, the word nohana beneath the pelican on a black background, a small lotus device above the word, all within a double-bordered circle which is bisected horizontally so that the top background is grey and the bottom background is black. All of these elements contribute to the overall impression, but some have more weight in that overall impression than others. The eye is drawn equally to the word and the pelican. It is drawn less so to the lotus device because it is small, and less to the backgrounds and the circle because circular borders and backgrounds are more banal, commonplace components of composite marks, carrying less distinctive weight.

54. 'HASU', the pelican and the bisected circular background are not common to both marks. There are two points of visual similarity: 'nohana/NOHANA' and the lotus device. The word component in HNH's mark is ten letters long; it is the final six letters which are identical. The fact that the letters are in different casing is not a point of difference as the registration of plain letters covers use in upper and lower case. Although the lotus device in RB's mark is small, it is all but identical to the larger lotus device in HNH's mark (taking into account the central stem). I bear in mind that there

are differences as well as similarities between the word elements, and that the beginning of the word element of HNH's mark, which will be read first, is absent from RB's mark. Weighing this with the other similarities and differences, I find that there is a low degree of visual similarity between the marks.

55. As said earlier, the device elements of the marks will not be articulated. This leaves the word components to compare aurally. The word or words in HNH's mark will be pronounced HASSOO (or) HARSSOO-NO-HANNAH; or, HASSOO (or) HARSSOO-NO-HARNA. The word element of RB's mark will be pronounced NO-HANNAH or NO-HARNA. HNH's word element has five syllables; RB's word element has three. Those three syllables are the same as the third, fourth and fifth syllables of HNH's word element. Taking into account that the aural difference occurs at the beginning of the mark, I find that there is a medium degree of aural similarity between the marks.

56. The words will be seen as foreign or invented words, with no concept for the average UK consumer, which makes them a neutral element in the conceptual comparison. The pelican has a clear concept which is absent from HNH's mark. The devices will be seen as lotus flowers and so the concept of the lotus devices in both marks is identical. However, the lotus in RB's mark is small within the overall impression of the mark. Weighing this point, together with the conceptual similarities, differences and neutralities, there is a very low level of conceptual similarity between the marks.

#### Distinctive character of the earlier mark

57. I have already referred to the *Kurt Geiger* decision regarding distinctiveness of the common elements. Unlike the previous assessment, there is more in the earlier mark which has a counterpart in RB's 'nohana' mark: the lotus device and the words NO HANA. The word part of the mark is invented so is inherently distinctive to a high degree, and the device is inherently distinctive to an above average degree. For the reasons given earlier, HNH is not entitled to claim an enhanced level of distinctive character for its earlier mark.

### Likelihood of confusion

58. I do not consider there to be a likelihood of direct confusion between the marks because the differences will be noticed: the marks will not be mistaken for one another. However, I find that there will be a likelihood of indirect confusion.

59. The goods are identical. The marks share the elements NOHANA. The word element in HNH's mark could be seen as comprising two components because the NO is slightly smaller than HANA. These two words are conjoined in RB's mark, in exactly the same letters. They do not form the whole of the word element in HNH's mark, nor the beginning of it, but the smaller NO serves to separate the letters from the HASU element. It is a rule of thumb that beginnings of marks are more important, but it does not apply in every case. "nohana" is a distinctive element and a dominant one in RB's mark. The elements do not have to be the same to conclude that there is a likelihood of confusion.<sup>20</sup> I have not forgotten that I should not simply take one component of the later mark and compare it with the earlier mark, or a component thereof. My conclusion is based upon either that the words will be perfectly recalled but the common, highly distinctive, NOHANA will be viewed as a sub or co-brand; or, that the word elements will be imperfectly recalled, and, together with the almost-identical lotus device which appears above the word element in both marks for identical goods, the same conclusion will be reached by the average consumer. The distinctive common elements of the lotus flower device and NOHANA will not be put down to mere coincidence, for identical goods; instead, the inference will be that these are marks used by the same or economically linked undertakings, as sub-brands or a brand development.

60. RB's evidence has no effect of the likelihood of confusion outcome, for the reasons given earlier. There is nothing to be gained by looking at the position in relation to the other earlier marks relied upon as they a) are no closer to the contested mark and b) even if I were able to find that the marks had been used sufficiently to pass the genuine

---

<sup>20</sup> *Aveda Corporation v Dabur India Limited* [2013] EWHC 589 (Ch)

use hurdle, the parties' goods are no wider than those for the marks not subject to proof of use.<sup>21</sup>

61. I find that there is a likelihood of confusion between HNH's 3282693 mark and RB's 'nohana' mark, number 3346009. The section 47(2)/5(2)(b) ground of invalidation succeeds.

### **Section 5(2)(b) outcome for both invalidation actions**

62. HNH's applications for declarations of invalidity are successful against RB's registrations, numbers 3346023 and 3346009, under section 5(2)(b) of the Act. Under section 47(6) of the Act, the registrations are deemed never to have been made.

### **Further remarks**

63. Earlier in this decision, I said that the opposition succeeded because RB had not denied the section 5(2)(b) ground. For completeness, I add here that even if I had considered the ground on its merits, I would also have found a likelihood of confusion under section 5(2)(b) based on HNH's earlier mark Hasu no Hana (3282664, not subject to proof of use). RB's mark, HASU, is similar to at least a medium degree to Hasu no Hana, visually and aurally, and there is no concept to consider which might have offset that similarity. RB's mark appears at the start of the earlier mark which, being invented, has a high degree of inherent distinctive character. The goods for which the earlier mark is registered in classes 25 and 28 (see Annexe 2) are either identical or highly similar to RB's goods. All these factors lead to a likelihood of indirect confusion.

---

<sup>21</sup> Bearing in mind the law relating to proof of use, as summarised in *Walton International Ltd & Anor v Verweij Fashion BV* [2018] EWHC 1608 (Ch)

## Section 3(6) of the Act

64. There is, strictly speaking, no need to determine the section 3(6) claims because the grounds under section 5(2)(b) have been successful. Section 3(6) is a self-standing ground, not dependent upon the outcome of any other grounds.<sup>22</sup> It is also a serious allegation. I will, therefore, make a finding in relation to the section 3(6) claims.

65. 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.”<sup>23</sup>

66. In *Sky Limited & Ors v Skykick, UK Ltd & Ors*, [2021] EWCA Civ 1121 the Court of Appeal considered the case law from *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, Case C-529/07 EU:C:2009:361, *Malaysia Dairy Industries Pte. Ltd v Ankenævnetfor Patenter Varemærker* Case C-320/12, EU:C:2013:435, *Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ*, Case C-104/18 P, EU:C:2019:724, *Hasbro, Inc. v EUIPO, Kreativni Dogaaji d.o.o. intervening*, Case T-663/19, EU:2021:211, *pelicantravel.com s.r.o. v OHIM, Pelikan Vertriebsgesellschaft mbH & Co KG (intervening)*, Case T-136/11, EU:T:2012:689, and *Psytech International Ltd v OHIM, Institute for Personality & Ability Testing, Inc (intervening)*, Case T-507/08, EU:T:2011:46. It summarised the law as follows:

“68. The following points of relevance to this case can be gleaned from these CJEU authorities:

1. The allegation that a trade mark has been applied for in bad faith is one of the absolute grounds for invalidity of an EU trade mark which can be relied on before the EUIPO or by means of a counterclaim in infringement proceedings: *Lindt* at [34].

---

<sup>22</sup> *Fianna Fail and Fine Gael v Patrick Melly* [2008] ETMR 41, Mr Geoffrey Hobbs QC as the Appointed Person

<sup>23</sup> Brought under section 47(1) of the Act in relation to the invalidation applications.



2. Bad faith is an autonomous concept of EU trade mark law which must be given a uniform interpretation in the EU: *Malaysia Dairy Industries* at [29].

3. The concept of bad faith presupposes the existence of a dishonest state of mind or intention, but dishonesty is to be understood in the context of trade mark law, i.e. the course of trade and having regard to the objectives of the law namely the establishment and functioning of the internal market, contributing to the system of undistorted competition in the Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin: *Lindt* at [45]; *Koton Mağazacılık* at [45].

4. The concept of bad faith, so understood, relates to a subjective motivation on the part of the trade mark applicant, namely a dishonest intention or other sinister motive. It involves conduct which departs from accepted standards of ethical behaviour or honest commercial and business practices: *Hasbro* at [41].

5. The date for assessment of bad faith is the time of filing the application: *Lindt* at [35].

6. It is for the party alleging bad faith to prove it: good faith is presumed until the contrary is proved: *Pelikan* at [21] and [40].

7. Where the court or tribunal finds that the objective circumstances of a particular case raise a rebuttable presumption of lack of good faith, it is for the applicant to provide a plausible explanation of the objectives and commercial logic pursued by the application: *Hasbro* at [42].

8. Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all the factors relevant to the particular case: *Lindt* at [37].

9. For that purpose it is necessary to examine the applicant's intention at the time the mark was filed, which is a subjective factor which must be determined by reference to the objective circumstances of the particular case: *Lindt* at [41] – [42].

10. Even where there exist objective indicia pointing towards bad faith, however, it cannot be excluded that the applicant's objective was in pursuit of a legitimate objective, such as excluding copyists: *Lindt* at [49].

11. Bad faith can be established even in cases where no third party is specifically targeted, if the applicant's intention was to obtain the mark for purposes other than those falling within the functions of a trade mark: *Koton Mağazacılık* at [46].

12. It is relevant to consider the extent of the reputation enjoyed by the sign at the time when the application was filed: the extent of that reputation may justify the applicant's interest in seeking wider legal protection for its sign: *Lindt* at [51] to [52].

13. Bad faith cannot be established solely on the basis of the size of the list of goods and services in the application for registration: *Psytech* at [88], *Pelikan* at [54]".

67. According to *Alexander Trade Mark*, BL O/036/18, the key questions for determination in a claim of bad faith are:<sup>24</sup>

- (a) What, in concrete terms, was the objective that the applicant has been accused of pursuing?
- (b) Was that an objective for the purposes of which the contested application could not be properly filed? and
- (c) Was it established that the contested application was filed in pursuit of that objective?

---

<sup>24</sup> A decision of Mr Geoffrey Hobbs QC, sitting as the Appointed Person

68. It is necessary to ascertain what RB knew at the relevant date: *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch). Evidence about subsequent events may be relevant, if it casts light backwards on the position at the relevant date: *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited* and others, [2009] RPC 9 (approved by the Court of Appeal in England and Wales: [2010] RPC 16).

69. An allegation of bad faith is a serious allegation which must be distinctly proved, but in deciding whether it has been proved, the usual civil evidence standard applies (i.e. balance of probability). This means that it is not enough to establish facts which are as consistent with good faith as bad faith: *Red Bull*. The burden is upon HNH to show that RB acted in bad faith when he applied for the trade marks.

70. Given that a bad faith allegation is a serious one, it is imperative that the claim is clear. I start by reminding myself of the claims made in the applications for declarations of invalidity which are, in summary, that:

(i) RB's marks contain elements which appear entirely within HNH's earlier marks for identical/similar goods. RB had full knowledge of HNH's earlier marks when he applied for his own marks because it had historically been agreed that HNH would have ownership of the marks which would be used under licence by RB; and,

(ii) that RB applied for his two marks which achieved registration "in the hope the UKIPO examiner would not pick up" on the similarities between the parties' marks. HNH "was not given the opportunity to oppose [the applications] as it was not notified by the UKIPO during the examination process."

71. The second of these claims is not a fertile basis for an allegation of bad faith in the context of trade. The first limb, that RB hoped the examiner would not spot the similarities, is complete speculation and a claim which is incapable of being examined objectively. The second limb, that HNH was not given the opportunity to oppose because the IPO did not notify it, is misconceived. It is the responsibility of trade mark owners to watch for potentially conflicting trade mark applications. A notification from

the IPO is not giving an owner an opportunity to oppose. Lack of notification from the IPO is not depriving an owner of the opportunity to oppose. A notification is information for the owner to assess, not an invitation to oppose. Every trade mark owner has an opportunity to oppose an application, whether or not it is notified by the IPO.

72. The first claim is capable of assessment because it is based upon an allegation that RB applied for his marks in contravention of a licence agreement. The existence and interpretation of such a licence is a matter for evidence, to which I now turn.

73. Dr Balding's first witness statement is dated 6 March 2020. He states that it was agreed that RB's trade marks would be registered in the name of HNH and be used under licence by RB. This is said to be proven in RB's 2010 Business Report at page 12 where RB states "Our brand logos, names and Trademarks are held in a separate company that license the brand to the trading companies that operate. Our value is in the brand and this only provides, it does not trade."<sup>25</sup> Dr Balding points to an Australian trade mark registration (1296460) which was filed in HNH's name with RB as a Director of the address for service, Money Well Spent Ltd. Dr Balding states that this is also evidence showing that RB was fully aware of the agreement in place as the trade mark application was filed in HNH's name. This trade mark is not one of the marks in issue in these proceedings: it is a 'nineplus' mark.<sup>26</sup>

74. Dr Balding states that further evidence of RB's knowledge and agreement that the trade marks were registered to HNH is dated 4 September 2012, when RB received details of a trade mark application which had been filed in South Korea. Dr Balding states that, in correspondence, RB clearly states that "Also please could you assist in making sure our new Mark is registered in the Korean market under our own name of HASU NO HANA LTD" and "Thank you for all your information. I have been in contact with [no name given] today and he has confirmed transferring ownership to our trademark company Hasu No Hana Ltd". A copy of this correspondence is shown in Exhibit PB11, revealing that a third party had filed for a 'nine plus' trade mark in South

---

<sup>25</sup> Exhibit PB9 (there are no Exhibits PB1 to PB8)

<sup>26</sup> Exhibit PB10

Korea, which had been picked up by a watching service; which had notified Dr Balding, who had forwarded the notification to RB.

75. Dr Balding questions why RB now disagrees with HNH's claims that RB had full knowledge of the earlier marks in these proceedings and points out that RB has not objected to the EUTMs which are over ten years old, nor the earlier UK trade mark registrations. Dr Balding submits that if RB had been aggrieved, he would have objected to them. Dr Balding states that the EUTMs were filed by HNH "to secure the IP" and that this was done in agreement with RB, on the basis that HNH would hold the registrations and RB would use the marks under licence, for which RB would pay a licence fee and a percentage or royalties. Dr Balding states that the registrations were obtained "at a great cost" to HNH, against which HNH has seen no return.

76. Dr Balding begins paragraph 17 of his witness statement with "I, (Director of HNH) am the father of Richard Balding, RB. I am in possession of an email from RB dated 6 January 2013 in which RB states "For the Trademarks, this will be covered by a percentage of sales as we agreed originally and once repaid maybe we can pass them back to me as currently you own them"." Dr Balding states that this email also includes a table of RB's personal and business debts to him, including a list of "trade mark costs" for the four EUTM registrations (not all relied upon in these proceedings) and the UK registrations for HASU NO HANA. Dr Balding states that a copy of this email cannot be provided due to the sensitive nature of other contents. A full copy of this email was adduced later in the proceedings by Dr Balding by way of his third witness statement, dated 22 February 2021. The IPO ordered it to be kept confidential from the general public under rules 59 and 62 of the Trade Marks Rules 2008 (as amended) because of the additional information of a family nature. However, the quotation above is from the email prior to that decision being taken by the IPO and is not of a confidential nature. Dr Balding states that it proves that RB was fully aware of the agreement but has consistently reneged on his promise to pay a licence fee or percentage of sales, "in full knowledge that I have expended substantial monies to assist him, even raising capital against my own property."

77. Dr Balding refers to Exhibit PB12 which is part of a letter from RB's solicitor, dated 20 February 2018. Dr Balding states that "it was not denied that the agreed ownership"

was with HNH. However, all that is shown of the letter is a list of trade marks which are said, by the solicitor, to be relevant, presumably to the matter at the head of the letter (“County Court claim, trademarks and outstanding loans”). Dr Balding states that he does not wish to produce the correspondence in full because of the sensitive nature of other matters pertaining to RB. He states that the excerpt shows that RB was fully aware of the trade marks registered to HNH.

78. Dr Balding states that the solicitor’s letter was replied to with a list of trade mark costs which RB had agreed to refund to HNH. This list is shown in Exhibit PB13. The earlier trade mark registrations relied upon in these proceedings are shown in the list. There are two columns of costs relating to filing and registering trade marks, registering the company name Hasu no Hana, and for bank account fees: one called “original cost” and the other “adjusted for inflation”. The dates of the expenditure range from 8 February 2008, in relation to the trade marks, to 20 March 2018 (for renewals).

79. Dr Balding concludes by stating that RB has failed to pay any of the agreed payments, despite numerous requests by HNH. He claims that RB’s applications without informing HNH is an attempt to shirk his responsibilities, to avoid making any of the payments he has agreed to and to undermine HNH’s position. Dr Balding also states (my emphasis):

“It is also clearly a breach of the Agreement, albeit reached verbally.”

80. RB’s witness statement is dated 23 October 2020. He states that he is the director of Nineplus Ltd, the company which he has licenced to use the names HASU and HASU NO HANA to sell surfing products. RB points out that Dr Balding claims that HNH holds a licence with RB for the use of the trade marks “but cannot show it”. RB refutes the claim that he is under a licence agreement for selling his goods. He refers to his copyright, but the existence or otherwise of his copyright is not relevant to the assessment in this bad faith claim, which hinges upon an alleged trade mark agreement.

81. RB states that, in 2008, he was facing difficulties with the business he founded in 1996 (Nineplus Ltd), using the ‘original’ trade mark registration, number 2162173

(NINEPLUS (9+)). He states that his father, Dr Balding, offered to help by paying for and registering the trade marks on his behalf, using a separate company which RB assisted in setting up and naming. It was derived from HASU, which RB had started using in relation to his goods in 2003, in turn, derived from a Japanese poem.<sup>27</sup>

82. RB states that “[it] was always agreed that I would own the trade mark once things settled down and my father was refunded. He would often remind me of the debts I owed within the registrations, but I was mostly unable to afford to repay him. Somewhere along the line Peter grew tired of being owed the money and conjured up that he might hold onto them after all and create a licencing agreement. This did not exist and there is nothing to support this opportunism.”

83. In response to Dr Balding’s Exhibit PB9, in which he quotes from RB’s 2010 Business Report that the “brand logos, names and Trademarks are held in a separate company that license the brand to the trading companies that operate”, RB states that he and his company hold various licensing agreements, but that none are with either Dr Balding or with HNH. In relation to Exhibit PB13, the statement of original costs and adjusted-for-inflation costs, RB states that this is evidence that the registrations were made on his behalf “as this was a loan statement showing what my father was asking to be refunded. This was issued before Peter decided that he would rather try and obtain royalties or seek a sale.” RB describes his Exhibit RB-HASU-08 as a loan document showing that any registration of ‘Hasu no Hana Ltd’ was a loan to him and not set up under any licence agreement. He states that the fee for setting up HNH was a loan to him and which is currently being held back against his will. RB states this is the reason for applying for the trade mark which is the subject of the opposition proceedings. Exhibit RB-HASU-08 is a copy of an email from Dr Balding to RB, dated 29 April 2008, entitled “Loans and things”:

---

<sup>27</sup> Exhibit RB-HASU-01

## Peter Balding

---

**From:** "Peter Balding" <peter.balding@btopenworld.com>  
**To:** "Richard / NINEPLUS" <richard@nineplus.com>  
**Sent:** 29 April 2008 10:38  
**Subject:** Loans and things

Hi, Richard,

Following are payments etc

date	purpose	amount
28/01/08	to N&P credit card for Hasu no Hana company reg	£92
08/02/08	Trade mark registration Nineplus 006555775 figure and 006555742 word	£1146.88
29/02/08	payment to Richards friend re account	£275
20/03/08	to Norwich and Peterborough credit card for Trade mark application ref 2476343 re Hasu no hana	£250
20/03/08	Trade mark registration Hasu no Hana 006676423 word and 006676308 figurative mark	£1216.34
06/3/08	Loan from Betty Iron interest at 6% say 2 months	£10,000 £100.00
25/02/08	Payment for VW transporter re LN05 XWU	£15944.13
04/04/08	Jacobs and Reeves Re TSB loan and overdraft	£462.25
Historical loans relating to Tim's loans to Richard and Nineplus	(1)	for Peter £1742
payment made to Tim on 24/12/07	(2)	£4900
Repayment from Richard on 07/01/08	(3)	-£1000
Payment to Peter for Tims loans total outstanding	(4)	£5642
Therefore payable to Betty		£10100.
payable to Peter re Business trademarks etc		£3442.47
payable to PaintingItalia re VW purchase		£15944.13
(not sure how best to handle this as we have the Van!)		
Historical loan		£5642

Hope this makes sense.

regards,

Dad.



84. Dr Balding's second witness statement is also dated 23 October 2020. Some of the content of the first witness statement is repeated, owing, presumably, to the delayed consolidation of the three sets of proceedings pending the filing of the defences in the invalidations (the first witness statement was filed in respect of the opposition, prior to consolidation).

85. Although Dr Balding had previously stated in his first witness statement that he would not exhibit the email of 6 January 2013 with RB's personal and business debts as it was sensitive, a version is shown in Exhibit PB18, with the financial details and RB's words about the trade marks being transferred to him once the money had been repaid. Other details are redacted because Dr Balding considers them to be sensitive. As mentioned above, the full version of the email was later adduced by Dr Balding and the IPO then ordered it to be withheld from public inspection.

86. At paragraph 40 of the second witness statement, Dr Balding states that there is no written agreement in place, referring to the previous IPO decision which was the subject of the appeal mentioned earlier in this decision. The Hearing Officer found on the facts in that case that the 2010 Business Report indicates that at least at that date RB understood that there was a licence of some description through which HNH permitted RB's use of the marks. The Hearing Officer concluded that, in the light of RB's statement in the 2010 Business Report, RB's assertion that he at no time agreed to a licence was not credible.

87. Dr Balding's third witness statement, HNH's evidence in reply, is dated 22 February 2021. He states that neither he, nor HNH, are seeing a financial opportunity in filing these proceedings and that if RB had honoured his agreement to refund the costs of registration "etc", HNH would be transferred to RB. Dr Balding states that HNH has no objection to RB applying to register additional trade marks within the UK or the EU which are neither similar nor identical to those already registered by HNH.

88. Dr Balding states that HNH is not permitted to use the marks under the terms of the exclusive licence and says:

“However, it is usual practice for the accrual of goodwill by a Company or Companies that use Trade Marks under licence to compensate the owner of the Trade Mark by way of a payment, usually a Royalty or a percentage of sales. RB has clearly agreed that such an agreement was in place, but has not honoured that Agreement – in fact he has denied it ever existed – even though concrete evidence has been provided to prove that the Licence Agreement did and still does exist.”

89. In Dr Balding’s view, this is confirmed by RB’s evidence (above) in which he states at paragraph 7 of his witness statement of 23 October 2020 that “[it] was always agreed that I would own the trade mark once things settled down and my father was refunded.”

90. This third witness statement adduces the full version of the email dated 6 January 2013, possibly as a result of comments made about it by the Appointed Person in the appeal decision mentioned previously, which had been issued by the time Dr Balding made his third witness statement.<sup>28</sup> As mentioned above, the IPO ordered the email to be kept confidential from anyone other than the parties. As above, the confidentiality order was made because of the family details contained in the full email. However, I note, without breaking any confidences, that RB refers to loans, and refunds to Dr Balding, as he has done in his own evidence. An extract is included from the email from Dr Balding dated 4 January 2013, to which this email replies. Dr Balding refers to loans and repayments. RB does not refer to a licence or royalties. Dr Balding’s first witness statement quoted from the email: “For the Trademarks, this will be covered by a percentage of sales as we agreed originally and once repaid maybe we can pass them back to me as currently you own them”. This was not considered by the IPO to be confidential at the time it was filed. It is important to realise the context of this statement: the previous sentence refers to pools of money and a repayment plan for each pool.

91. Dr Balding replies to RB’s exhibit RB-HASU-08, the email of 29 April 2008 from Dr Balding to RB which is headed “Loans and things”. Dr Balding states that loans

---

<sup>28</sup> Exhibit PB35

are clearly referred to as “loans” whilst there is no reference to “loan” next to either the cost of registering the trade marks or to forming Hasu no Hana Ltd. Dr Balding states that HNH did not make a loan to RB as it registered the trade marks itself. He states that HNH agreed to own the registrations until such time as RB paid for them and that he, Dr Balding, had had to make several Director’s loans to HNH as HNH has had no income due to the non-payment of the cost of registering and renewing the marks, and no percentage of sales having been paid by RB. Dr Balding states that he has also made several loans to RB’s companies but that these did not form part of the agreement.

92. RB’s witness statement in reply is dated 23 March 21.<sup>29</sup> RB states that Dr Balding created a Facebook profile on 21 October 2020, three days prior to filing HNH’s evidence, which contained numerous screen shots of RB’s own Facebook profiles. For the reasons given earlier in this decision, the evidence pertaining to the marks themselves is thin in the extreme and does not support HNH’s proof of use claim, nor does it show that use has enhanced the marks’ inherent distinctive character. It is not necessary to refer to the Facebook evidence any further than I have already done.

93. RB states that any repayment via a percentage of sales was an offer of repayment for the registration of the marks, prior to Dr Balding deciding to hold onto the registrations. RB states that he had agreed to reimburse Dr Balding for his (RB’s) trade marks. He states that it was “generally accepted” that Dr Balding might be repaid from sales so that RB might have a measurable way of reimbursing Dr Balding for his registration costs based on affordability. In respect of the list of trade marks in the solicitor’s letter, adduced in HNH’s evidence, RB explains that this list was given to Dr Balding as a list of registrations which were due to be returned to RB. RB had asked for a settlement figure, but he states that Dr Balding had suggested that he had no intention of being reimbursed as he had changed his mind.

94. The evidence of both parties shows that there was an agreement in 2008 that HNH would apply for a number of trade marks and that RB would have the use of

---

<sup>29</sup> It was undated, but to save further time and procedural complications, I directed at the CMC, under rules 62(1) and 62(2)(b) of the Trade Marks Rules 2008 (as amended) that I would take the date of the witness statement as the date on which it was filed: 23 March 2021.

them. Despite RB's denial that this is what he meant in his 2010 Business Report and that it was not HNH that was the non-operating company licensing the trade marks, he has not identified what other company was licensing the trade marks. His evidence about his father agreeing to assist him in registering the trade marks and creating the company Hasu no Hana Ltd in 2008 means that it is a reasonable inference that it was HNH that he was referring to in his 2010 Business Report. The evidence regarding the Australian and South Korean trade marks also shows that there was an agreement of this kind.

95. The evidence from both parties also shows that there was an agreement that RB would refund the costs of registering the trade marks (and the company). However, the terms of that agreement are disputed. HNH regards it as an exclusive licence made by HNH to RB, which includes the payment of royalties. RB regards it as a loan to be repaid from the sales made of products; i.e. the registration costs were to be refunded to HNH/his father and then the trade marks would be transferred to RB.

96. There is no licence or written agreement in either party's evidence. Dr Balding refers to a verbal agreement and accepts there is no written agreement. I, therefore, do not have any documentary agreement to assist me in interpreting what was, or was not, part of the agreement. RB was the trading party, using the marks or other variations of them. RB considered that he had been lent money to get the trade marks registered which he was using and that he would pay back the money when he was able to do so, as a percentage of his sales so that he could measure his repayments. Dr Balding considers that the email entitled "Loans and things", which included the trade mark costs, does not mean that the trade mark costs were a loan because these items did not have the word 'loan' next to them. This appears to be a curious interpretation and is one which I believe is unrealistic, or at least *ex post facto* rationalisation: this was an email to his son entitled "Loans and things". That HNH and its director disagree with RB's view and that HNH and its director consider the percentage of sales to amount to a royalty agreement is a case of one person's word against the other. HNH's submissions surmising that a percentage of sales means at least 1%, which means that 1% equates to a royalty payment has no evidential basis: there is no written agreement and no evidence about royalties.

97. There is also no written agreement which can show what was or was not agreed about applications for future trade marks. The verbal agreement was made some ten years prior to the relevant dates. RB has been trading in the intervening decade. He had varied his use of the original marks to the ones which are contested in these proceedings. Relations had clearly broken down between RB and his father and so it was unlikely that he would ask his father, as HNH's director, to register the contested marks. This would only add to the costs, together with mounting interest on the original principal costs. However, as he was trading with them, or intended to do so, RB wished to have the marks registered.

98. I am aware of the findings of the Hearing Officer in the previous proceedings between the parties. Some of the same evidence appears in these later proceedings, although not as many emails as in the former. I must make findings based upon the evidence which has been filed in these proceedings. However, the decision of the Appointed Person is relevant in that the fundamental point which is pivotal in both the previous and these proceedings is that there is no written agreement which can shed light on the royalty position and the position with regard to future trade mark filings.

99. The Appointed Person said this, referring to the arrangement between father and son as informal:

“56. In the unusual scenario under consideration here, it is important to focus on what the agreement was in 2008, as far as that is possible. The reason is because I detect that Dr Balding's frustration with, as he sees it, RB's unreasonable refusal to repay the costs incurred by HNH, has led him to embellish in his mind the agreement which was actually reached.

57. From the written evidence, and in the absence of cross-examination of the two participants, it is not easy to nail down precisely what the agreement was. This is almost certainly due to the fact that father and son did not feel the need either to document their agreement or to think about let alone spell out every aspect of it.

58. In these circumstances, it seems likely the agreement was essentially a simple one: HNH would incur the costs of the trade mark registrations and hold the registrations for RB's business to use. When he was able to repay the costs of the trade mark registrations, RB would do so and HNH would pass the registrations to RB.

59. Such an arrangement did entail the grant of a license (i.e. a permission, albeit informal but exclusive) from HNH to RB to use the marks, but this was not a usual licensor-licensee arrangement in which the goodwill generated by use would normally accrue to the licensor. Under this arrangement, as the Hearing Officer found, the goodwill generated by the use of the marks would accrue to and be owned by RB. This accords with the public perception that the goodwill inured to the trading entity.

60. Against this background, HNH had and has an unusual interest in the 'nineplus' registered trade marks (I use the term compendiously) of which it is the registered proprietor. It seems to me its interest is in the nature of a security interest to secure the payment of a debt, the debt being the costs HNH incurred in securing (and holding) the registrations.

...

63. Another part of HNH's case seems to be that the original agreement included an obligation on RB to pay royalties to HNH. Notwithstanding the words used by RB in his email of 6 January 2013, I am not persuaded that it was part of the original agreement that there was a *formal obligation* to pay royalties, since such an obligation would require the royalty rate to be specified, at the very least, along with the periods over which royalties would be accrued and then paid. It is far more likely that the agreement was to repay as and when RB could afford to do so and that the idea of a royalty arose somewhat later, as Dr Balding sought to find ways to at least start the process of repayment. I have not overlooked the fact that, in his submissions, Dr Balding mentioned that a royalty rate of between 2% and 6% was mentioned in a letter from a solicitor acting on RB's behalf, but I understand that letter to have been sent

many years after the 2008 agreement and in about 2016. To my view, that rather proves the point I made above.”

100. I see no difference between what the Appointed Person said in that case and the facts of the present case. HNH submits that, as far as it knows, an applicant should not apply to register a trade mark in the full knowledge of another party’s prior rights. That is over-simplistic and the authorities which I have cited above show that this is not a correct statement of the law. As in the appeal decision in the previous proceedings, I find that RB was entitled to apply for the contested trade marks to protect his ongoing business, unencumbered by the outstanding debt to HNH which was in relation to historic trade mark registrations, not ongoing royalties or clauses preventing further registrations. His actions are (at least) as consistent with good faith as they are with bad faith. HNH has not discharged the heavy burden of proof which is upon it to prove that RB’s applications were made in bad faith. The section 3(6) claim fails.

101. For completeness, I have looked at the ‘facts’ contained in HNH’s written submissions in lieu of a hearing *de bene esse* and conclude that they have no effect on this outcome.

### **Overall outcome**

102. All three of HNH’s actions (the opposition and the two applications for declarations of invalidity) succeed under section 5(2)(b)/section 47(2) of the Act. RB’s application number 3346014 is refused and RB’s two registrations, 3346023 and 3346009, are cancelled in full. The registrations are deemed never to have been made under section 47(6) of the Act.

### **Costs**

103. HNH has been successful and is entitled to a contribution towards its costs. Awards of costs in proceedings are governed by Annexe A of Tribunal Practice Notice (“TPN”) 2 of 2016. As the parties are unrepresented, at the conclusion of the evidence rounds the IPO invited them to indicate whether they intended to make a request for

an award of costs and, if so, to complete a pro forma indicating a breakdown of their actual costs, including providing accurate estimates of the number of hours spent on a range of given activities relating to the prosecution of the proceedings. Dr Balding, on behalf of HNH, filed a completed costs pro forma identifying HNH's costs as being:

<b>Item</b>	<b>Hours</b>
TM7A & TM7	10
TM26(l) x 2	16
Considering the TM8s	15
Preparing evidence and submissions for the opposition	16
Preparing evidence and submissions for the invalidations	24
Preparing consolidated evidence, submissions and correspondence	50
Considering other side's written submissions and evidence	20
Preparing submissions for hearing	15

<b>Expenses</b>	<b>Amount</b>
Fees for three sets of proceedings	£600 (£200 x 3)
Legal advice	£1680

104. As stated above, costs are intended as a contribution, not full recompense unless costs off the scale have been requested, and allowed by the Tribunal. There has been no request for actual costs. The Litigants in Person (Costs and Expenses) Act 1975 and the Civil Procedure Rules set the rate at £19 per hour (Practice Direction 46, 3.4).

105. Some of the time recorded in the pro forma is excessive. Preparation of evidence includes gathering it and preparing witness statements. The pro forma hours in this respect, and for filing submissions, amount to 110 hours, which is about three working weeks. Taking into account the procedural economies of consolidation and the evidence that was filed, which was not voluminous from either side, and bearing in mind that the bad faith ground was not well supported in evidence, I consider it appropriate to award an amount which reflects three days' work for this task: £427.50. No award will be made for emails, correspondence and telephone calls, as this type



of activity is included in the items specified in the scale set out in TPN 2 of 2016 (i.e. filing and considering forms, evidence and submissions). Further, some of the correspondence was as a result of issues caused by HNH. No award will be made for legal advice because HNH has acted in these proceedings as an unrepresented litigant.

106. I assume that the item regarding the hearing was in respect of the CMC, since there was no hearing requested on the substantive grounds. There were three issues requiring attention at the CMC: HNH's objection to the confidentiality order; HNH's objection to time given to RB to bring his evidence into proper order; and, RB's request to file further evidence. The CMC was called at HNH's request with regard to the first two issues, and I did not accept its objections, as detailed in the letter earlier in this decision. The third issue did not arise until very shortly prior to the CMC and I refused to admit RB's evidence. Neither party is entitled to costs for the CMC, it being roughly a score draw.

107. HNH is not unfamiliar with the process of filing TM7s and TM8s, it having been a party against RB in the previous proceedings mentioned earlier. Form TM26(I) is very similar to Form TM7. No award is made for filing the TM7A which does not formally commence an opposition and is as brief as a form could be.<sup>30</sup> I will allow two hours for filing the TM7. I will allow four hours for reviewing the various iterations of RB's TM8 and counterstatement in the opposition. I will allow four hours in total for the two TM26(I)s which were essentially the same, relying on earlier marks already identified for the opposition, and considering the TM8s and counterstatements which were not lengthy. This amounts to £190. The three official fees for filing the three actions are included in full, totalling £600. The total cost award is, therefore, £1217.50.

---

<sup>30</sup> There is no statutory fee for filing a Form TM7A.

108. I order Richard Balding to pay to Hasu no Hana Limited the sum of **£1217.50**. This sum is to 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 1st day of September 2021**

**Judi Pike**

**For the Registrar,  
the Comptroller-General**

## Annexe 1

### Section 47(2) of the Act

#### 1. Section 47 states:

“47. (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).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(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) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 5(6).

(2A) The registration of a trade mark may not be declared invalid on the ground that there is an earlier trade mark unless –

(a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration,

(b) the registration procedure for the earlier trade mark was not completed before that date, or

(c) the use conditions are met.

(2B) The use conditions are met if –

(a) the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with their consent in relation to the goods or services for which it is registered-

(i) within the period of 5 years ending with the date of application for the declaration, and

(ii) within the period of 5 years ending with the date of filing of the application for registration of the later trade mark or (where applicable) the date of the priority claimed in respect of that application where, at that date, the five year period within which the earlier trade mark should have been put to genuine use as provided in

section 46(1)(a) has expired, or

(b) it has not been so used, but there are proper reasons for non-use.

(2C) For these purposes –

(a) use of a trade mark includes use in a form (the “variant form”) differing in elements which do not alter the distinctive character of the mark in the form in which it was registered (regardless of whether or not the trade mark in the variant form is also registered in the name of the proprietor), and

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(2D) In relation to a European Union trade mark or international trade mark (EC), any reference in subsection (2B) or (2C) to the United Kingdom shall be construed as a reference to the European Community.

(2DA) In relation to an international trade mark (EC), the reference in subsection (2A)(a) to the completion of the registration procedure is to be construed as a reference to the publication by the European Union Intellectual Property Office of the matters referred to in Article 190(2) of the European Union Trade Mark Regulation.

(2E) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.

(2F) Subsection (2A) does not apply where the earlier trade mark is a trade mark within section 6(1)(c)

(2G) An application for a declaration of invalidity on the basis of an earlier trade mark must be refused if it would have been refused, for any of the reasons set out in subsection (2H), had the application for the declaration been made on the date of filing of the application for registration of the later trade mark or (where applicable) the date of the priority claimed in respect of that application.

(2H) The reasons referred to in subsection (2G) are-

(a) that on the date in question the earlier trade mark was liable to be declared invalid by virtue of section 3(1)(b), (c) or (d), (and had not yet acquired a distinctive character as mentioned in the words after paragraph (d) in section 3(1));

(b) that the application for a declaration of invalidity is based on section 5(2) and the earlier trade mark had not yet become sufficiently distinctive to support a finding of likelihood of confusion within the meaning of section 5(2);

(c) that the application for a declaration of invalidity is based on section 5(3)(a) and the earlier trade mark had not yet acquired a reputation within the meaning of section 5(3).

(3) [...]

(4) [...]

(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.”

## Annexe 2

Details of the parties' marks:

1) RB's application 3346014

HASU

Filed 16 October 2018

*Class 25: Wetsuits; Wetsuits for surfing; Clothing for babies; Clothing for children; Clothing for cycling; Clothing for cyclists; Clothing for fishermen; Clothing for infants; Clothing for leisure wear; Clothing for men, women and children; Clothing for sports; Clothing; Articles of clothing made of leather; Articles of outer clothing; Articles of sports clothing; Athletic clothing; Babies' clothing; Beach clothing; Belts [clothing]; Boys' clothing; Hats; Baseball caps and hats; Baseball hats; Beach hats; Beanie hats; Bucket hats; Fashion hats; Sun hats; Woolly hats.*

*Class 28: Surfboards; Surfboards (Bags especially designed for skis and -); Bags adapted to carry surfboards; Bags especially designed for surfboards; Skateboards; Skateboards [recreational equipment]; Bags for skateboards.*

2) RB's registration 3346023



Filed 16 October 2018; registered 15 March 2019

*Class 25: Wetsuits; Wetsuits for surface watersports; Wetsuits for surfing; Wetsuits for water-skiing; Clothing; Clothing containing slimming substances; Clothing for babies; Clothing for children; Clothing for cycling; Clothing for cyclists; Clothing for fishermen; Clothing for gymnastics; Clothing for infants; Clothing for leisure wear; Clothing for men, women and children; Clothing for skiing; Clothing for sports; Articles of clothing; Articles of clothing made of leather; Articles of outer clothing; Articles of*

*sports clothing; Athletic clothing; Beach clothing; Belts [clothing]; Belts for clothing; Boys' clothing; Wetsuits for surface watersports; Wetsuits for surfing; Wetsuits; Hats; Baseball caps and hats; Baseball hats; Beach hats; Beanie hats; Bucket hats; Ski hats; Sports caps and hats; Woolly hats.*

*Class 28: Surfboards; Surfboards (Bags especially designed for skis and -); Bags adapted to carry surfboards; Bags especially designed for skis and surfboards; Bags especially designed for surfboards; Skateboards; Skateboards [recreational equipment]; Bags for skateboards.*

3) RB's registration 3346009



Filed 16 October 2018; registered 11 January 2019

*Class25: Clothing; Clothing for children; Clothing for cyclists; Clothing for infants; Clothing for leisure wear; Clothing for men, women and children; Clothing for skiing; Clothing for sports; Clothing made of leather; Articles of clothing; Articles of outer clothing; Articles of sports clothing; Boys' clothing; Wetsuits; Wetsuits for surface watersports; Wetsuits for surfing; Wetsuits for water-skiing; Wetsuit gloves.*

*Class 28: Surfboards; Bags adapted to carry surfboards; Bags especially designed for skis and surfboards; Bags especially designed for surfboards; Skateboards; Skateboards [recreational equipment].*

4) HNH's registration EUTM 6676308



Filed 24 March 2008; registered 3 April 2009

*Class 25: Clothing, footwear, headgear.*



Class 28: *Games and playthings; gymnastic and sporting articles not included in other classes; including surfboards and skateboards.*

5) HNH's registration EUTM 6676423

hasu no hana

Filed 24 March 2008; registered 3 April 2009

Class 25: *Clothing, footwear, headgear.*

Class 28: *Games and playthings; gymnastic and sporting articles not included in other classes; including surfboards and skateboards.*

6) HNH's registration 3282664

Hasu no Hana

Filed 15 January 2018; registered 13 April 2018

Class 25: *Bathing suits for men; Bathing trunks; Board shorts; Boardshorts; Boots for sports; Shirts; Shorts; Short-sleeved or long-sleeved t-shirts; Swim trunks; Swimming suits; Swimming trunks; Sports wear; Surf wear; Surfwear; Waterproof clothing; Waterproof pants; Waterskiing suits; Wet suits; Wet suits for surfing; Wet suits for water-skiing; Wet suits for water-skiing and sub-aqua; Wet suits for windsurfing; Wetsuit gloves; Wetsuits; Wetsuits for surface watersports; Wetsuits for surfing; Wetsuits for water-skiing; Windproof clothing; Windproof jackets; Wind-resistant jackets; Wind-resistant vests; Windshirts.*

Class 28: *Skateboard paddles; Skateboard rollers; Skateboard wheels; Skateboards; Skateboards [recreational equipment]; Ski boards; Surf boards; Surf fins; Surf skis; Surfboard covers; Surfboard fins; Surfboard leashes; Surfboards; Surfboards (Bags especially designed for skis and -).*

7) HNH's registration 3282693



Filed 15 January 2018; registered 13 April 2018

*Class 25: Articles of clothing; Articles of clothing made of leather; Articles of outer clothing; Articles of sports clothing; Athletic footwear; Athletic shoes; Bathing suits; Bathing suits for men; Bathing trunks; Beach clothes; Beach clothing; Beach footwear; Beachwear; Bermuda shorts; Bikinis; Board shorts; Boardshorts; Booties; Boots; Boots for sport; Boots for sports; Caps; Casual clothing; Casual jackets; Casual shirts; Casual trousers; Casual wear; Clothing for leisure wear; Clothing for sports; Footwear for use in sport; Headgear; Shorts; Short-sleeved or long-sleeved t-shirts; Snow boarding suits; Snowboard jackets; Snowboard trousers; Snowsuits; Sport shirts; Sport shoes; Sports caps and hats; Sports clothing; Sports clothing [other than golf gloves]; Sports footwear; Sports shirts; Sports wear; Surf wear; Surfwear; Swim briefs; Swim shorts; Swim suits; Swim trunks; Swimming suits; Swimming trunks; Swimwear; Wet suits; Wet suits for surfing; Wet suits for water-skiing; Wet suits for water-skiing and sub-aqua; Wet suits for windsurfing; Wetsuit gloves; Wetsuits; Wetsuits for surface watersports; Wetsuits for surfing; Wetsuits for water-skiing.*

*Class 28: Sail boards; Sailboards; Skateboard wheels; Skateboards; Skateboards [recreational equipment]; Snow boards; Snowboards; Surf boards; Surf fins; Surf skis; Surfboard covers; Surfboard fins; Surfboard leashes; Surfboards; Surfboards (Bags especially designed for skis and -); Swim boards for recreational use; Wakeboards.*