

O-849-22

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION NOS. 3517466 AND 3531106
BY KINETIQUE LIMITED IN RESPECT OF THE FOLLOWING TWO TRADE
MARKS**



AND

Ethica Diamond

IN CLASS 14

**AND IN THE MATTER OF OPPOSITIONS THERETO UNDER NO. 422367 AND
423279 BY DIOTIMA & COMPANY LIMITED**

AND

**IN THE MATTER OF REGISTRATION NO. 3514123 AND TRADE MARK
APPLICATION NO. 3539736
IN THE NAME OF DIOTIMA & COMPANY LIMITED
IN RESPECT OF THE TRADE MARKS**

Ethica Diamond

AND

Ethica

IN CLASS 14

AND

**IN THE MATTER OF AN APPLICATION FOR INVALIDATION THERETO
UNDER NO. 503510 AND OPPOSITION THERETO UNDER NO. 424031
BY KINETIQUE LIMITED**

Background and pleadings

1. Kinetique Limited (“Party B”) applied to register the following two trade marks in the UK:

3517466



Filing date: 30 July 2020

Class 14: *Jewellery (Paste -); Jewellery articles; Jewellery being articles of precious metals; Jewellery being articles of precious stones; Jewellery boxes; Jewellery boxes [fitted]; Jewellery boxes and watch boxes; Jewellery boxes of precious metal; Jewellery boxes of precious metals; Jewellery brooches; Jewellery cases; Jewellery cases [caskets or boxes]; Jewellery cases [caskets]; Jewellery cases [caskets] of precious metal; Jewellery cases [fitted]; Jewellery cases of precious metal; Jewellery caskets; Jewellery caskets of precious metal; Jewellery chain; Jewellery chain of precious metal for anklets; Jewellery chain of precious metal for bracelets; Jewellery chain of precious metal for necklaces; Jewellery chains; Jewellery charms; Jewellery coated with precious metal alloys; Jewellery coated with precious metals; Jewellery containing gold; Jewellery fashioned from bronze; Jewellery fashioned from non-precious metals; Jewellery fashioned of cultured pearls; Jewellery fashioned of precious metals; Jewellery fashioned of semi-precious stones; Jewellery findings; Jewellery foot chains; Jewellery for personal adornment; Jewellery for personal wear; Jewellery hat pins; Jewellery in non-precious metals; Jewellery in precious metals; Jewellery in semi-precious metals; Jewellery in the form of beads; Jewellery incorporating diamonds; Jewellery incorporating pearls; Jewellery incorporating precious stones; Jewellery items; Jewellery made from gold; Jewellery made from silver; Jewellery made of bronze; Jewellery made of crystal; Articles of imitation jewellery; Articles of jewellery; Articles of jewellery coated with precious metals; Articles of jewellery made from rope chain; Articles of jewellery made of precious metal alloys; Articles of jewellery made of precious metals; Articles*

of jewellery with ornamental stones;Articles of jewellery with precious stones;Bracelets [jewellery, jewelry (Am.)];Bracelets [jewellery];Chains [jewellery, jewelry (Am.)];Chains [jewellery];Chains made of precious metals [jewellery];Charms [jewellery, jewelry (Am.)];Charms [jewellery];Charms [jewellery] of common metals;Charms for jewellery;Clasps for jewellery;Jewellery;Jewellery made of crystal coated with precious metals;Jewellery made of glass;Jewellery made of non-precious metal;Jewellery made of plastics;Jewellery made of plated precious metals;Jewellery made of precious metals;Jewellery made of precious stones;Jewellery made of semi-precious materials;Jewellery of precious metals;Jewellery of yellow amber;Jewellery plated with precious metals;Jewellery products;Jewellery rolls;Jewellery rope chain for anklets;Jewellery rope chain for bracelets;Jewellery rope chain for necklaces;Jewellery stones;Jewellery, including imitation jewellery and plastic jewellery; all of the aforesaid goods being made with or incorporating diamonds.

3531106

Ethica Diamond

Filing date: 8 September 2020

Class 14: *Alloys of precious metal;Alloys of precious metals;Articles of jewellery;Articles of jewellery made of precious metal alloys;Articles of jewellery made of precious metals;Articles of jewellery with precious stones;Bangle bracelets;Bangles;Bracelet charms;Bracelets;Bracelets for watches;Bracelets [jewellery];Bracelets [jewellery, jewelry (Am.)];Bracelets [jewelry];Bridal headpieces in the nature of tiaras;Brooches being jewelry;Brooches [jewellery];Brooches [jewellery, jewelry (Am.)];Brooches [jewelry];Cases adapted to contain items of jewellery;Cases for jewels;Cases of precious metals for jewels;Chains [jewellery];Chains [jewellery, jewelry (Am.)];Chains [jewelry];Chains made of precious metals [jewellery];Chains of precious metals;Charms for jewellery;Charms for jewelry;Charms [jewellery];Children's jewelry;Clasps for jewellery;Clasps for jewelry;Clip earrings;Closures for necklaces;Collets being parts of jewellery;Cuff links;Cuff links and tie clips;Cuff links made of gold;Cuff links made of precious metals with precious stones;Cuff links made of precious metals with semi-precious stones;Cuff links of precious metal;Cuff links of precious metals with semi-precious stones;Cufflinks;Cuff-links;Cut diamonds;Diamond jewelry;Diamonds;Drop earrings;Ear clips;Ear studs;Earrings;Earrings of precious metal;Engagement rings;Eternity rings;Finger rings;Friendship rings;Gems;Gemstones;Gemstones, pearls and precious metals, and imitations thereof;Gold;Gold alloys;Gold and its alloys;Gold base alloys;Gold bracelets;Gold chains;Gold earrings;Gold jewellery;Gold necklaces;Gold rings;Imitation jewellery;Imitation jewelry;Imitation precious stones;Items of jewellery;Jewel chains;Jewel*

pendants; Jewellery; Jewellery articles; Jewellery being articles of precious metals; Jewellery being articles of precious stones; Jewellery boxes; Jewellery cases [caskets or boxes]; Jewellery chains; Jewellery charms; Jewellery containing gold; Jewellery fashioned of precious metals; Jewellery fashioned of semi-precious stones; Jewellery findings; Jewellery for personal adornment; Jewellery for personal wear; Jewellery in precious metals; Jewellery incorporating diamonds; Jewellery items; Jewellery made of precious metals; Jewellery made of precious stones; Jewellery of precious metals; Jewellery products; Jewellery; Jewelry; Jewelry charms; Jewelry findings; Necklace charms; Necklaces; Necklaces [jewellery]; Necklaces [jewellery, jewelry (Am.)]; Necklaces [jewelry]; Necklaces of precious metal; Palladium; Palladium alloys; Palladium and its alloys; Parts and fittings for jewellery; Pendants; Pendants [jewellery]; Pendants [jewelry]; Personal jewellery; Platinum; Platinum alloys; Platinum and its alloys; Platinum jewelry; Platinum [metal]; Platinum rings; Precious gemstones; Precious jewellery; Precious jewels; Precious metal alloys; Precious metals; Precious stones; Rhodium; Rhodium alloys; Rhodium and its alloys; Rings being jewellery; Rings [jewellery]; Rings [jewelry]; Rings of precious metal; Synthetic precious stones; Synthetic stones [jewellery]; Women's jewelry; all of the aforesaid goods being diamonds or containing diamonds.

2. They were both accepted and published in the Trade Marks Journal. Diotima & Co Limited ("Party A") subsequently opposed the trade marks under sections 3(1)(c), 3(3)(b) and section 5(2)(b) (in respect of 422367) and sections 5(1) and 5(2)(a) (in respect of 423279) of the Trade Marks Act 1994 (hereafter "the Act"). In respect of sections 5(1), 5(2)(a) and 5(2)(b), Party A relies upon one earlier mark, the relevant details of this mark are shown below:

3514123

Ethica Diamond

Filing date: 21 July 2020

Registration date: 11 December 2020

Class 14: *Artificial stones [precious or semi-precious]; Ear studs; Earrings; Engagement rings; Jewellery; Jewellery being articles of precious stones; Jewellery fashioned of semi-precious stones; Jewellery in precious metals; Jewellery incorporating diamonds; Jewellery items; Jewellery made of precious stones; Jewellery products; Jewellery stones; Necklaces; Necklaces [jewellery]; Necklaces [jewellery, jewelry (Am.)]; Necklaces*

[jewelry]; Necklaces of precious metal; Pendants [jewellery]; Pendants [jewelry]; Platinum jewelry; Precious and semi-precious gems; Precious and semi-precious stones; Precious gemstones; Precious jewellery; Rings [jewellery, jewelry (Am.)]; Rings [jewellery] made of non-precious metal; Rings [jewellery] made of precious metal; Rings [jewelry]; Semi-precious gemstones; Semi-precious stones; Synthetic precious stones; Synthetic stones [jewellery]; All of the aforesaid goods containing diamond.

3. Party A claims that because of the similarity between the respective marks and goods, there exists a likelihood of confusion.

4. In respect of the grounds based upon section 3(1)(c), it claims that in respect of Party B's figurative mark that the stylisation will be largely ignored, and the words "Ethica Diamond" form the dominant, distinctive element and will be understood as describing a particular feature of the goods, namely that they are "ethical". It claims that the remaining words are also descriptive. In respect of the word mark, it claims that the words "Ethica Diamonds" merely describe the kind of goods.

5. In respect of the ground based upon section 3(3)(b), Party A claims that Party B's marks are of such a nature as to deceive the public as to the nature of the goods. It claims that the words "Ethica Diamond" will lead the consumer to expect real diamonds and to the extent that Party B's goods are not diamonds, the consumer will be deceived.

6. Party B filed counterstatements denying these claims and it also notified the Registry that it has filed an invalidation action against the earlier mark relied upon by Party A.

7. As mentioned in its defences, Party B filed an application for invalidation of Party A's 3514123 mark. It relies on grounds based upon section 3(6) and section 5(4)(a) of the Act.

8. In respect of its ground based on section 3(6), Party B claims that Party A's registration was motivated, at least in part, by an attempt to create a way to charge Party B a licence fee for the use of "Ethica Diamond" having failed to do so in

respect of the previous mark used by Party B and it was aware of Party B's use of this mark and its intention to rebrand to "Ethica Diamond".

9. In respect of the ground based upon section 5(4)(a), Party B claims that it has goodwill identified by the sign "Ethica Diamond" and a figurative sign that is an uncoloured version of its 3517466 mark. This goodwill is claimed in respect of all types of jewellery, including those featuring semi-precious stones/laboratory grown gemstones and/or precious metals. It stresses that this goodwill covers all of the goods listed in Party A's registration. It asserts that because of the similarity between the respective signs and mark and the identical goods involved, use of Party A's mark will result in misrepresentation and damage.

10. Party A also applied to register the following trade mark for a similar list of Class 14 goods as covered in its 3514123 registration:

3539736

Ethica

Filing date: 1 October 2020

11. Party B opposed this application (under number 424031) based upon grounds under section 3(6) and section 5(4)(a). These grounds are identical to those of its application for invalidation detailed above.

12. Party A filed counterstatements denying these claims.

13. These four proceedings were subsequently consolidated. The parties filed evidence, and this will be summarised to the extent that it is considered necessary.

14. A Hearing was originally scheduled to take place on 8 June 2022 but was replaced by a case management conference (because of issues and subsequent outcomes that I discuss in more detail below). The hearing was re-appointed for 19 July 2022 with

Party B represented by Julius Stobbs for Stobbs. Party A was represented by Beth Collett of Counsel, instructed by Gunner Cooke LLP.

Procedural developments

15. Party B was granted a request to cross examine Avila Foreman and Jason Foreman regarding their motives when Party A applied for its contested registration and contested application. On 25 May 2022 (two weeks before the originally scheduled hearing), Party A surrendered its registration 3514123 and withdrew its application 3539736. It suggested that Party B was, therefore, no longer entitled to cross examine its witnesses.

16. Having established that surrender of a trade mark does not have retrospective effect (see, for example, the comments of Geoffrey Hobbs, sitting as the Appointed Person in *FROM RUSSIA WITH LOVE Trade Mark*, BL O/301/16¹) and Party B indicating that it wished to continue with its cross examination of Ms Foreman and Mr Foreman, on 31 May 2022, Party A withdrew parts of its evidence, namely, all the evidence relating to its reasons for making its trade mark applications. Further, it provided a written undertaking that it will not assert its rights in the surrendered registration against Party B, now or in the future. It contended that cross examination was, therefore, no longer appropriate.

17. The original hearing date was vacated and replaced by a case management conference (“CMC”) to gather the views of the parties and provide directions on how the proceedings should best proceed.

18. At the CMC, Party A indicated that it no longer sought to offer a response to the ground of bad faith (other than to maintain its denial of Party B’s assertions).

19. Following the CMC, I confirmed that, as a result of the withdrawal of parts of Party A’s evidence, the basis for cross examination no longer existed and I removed my permission for cross examination. As directed, Party B reconsidered the offer of

¹ At page 9, lines 2 – 12

the undertaking offered by Party A but maintained its challenge to Party A's 3514123 (CA503510) because, despite Party B's mark being surrendered, the date of surrender post-dated the relevant date in the proceedings.

Issues to be decided

20. In light of Party A's withdrawal of its application 3539736, party B's opposition 424031 is without object. Therefore, the only outstanding issue is that of costs. This will be considered at the end of the decision.

21. Party B's application to invalidate (CA503510) Party A's registration 3514123 still falls to be decided despite the contested mark being surrendered. Further, Party A's evidence relating to this issue was withdrawn and it ultimately offered no response to counter the claim under section 3(6) beyond a bare denial. The ground is to be decided with Party A providing only submissions. The ground based upon section 5(4)(a) also remains to be decided.

22. The outcome of CA503510 will no longer impact upon oppositions 422367 and 423279 because Party A's earlier mark (now surrendered) in those proceeding is no longer relied upon. As a consequence, these two oppositions fall to be decided on the surviving grounds, namely those under section 3(1)(c) and section 3(3)(b) of the Act.

Evidence

23. Party A's evidence takes the form of the two witness statements of Avila Foreman, Director of Party A together with Exhibits AFK1 and AFK2. Ms Foreman provides evidence regarding the claimed descriptive nature of "Ethica Diamond", its claimed deceptive nature and Party B's claimed goodwill. Party A's evidence also includes the witness statement of Jason Mark Foreman. He provides mostly withdrawn evidence regarding the various allegations made by the other side regarding his conduct and the conduct of Party A. The remainder of his evidence addresses the claimed deceptiveness of Party B's mark.

24. Party B's evidence consists of the:

- (i) two witness statements of Emily Grace Foreman, a director of Party B, together with Exhibits EF1 – EF11. She explains that Elaine Reffell is her mother and Jason Foreman is her father. She provides evidence on the business relationship between her parents, perceived shortcomings of her father and his actions that led to the disputes between the parties.
- (ii) two witness statements of Elaine Irene Reffell, also a director of Party B, together with Exhibits ER1 – ER38. Ms Reffell's evidence provides a history of her business, its relationship to Mr Reffell's business and his business activities;
- (iii) witness statement of Geoffrey Charles Weller, UK Chartered Trade Mark Attorney employed by Stobbs (IP) Limited, Party B's representative in these proceedings, together with Exhibits GW1 – GW4. Mr Weller exhibits numerous documents and certificates obtained from the Registry's case files both from the marks of Party B and third parties. These are presented in support of the claim that the current applications are not deceptive.

EU Case Law

25. Although the UK has left the EU, section 6(3)(a) of the European (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 Act relied on in these proceedings are derived from an EU Directive. This is why this decision continues to make reference to the trade mark case-law of EU courts.

DECISION

Party A's Oppositions to Party B's applications 3517466 and 3531106

26. The remaining grounds in these oppositions are based upon section 3(1)(c) and section 3(3)(b) of the Act.

27. I begin by considering the section 3(1)(c) grounds. Section 3(1)(c) states:

“3.— Absolute grounds for refusal of registration

(1) The following shall not be registered—

(a) ...

(b) ...

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,

(d) ...

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

28. The case law under section 3(1)(c) (corresponding to article 7(1)(c) of the EUTM Regulation, formerly article 7(1)(c) of the CTM Regulation) was set out by Arnold J. (as he then was) in *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc* [2012] EWHC 3074 (Ch) as follows:

“91. The principles to be applied under art.7(1)(c) of the CTM Regulation were conveniently summarised by the CJEU in *Agencja Wydawnicza Technopol sp. z o.o. v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-51/10 P) [2011] E.T.M.R. 34 as follows:

“33. A sign which, in relation to the goods or services for which its registration as a mark is applied for, has descriptive character for the purposes of Article 7(1)(c) of Regulation No 40/94 is – save where Article 7(3) applies – devoid of any distinctive character as regards

those goods or services (as regards Article 3 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40 , p. 1), see, by analogy, [2004] ECR I-1699 , paragraph 19; as regards Article 7 of Regulation No 40/94 , see *Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) v Wm Wrigley Jr Co* (C-191/01 P) [2004] 1 W.L.R. 1728 [2003] E.C.R. I-12447; [2004] E.T.M.R. 9; [2004] R.P.C. 18 , paragraph 30, and the order in *Streamserve v OHIM* (C-150/02 P) [2004] E.C.R. I-1461 , paragraph 24).

36. ... due account must be taken of the objective pursued by Article 7(1)(c) of Regulation No 40/94 . Each of the grounds for refusal listed in Article 7(1) must be interpreted in the light of the general interest underlying it (see, inter alia , *Henkel KGaA v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-456/01 P) [2004] E.C.R. I-5089; [2005] E.T.M.R. 44 , paragraph 45, and *Lego Juris v OHIM* (C-48/09 P) , paragraph 43).

37. The general interest underlying Article 7(1)(c) of Regulation No 40/94 is that of ensuring that descriptive signs relating to one or more characteristics of the goods or services in respect of which registration as a mark is sought may be freely used by all traders offering such goods or services (see, to that effect, *OHIM v Wrigley* , paragraph 31 and the case-law cited).

38. With a view to ensuring that that objective of free use is fully met, the Court has stated that, in order for OHIM to refuse to register a sign on the basis of Article 7(1)(c) of Regulation No 40/94 , it is not necessary that the sign in question actually be in use at the time of the application for registration in a way that is descriptive. It is sufficient that the sign could be used for such purposes (*OHIM v Wrigley*, paragraph 32; *Campina Melkunie* , paragraph 38; and the order of 5 February 2010 in *Mergel and Others v OHIM* (C-80/09 P), paragraph 37).

39. By the same token, the Court has stated that the application of that ground for refusal does not depend on there being a real, current or serious need to leave a sign or indication free and that it is therefore of no relevance to know the number of competitors who have an interest, or who might have an interest, in using the sign in question (Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, paragraph 35, and Case C-363/99 *Koninklijke KPN Nederland* [2004] ECR I-1619, paragraph 38). It is, furthermore, irrelevant whether there are other, more usual, signs than that at issue for designating the same characteristics of the goods or services referred to in the application for registration (*Koninklijke KPN Nederland*, paragraph 57).

And

46. As was pointed out in paragraph 33 above, the descriptive signs referred to in Article 7(1)(c) of Regulation No 40/94 are also devoid of any distinctive character for the purposes of Article 7(1)(b) of that regulation. Conversely, a sign may be devoid of distinctive character for the purposes of Article 7(1)(b) for reasons other than the fact that it may be descriptive (see, with regard to the identical provision laid down in Article 3 of Directive 89/104, *Koninklijke KPN Nederland*, paragraph 86, and *Campina Melkunie*, paragraph 19).

47. There is therefore a measure of overlap between the scope of Article 7(1)(b) of Regulation No 40/94 and the scope of Article 7(1)(c) of that regulation (see, by analogy, *Koninklijke KPN Nederland*, paragraph 67), Article 7(1)(b) being distinguished from Article 7(1)(c) in that it covers all the circumstances in which a sign is not capable of distinguishing the goods or services of one undertaking from those of other undertakings.

48. In those circumstances, it is important for the correct application of Article 7(1) of Regulation No 40/94 to ensure that the ground for refusal

set out in Article 7(1)(c) of that regulation duly continues to be applied only to the situations specifically covered by that ground for refusal.

49. The situations specifically covered by Article 7(1)(c) of Regulation No.40/94 are those in which the sign in respect of which registration as a mark is sought is capable of designating a 'characteristic' of the goods or services referred to in the application. By using, in Article 7(1)(c) of Regulation No 40/94 , the terms 'the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service', the legislature made it clear, first, that the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service must all be regarded as characteristics of goods or services and, secondly, that that list is not exhaustive, since any other characteristics of goods or services may also be taken into account.

50. The fact that the legislature chose to use the word 'characteristic' highlights the fact that the signs referred to in Article 7(1)(c) of Regulation No 40/94 are merely those which serve to designate a property, easily recognisable by the relevant class of persons, of the goods or the services in respect of which registration is sought. As the Court has pointed out, a sign can be refused registration on the basis of Article 7(1)(c) of Regulation No 40/94 only if it is reasonable to believe that it will actually be recognised by the relevant class of persons as a description of one of those characteristics (see, by analogy, as regards the identical provision laid down in Article 3 of Directive 89/104, *Windsurfing Chiemsee*, paragraph 31, and *Koninklijke KPN Nederland*, paragraph 56)."

92. In addition, a sign is caught by the exclusion from registration in art.7(1)(c) if at least one of its possible meanings designates a characteristic of the goods or services concerned: see *OHIM v Wrigley* [2003] E.C.R. I-12447 at

[32] and *Koninklijke KPN Nederland NV v Benelux-Merkenbureau* (C-363/99 [2004] E.C.R. I-1619; [2004] E.T.M.R. 57 at [97].”

Section 3(1)(c)

29. I begin by considering Party A’s claims in respect of Party B’s word mark “Ethica Diamond” (UK3531106). The relevant date for considering the claim is the filing date of the contested application, namely, 8 September 2020.

30. Party A points to the well-known meaning of “diamond” and claims that the word “ethica” is a shortening of the word “ethical” and concludes that the average consumer’s interpretation of these two words renders the mark invalid insofar as it is applied to diamond products. It claims that the word “ethica” is used, or at least could be used, in respect of jewellery and would be understood as meaning that it is not being produced in an exploitative way, or in a way that is damaging to the environment. It also points to Party B’s own promotion and draws attention to its diamonds being “truly ethical”.² It concludes that the mark would be understood as being a description of a “non-exploitatively produced diamond”.

31. Secondly, Party A submits that consumers have been educated that brands often use particular terminology to show that something is produced sustainably and are, accordingly, more accustomed to synonyms for the same. I can deal with this point briefly. I accept that it is commonplace and commercially desirable that marks are suggestive of the goods or services being provided. Trade mark law permits the registration of such marks insofar that they are still capable of indicating origin. The issue before me can be summarised as being whether or not Party B’s mark consists of a sign that designates a characteristic of the goods (and, therefore, debarred from registration under section 3(1)(c)) or is it a sign that merely suggests or alludes to a characteristic of the goods. In determining this, I need to return to Party A’s first claim.

² Page 157 of Exhibit AFK1 which is an Advertising Standards Agency (ASA) ruling on a complaint about its misleading advertising. The 3rd para of this ruling quotes some of the language used in the promotion

32. There is no dispute between the parties regarding the role of the word “Diamond” in Party B’s mark and Party A does not dispute that there is no dictionary definition of the term “ethica”. Therefore, as detailed above, the key issue is whether, when combined with the word “Diamond”, the addition of the word “Ethica” creates a mark that designates a characteristic of the goods. There is no evidence that “Ethica” is a dictionary word or in use as a descriptive word. Party A’s case is that it is a shortened form of the word “ethical”.

33. I accept that misspellings may be caught by section 3(1)(c),³ however, in this case, there is nothing before me that suggests the misspelling is common or that consumers have encountered it being used as an alternative to the word “ethical”. Almost any word is capable of being shortened but it does not follow that a word that has one or more letters removed from it will retain the same identity or meaning as the original word. In the current case, whilst the missing letter is the last letter in the word “ethical”, the visual and aural impression created is that of an invented word. Despite being the last letter in the word “ethical”, the letter “l” is distinctly pronounced even in lazy speech and the word “Ethica” is aurally distinct from “ethical”. Visually, the word may bring the word “ethical” to mind but the different spelling is not likely to go unnoticed. A concept that aligns to the word “ethical” may be brought to mind in circumstances where the consumer perceives the word as a derivative of another word but with the current mark, this bringing to mind will be as a result of the allusive or suggestive quality of “Ethica”. It is an invented word and not a word with a meaning known to the consumer. As I have already observed, there is no bar to registration in respect of allusive or suggestive marks. Therefore, the invented word “Ethica” does not designate a characteristic of Party B’s goods. Keeping this in mind, when considering the mark “Ethica Diamond” as a whole, it is no more than allusive of the goods.

34. Therefore, the word “Ethica” has a different identity to the word “ethical” and for those who perceive it as a word derived from “ethical” there may be an allusive message that aligns to the meaning of the word “ethical”, but this is insufficient to

³ See, for example, *EC Brand Comércio, Importação e Exportação de Vestuário em Geral Ltda v EUIPO*, Case T-532/19, EU:T:2020:103, at [27] – [29]

conclude that the mark, when viewed as a whole, designates a characteristic of the goods. It is allusive or suggestive, but no more.

35. In light of the above, the ground based upon section 3(1)(c) fails.

36. Turning to Party A's figurative mark (3517466), I note that it benefits from a device element, stylisation of the word "diamonds" and that it also contains the additional words "Kind Not Mined" and "Cornwall". The combination of all the elements forms a complex mark. The claim that it is a mark that consists exclusively of a sign that may serve in trade to designate a characteristic of the goods is relatively weaker here than in respect to Party B's word mark. The combination of all the elements of the mark create a whole that is not exclusively designating characteristics of the goods. The device element is prominent in the mark and does not obviously designate anything and, as already discussed, the word "Ethica" is no more than allusive. It follows that when considering the mark as a whole, it is not debarred from registration by virtue of section 3(1)(c) of the Act. Rather it is a mark that, as a result of the combination of its elements, is a distinctive mark that does not exclusively designate characteristics of the goods listed in its specification. It follows that this ground also fails against Party A's figurative mark.

Section 3(3)(b)

37. I now turn to consider the ground based upon Section 3(3)(b). This part of the Act states:

"3.— Absolute grounds for refusal of registration

[...]

(3) A trade mark shall not be registered if it is—

...

(b) of such a nature as to deceive the public (for instance as to the nature, quality or geographical origin of the goods or service).”

38. Party A refers to the Advertising Standards Authority (“ASA”) ruling again. The ruling was in respect to promotional text that appeared on Party B’s website and Party A has drawn the following extract from the ruling to my attention:

“We considered the term “Ethica Diamond” in conjunction with “Kind not mined” might be understood by some consumers to mean that some or all of the advertiser’s products might be understood by some consumers to mean that some or all of the advertiser’s products were not natural mined diamonds. However, we considered that it was sufficiently ambiguous that many consumers would still expect that products sold under the name Ethica Diamonds were natural diamonds without further clarification”

39. I must keep in mind that I am considering the applied for mark as applied to the goods listed in the application and within the context of the Trade Marks Act 1994. I am not considering a complaint about the alleged misleading nature of Party B’s promotional text on its website. Further, I am no way bound by the findings of the ASA. It ruled that the combination of the term “Ethica Diamond” and “Kind not mined” was “sufficiently ambiguous” that “many consumers” would expect the products being sold to be “natural diamonds”. Considering whether such a finding should transfer to the applied for mark and, if so, whether it invokes section 3(3)(b) of the Act, it is helpful to understand the approach I must take. I must consider whether the mark is deceptive when used in respect of the list of goods listed in the challenged application. This list of goods contains the following limitation:

“all of the aforesaid goods being made with or incorporating diamonds”

40. The use of such a limitation brings all the goods listed within scope of what the ASA considered was correct i.e. natural diamonds. For the purposes of the issue before me, this is the end of the issue. The Registry’s role is limited to assessing whether the mark is deceptive for the goods claimed NOT the goods used. With this

in mind, I find that Party B's mark is not deceptive for the goods listed in its application.

41. In respect of Party B's figurative mark, the ground based upon section 3(3)(b) fails.

42. Turning to Party B's word mark "Ethica Diamond", its specification of goods is limited in the identical way to its figurative mark application and, similarly, this application is not caught by the section 3(3)(b) provision.

43. In summary, Party A's oppositions based upon section 3(3)(b) fails against Party B's word mark and figurative mark.

Summary of outcomes of Party A's opposition

44. Party A's oppositions to Party B's marks fail in their entirety and Party B's marks can proceed to registration.

Party B's Application for Invalidation (503510) of Party A's registration 3514123

45. The grounds are based on Section 3(6) and section 5(4)(a) of the Act. These are relevant in invalidation proceedings because of the following provisions contained in section 47 of the Act:

"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).

(2) Subject to subsections (2A) and (2G), the registration of a trade mark may be declared invalid on the ground-

(a) [...]

(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.

[...]

(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.”

Section 3(6)

46. 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.”

47. 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].

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]”.

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

(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?

49. It is necessary to ascertain what the applicant 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).

50. Party B claims that Party A’s registration was motivated, at least in part, by an attempt to create a way to charge Party B a licence fee for the use of “Ethica Diamond” having failed to do so in respect of the previous mark used by Party B and it was aware of Party B’s use of this mark and its intention to rebrand to “Ethica Diamond”. Party A deny this but no longer offers any evidence.

51. Party B’s relevant evidence can be summarised as follows:

- There was a dispute between the parties regarding the terms in which Party B could use the mark “IQ Diamond” that was transferred to Mr Foreman as part

of the new business arrangements put in place following the Ms Reffell and Mr Foreman's divorce⁴;

- In September/October 2019, Mr Foreman transferred the domain names "ethicadiamonds.com" and "ethicadiamonds" to Party B as he was aware that Party B wanted to rebrand from "Kinetique Jewellery";⁵
- Party B's rebrand to "Ethica Diamonds" (as its trading name) began in 2018 when Mr Foreman was still a director of the company and he was fully aware and in agreement of the rebranding plans for at least five months before he resigned.⁶ Instructions were sent to Party B's web designer on 20 August 2018 regarding commencing the rebranding to Ethica Diamonds;⁷
- On 10 July 2020, Mr Foreman sent an email to Emily Foreman stating that Party B must comply with his instructions regarding its use of the "IQ Diamond" mark;
- As a result of that dispute, on 15 July 2020, Party B informed him that it was not "intending to call [its diamond] the IQ Diamond anymore either"⁸ and Party B changed the branding shown on its website from "IQ Diamond" to "Ethica Diamond";
- It is claimed that Mr Foreman, at the time, was closely watching Party B making these changes. On 16 July 2020, Party A registered the domain names "ethicadiamond.com" and "ethicadiamond.co.uk" on 16 July 2020;⁹
- Party A also applied to register the contested mark an Ethica Diamond figurative mark (3512815) on the 21 July 2020;
- The claim is that the sole purpose of filing this mark was to be able levy a licensing fee from Party B for its use having failed to do the same with the "IQ Diamond" mark where he was seeking an upfront payment of £30,000 and £2,500 per month for three years for claimed estimated damages to the IQ Diamond brand.¹⁰;

⁴ Ms Reffell's first witness statement, para 16

⁵ Emily Foreman's first witness statement, paragraph 9

⁶ Ms Reffell's first witness statement, paras 29 and 30

⁷ Ditto, para 31 and Exhibit ER10

⁸ Exhibit EF7

⁹ Mr Foreman's witness statement, para 14

¹⁰ Emily Foreman's first witness statement, para 14 and 18

- Mr Foreman has admitted to Emily Foreman that he is not interested in the Ethica Diamond name and doesn't intend to do anything with it, and will transfer it back to Party B once it agrees to pay him the "damages" money referred to above;¹¹
- In September 2020, Mr Foreman tried to prevent Party B's stone supplier from supplying it on the basis that he "owned" the Ethica Diamond business and that Party B's stone supply needed to be routed through him;¹²

52. Party A has withdrawn its evidence in response to Party B's claims and now relies on a bare denial that it acted in bad faith. At the hearing, Ms Collett submitted that the case law sets a high threshold for a finding of bad faith and that, in this case, that has not been met. Ms Collett pointed to, what she described as, "copious evidence of alleged behaviour that bears no relation to" the issue before me and "describes an unhappy end to a marriage, and the inevitable family fall out....". I accept that some parts of Party B's evidence are not helpful to me. Ms Collett made the following specific criticisms of the evidence:

No evidence that Mr Foreman was aware that Party B intended to rebrand its goods to "Ethica Diamond"

53. Ms Collett suggested that whilst Emily Foreman notified Mr Foreman by WhatsApp message that Party B were going to cease using the "IQ Diamond" mark, there is no evidence that he was told that Party B was going to change to "Ethica Diamond". Ms Collett suggested that it appears Mr Foreman did no more than preempt the thoughts of Elaine Reffell and Emily Foreman and that this is not sufficient to demonstrate bad faith.

54. Whilst there is no direct evidence, it is very unlikely, verging on the inconceivable that Mr Foreman did not know of Party B's plans to rebrand to "Ethica Diamond". He had already transferred to "Ethica Diamond" domain names to Party B and Emily Foreman also claims that Mr Foreman was closely watching Party B's rebranding of

¹¹ Ditto, para 18

¹² Ditto, para 15 and Ms Reffell's first witness statement para 27 and Exhibit ER34

its website and he would have been aware of Party B's interest in the mark at least from doing this. Further, because of the closely entwined personal and business relationships between the individuals behind the parties I consider it unlikely that Mr Foreman would not have known. On the face of it, his intention was to use the mark as a bargaining tool with Party B and he has offered no evidence to refute this. If Party A had a genuine reason for applying for its mark when it did, it would be easy for it to produce evidence of this, but it has decided to not rely on any evidence in defence to the bad faith ground. In short, I am not persuaded by Ms Collett's submission.

Emily Foreman's second witness statement is inadmissible and entirely irrelevant

55. Ms Collett submitted that the information provided regarding the agreement arising out of the Mr Foreman and Ms Reffell's divorce is inadmissible and irrelevant. Emily Foreman discussed the impact of this agreement on the "IQ Diamond" mark's use and how Mr Foreman was falsely claiming monetary compensation for alleged harm to the "IQ Diamond" brand by Party B. It is Party B's case that only when this failed did Party A apply to register "Ethica Diamonds" as part of a series of actions to damage Party B. It is relevant to the issue of bad faith as it sets out why Party B believe that Party A's mark was applied for in bad faith. Once again, there is no evidence refuting this version of events and Ms Collett's attempts to make a case that the statement is just not relevant is not persuasive. Insofar as it is relevant, it supports my finding set out in the previous paragraph.

Elaine' Reffell's statement amounts to a personal attack upon Mr Foreman and not an allegation of commercial fraud amounting to bad faith

56. I agree that elements of this evidence are in the form of a personal attack on Mr Foreman and assist little in the dispute before me. However, Ms Reffell does set out a timetable of Party B's rebranding of the business to "Ethica Diamonds" and states that Mr Foreman knew of this and provides evidence that the branding exercise began in November 2018 that Mr Foreman was fully aware as he was still a director in the company. Further, the email from Avila Foreman in November 2019 also

shows that Mr Forman was aware of the rebranding and, finally, he transferred ownership to Party B of two “ethica diamonds” domain names in the autumn of 2019.

57. All of this confirms that Mr Foreman did have full knowledge that Party B was using “Ethica Diamonds” as its trading name and had been since 2019.

Conclusion on the claim of bad faith

58. The evidence, whilst it could have been more complete, clearly illustrates that Mr Foreman knew that Party B was trading as Ethica Diamonds and it is just not credible that he did not know. Consequently, contrary to Ms Collett’s submission, the pre-emptive action of Party A applying for its contested mark does amount to an act of bad faith. It appears that its sole purpose was to cause difficulty to Party B and to provide a tool that could be used to extract monies from Party B.

59. It is also highly relevant that Party A withdrew all its evidence that was originally provided to counter Party B’s bad faith claim, therefore removing the need for the previously agreed cross-examination of Mr and Avila Foreman. I cannot ignore the negative inferences created by this action. It was in the gift of Party A to provide evidence, both in writing and aurally, in response to the claims of bad faith. The withdrawal left nothing more than a bare denial of the case put forward by Party B. Party B needed to satisfy me that there is a *prima facie* case of bad faith. Their evidence clearly satisfies that threshold. Having done so, the onus was on Party A to furnish evidence to rebut that *prima facie* case which they have opted not to do.

60. The ground based upon section 3(6) succeeds.

Section 5(4)(a)

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

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

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, where the condition in subsection (4A) is met,

(aa) [...]

(b) [...]

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

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

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

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

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

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

64. Halsbury's Laws of England Vol. 97A (2021 reissue) provides further guidance with regard to establishing the likelihood of deception. In paragraph 636 it is noted (with footnotes omitted) that:

“Establishing a likelihood of deception generally requires the presence of two factual elements:

- (1) that a name, mark or other distinctive indicium used by the claimant has acquired a reputation¹ among a relevant class of persons; and
- (2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other indicium which is the same or sufficiently similar that the defendant's goods or business are from the same source² or are connected.

While it is helpful to think of these two factual elements as two successive hurdles which the claimant must surmount, consideration of these two aspects cannot be completely separated from each other.

The question whether deception is likely is one for the court, which will have regard to:

- (a) the nature and extent of the reputation relied upon,
- (b) the closeness or otherwise of the respective fields of activity in which the claimant and the defendant carry on business;
- (c) the similarity of the mark, name etc used by the defendant to that of the claimant;
- (d) the manner in which the defendant makes use of the name, mark etc complained of and collateral factors; and

- (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

In assessing whether deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action”.

65. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC, as the Appointed Person, endorsed the registrar’s assessment of the relevant date for the purposes of section 5(4)(a) of the Act, as follows:

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

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

66. The relevant date for the purposes of these proceedings is the filing date of the contested registration, namely, 21 July 2020. There is no claim by Party A that it has used its mark before then.

Goodwill

67. Party B must show that it had goodwill in a business at the relevant and that the signs relied upon are associated with, or distinctive of, that business.

68. Party B claims that it has goodwill since 2019 throughout the UK identified by the sign “Ethica Diamond” and a figurative sign that is an uncoloured version of its 3517466 mark. This goodwill is claimed in respect of all types of jewellery, including those featuring semi-precious stones/laboratory grown gemstones and/or precious metals. It claims that this goodwill covers all of the goods listed in Party A’s registration. Party A puts it to proof of the claimed goodwill in respect of each of the goods claimed. Further, it submits that prior to the relevant date, Party B only used the mark “IQ Diamond” and any use of the signs relied upon post-dates the relevant date.

69. The concept of goodwill was considered by the House of Lords in *Inland Revenue Commissioners v Muller & Co’s Margarine Ltd* [1901] AC 217:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantages of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has the power of attraction sufficient to bring customers home to the source from which it emanates.”

70. Party B claims that it has goodwill in respect of all types of jewellery, including those featuring semi-precious stones/laboratory grown gemstones and/or precious metals. Its evidence regarding the extent of its goodwill can be summarised as follows:

- Party B’s business started in 2011 and has over the years built up a valuable goodwill selling wedding and engagement jewellery online under the name “IQ Diamond”;¹³

¹³ Emily Foreman’s first witness statement, para 4 and Elaine Reffell’s first witness statement, para 8

- There was an intention to rebrand to “Ethica Diamond”¹⁴ and between September and October 2019 Mr Foreman transferred the domain names “ethicadiamonds.com” and “ethica.diamonds” to Party B as he was aware that it wanted to rebrand;¹⁵
- Emily Foreman informed Mr Foreman on 15 July 2020 that Party B didn’t intend to use “IQ Diamond” anymore.¹⁶ I take it from this that Party B was intending to use “Ethica Diamond” instead but this is not stated;
- Emily Foreman refers to actions of Mr Foreman on the 16 July 2020 that she states after he closely monitored Party B updating its website to include “Ethica Diamond” branding. This suggests that the sign “Ethica Diamond” was not used by Party B before then;¹⁷
- Despite the previous point, Ms Reffell provides turnover for Party B “since the rebrand to Ethica Diamonds” that begins in November 2019. She also provides figures for the number of sales of Ethica Diamond engagement rings and the corresponding sales revenue. Figures are provided to January 2021, but I only reproduce those that are before the relevant date of 21 July 2020.¹⁸

Month	Company Turnover £	No. of Ethica Diamond rings sold	Gross sales £
November 2019	-	4	9,830
December 2019	23,955	12	10,980
January 2020	13,840	6	9,635
February 2020	19,609	7	16,270
March 2020	36,151	2	3,810
April 2020	7,614	0	0
May 2020	35,599	5	6,328
June 2020	32,326	16	34,915

¹⁴ Emily Foreman’s first witness statement, para 6

¹⁵ Ditto, para 9

¹⁶ Ditto, para 14 and Exhibit EF7

¹⁷ Ditto, para 14

¹⁸ Ms Reffell’s first witness statement, para, 48, 49 and 50

July 2020	49,054	23	37,153
-----------	--------	----	--------

- Six example screen prints from Party B’s orders system are provided¹⁹ that show individual rings being ordered by customers from various locations around the UK. Emily Foreman states that the words “thank you for choosing Ethica” will have appeared on these customer’s orders and receipts. These rings were sold for between £2,400 to £3,400;
- £80,000 was spent on the rebrand to Ethica Diamonds between September 2018 and November 2019 and between November 2019 and April 2021, Party B spent over £52,000 on advertising and marketing “Ethica Diamonds” and “Ethica Diamond” using marketing firms based in the South West.²⁰ The sum of £20,000 was spent on advertising in regional magazines. The two of the examples given are lifestyle magazines in Cornwall. The third is a Devon and Cornwall wedding planning magazine. “Ethica Diamonds” are mentioned in these magazines, but the figurative mark is not shown;²¹
- Party B also partners with wedding directory companies to promote its goods;²²
- As of October 2021, Party B has 490 customer reviews on Feefo, the online review site and 104 reviews on the Google.co.uk reviews pages for Ethica Diamonds and examples are provided;²³

71. In *Smart Planet Technologies, Inc. v Rajinda Sharm* [BL O/304/20], Mr Thomas Mitcheson QC, as the Appointed Person, reviewed the following authorities about the establishment of goodwill for the purposes of passing-off: *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc* [2015] UKSC 31, paragraph 52, *Reckitt & Colman Product v Borden* [1990] RPC 341, HL and *Erven Warnink B.V. v. J. Townend & Sons (Hull) Ltd* [1980] R.P.C. 31. After reviewing these authorities Mr Mitcheson concluded that:

¹⁹ Ms Reffell’s first witness statement, para 51 and Exhibit ER22

²⁰ Ditto, para 53 and Exhibit ER24

²¹ Ditto, para 54 and Exhibit ER8

²² Ditto para 55

²³ Ditto, para 56, 57 and Exhibits ER25/ER26

“.. a successful claimant in a passing off claim needs to demonstrate more than nominal goodwill. It needs to demonstrate significant or substantial goodwill and at the very least sufficient goodwill to be able to conclude that there would be substantial damage on the basis of the misrepresentation relied upon.”

72. After reviewing the evidence relied on to establish the existence of a protectable goodwill Mr Mitcheson found as follows:

“The evidence before the Hearing Officer to support a finding of goodwill for Party A prior to 28 January 2018 amounted to 10 invoices issued by Cup Print in Ireland to two customers in the UK. They were exhibited to Mr Lorenzi’s witness statement as exhibit WL-10. The customers were Broderick Group Limited and Vaio Pak.

37. The invoices to Broderick Group Limited dated prior to 28 January 2018 totalled €939 and those to Vaio Pak €2291 for something approaching 40,000 paper cups in total. The invoices referred to the size of “reCUP” ordered in each case. Mr Lorenzi explained that Broderick Group Limited supply coffee vending machines in the UK. Some of the invoices suggested that the cups were further branded for onward customers e.g. Luca’s Kitchen and Bakery.

38. Mr Rousseau urged me not to dismiss the sales figures as low just because the product was cheap. I have not done so, but I must also bear in mind the size of the market as a whole and the likely impact upon it of selling 40,000 cups. Mr Lorenzi explained elsewhere in his statement that the UK market was some 2.5 billion paper coffee cups per year. That indicates what a tiny proportion of the market the reCUP had achieved by the relevant date.

39. Further, no evidence was adduced from Cup Print to explain how the business in the UK had been won. Mr Rousseau submitted to me that the average consumer in this case was the branded cup supplier company, such as Vaio Pak or Broderick Group. No evidence was adduced from either of those companies or from any other company in their position to explain what

goodwill could be attributed to the word reCUP as a result of the activities and sales of Cup Print or Party A prior to 28 January 2018.

40. Various articles from Packaging News in the period 2015-2017 had been exhibited but again no attempt had been made to assess their impact on the average consumer and these all pre-dated the acquisition of the goodwill in the UK. I appreciate that the Registry is meant to be a less formal jurisdiction than, say, the Chancery Division in terms of evidence, but the evidence submitted in this case by Party A as to activities prior to 28 January 2018 fell well short of what I consider would have been necessary to establish sufficient goodwill to maintain a claim of passing off.

41. This conclusion is fortified by the submissions of Party B relating to the distinctiveness of the sign in issue. Recup obviously alludes to a recycled, reusable or recyclable cup, and Party B adduced evidence that other entities around the world had sought to register it for similar goods around the same time. The element of descriptiveness in the sign sought to be used means that it will take longer to carry out sufficient trade with customers to establish sufficient goodwill in that sign so as to make it distinctive of Party A's goods."

73. However, a small business which has more than a trivial goodwill can protect signs which are distinctive of that business under the law of passing off even though its goodwill and reputation may be small. In *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590, the Court of Appeal in England and Wales held that the defendant had passed off its LUMOS nail care products as the claimant's goods. The claimant had been selling LUMOS anti-ageing products since 2007. The goods retailed at prices between £40 and £100 per bottle. The Claimant's sales were small, of the order of £2,000 per quarter from early 2008 to September 2009, rising to £10,000 per quarter by September 2010. The vast majority of these sales were to the trade, including salons, clinics and a market. As at the relevant date (October 2010) the Claimant had sold to 37 outlets and by that date it was still selling to 25 outlets. There was evidence of repeat purchases. Although the number of customers was small, or, as the judge at first instance put it,

“*very limited*”, the claimant’s goodwill was found to be sufficient to entitle it to restrain the defendant’s trade under LUMOS.

74. The evidence appears to show that Party B uses “Ethica Diamonds” (plural) as its trading name and “Ethica Diamond” (singular) as the mark to identify its diamond product, previously branded as “IQ Diamond”.

75. In respect of the sign “Ethica Diamond” (singular), it is Party A’s position that the rebrand by Party B to “Ethica Diamond” did not take place until July 2020. Indeed, Emily Foreman, herself, states that Party A’s mark was applied for as a direct reaction to Party B updating its website to include the Ethica Diamond branding in July 2020. On 10 July 2020, Mr Foreman sent an email to Emily Foreman stating that Party B must comply with his instructions regarding its use of the “IQ Diamond” mark. This suggests that, at this date, Party B was using “IQ Diamond” and not “Ethica Diamond” as the brand name for its goods.²⁴ She informed him by WhatsApp message dated 15 July 2020 that Party B was not “intending to call [its diamond] the “IQ Diamond” anymore ...”²⁵. Emily Foreman draws attention to these messages to illustrate that Party B would “change the name” of its diamond to “Ethica Diamond”.²⁶ This suggests that Party B began using Ethica Diamond in July 2020. This is confirmed by Ms Reffell when she refers to a table showing the number of items sold and states “[t]he table ... gives the number sold of what were formerly sold as IQ Diamond rings but since 16 July 2020 have been sold as Ethica Diamond”.²⁷

76. There is tension between Ms Reffell’s statements and corroboratory evidence when compared to the figures provided that suggest “Ethica Diamond” goods were sold from November 2019 onwards. There is no evidence of this. This, together with the statements made leads me to conclude that any goodwill in respect of these goods was not identified by “Ethica Diamond” (singular) until sometime after the relevant date. Consequently, I conclude that Party B cannot rely upon goodwill identified by this sign.

²⁴ Ms Reffell’s witness statement, para 23 and Exhibit ER30

²⁵ See messages shown at Exhibit EF7

²⁶ At her witness statement, para 14

²⁷ Stated by Ms Reffell at para 50 of her witness statement.

77. Turning to use of the “Ethica Diamonds” (pleural) figurative sign as a trading name, Ms Reffell states that the decision to rebrand the business from Kinetique to “Ethica Diamonds” was taken in mid-2018.²⁸ An email dated 20 August 2018 instructed a web designer to begin work rebranding Party B’s website. Preparatory steps for the rebranding took place between September 2018 and November 2019 that included purchasing the domain names “ethicadiamonds.co.uk” and “ethicadiamonds.uk”.²⁹

78. Ms Reffell states that the website went live in November 2019³⁰ and Party B had fully rebranded to “Ethica Diamonds” at that time.³¹ An email from Avila Foreman, dated 16 November 2019, was about the requirements Party A had for Party B about the use of “IQ Diamond” but Ms Foreman also stated “...Ethica Diamonds looks absolutely stunning! The extraordinary hard work that you and Emily have tirelessly been putting in has paid off, and it is an amazing website.”³² This statement appears to indicate two things. Firstly, that Party B was not using “Ethica Diamond” for its diamond product at that time but was still using “IQ Diamond” (and is consistent with my finding that this sign did not identify Party B’s goodwill at the relevant date). Secondly, it illustrates that Party B was by then trading as “Ethica Diamonds” and it had updated its website to reflect this.

79. Screen shots of the website that were obtained for Ms Reffell’s witness statement on 11 October 2021³³ with the following sign appearing prominently at the top of the page:

²⁸ Ms Reffell’s witness statement, paras 29 and 30

²⁹ Ditto, para 32 and Exhibit ER11

³⁰ Ditto, para 34

³¹ Ditto, para 38

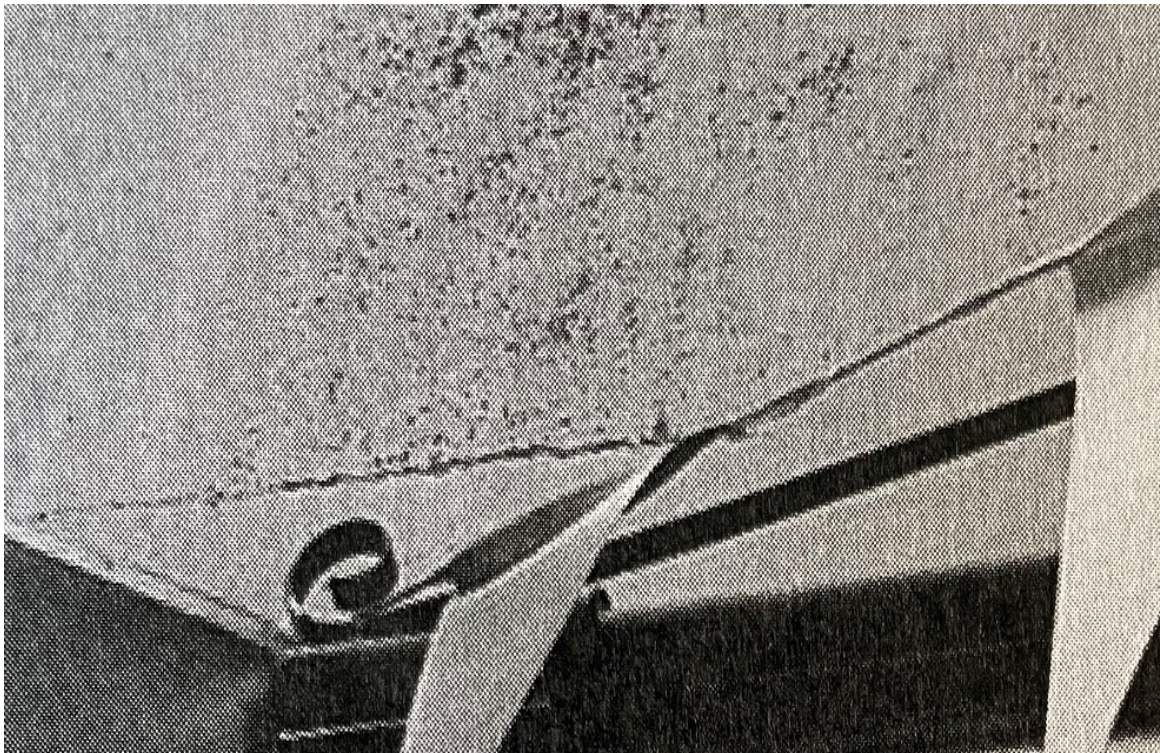
³² See Exhibit ER14

³³ At Exhibit ER15



80. Ms Reffell also provides examples of Party B's activities on Instagram where its name is "ethicadiamonds"³⁴, Facebook under the name "Ethica Diamonds"³⁵ and YouTube under the name "Ethica Diamonds" but at the time the screenshot was taken, it only had 7 subscribers to its channel.³⁶

81. Ms Reffell also states³⁷ that Party B's showroom opened in March 2019 and had outdoor signage made in 2019 and 2020 with the "Ethica Diamonds" branding, as shown below³⁸:



³⁴ Ms Reffell's first witness statement, para 41 and Exhibit ER16

³⁵ Ditto, para 42 and Exhibit ER17

³⁶ Ditto. Para 43 and Exhibit ER18

³⁷ Ditto, para 44

³⁸ At Exhibit ER19

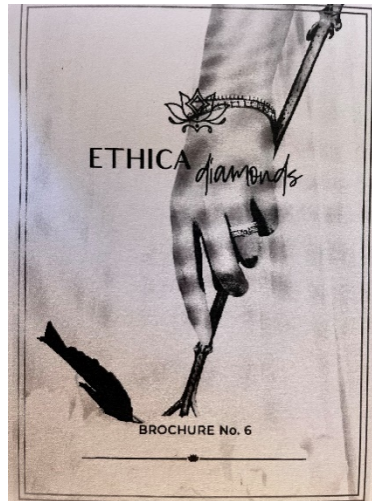
82. Sample packaging used in 2020 is provided and shown below:³⁹



83. Finally, I also note that Ms Reffell, provides a copy of a brochure⁴⁰ featuring rings, pendants and earrings that was published on 19 September 2019, the front cover of which is shown below:

³⁹ Ms Reffell's first witness statement, para 45 and Exhibit ER20

⁴⁰ At Exhibit ER21



84. It is clear from the evidence that Party B has a long standing, if small goodwill in its jewellery business dating back some 10 years. However, it is less clear to what extent the figurative sign relied upon has been used to identify that goodwill. I note that:

- There is little evidence that the figurative sign has been used and what evidence there is, is undated or is dated after the relevant date;
- The only evidence that relates to the figurative sign relied upon is the packaging from an undefined time in 2020 and therefore, it is not possible to ascertain that it was used at all prior to the relevant date;
- All other examples provided relate to a component part or several component parts of the sign relied upon but not the complete sign and in most cases these too, are undated;
- Annual turnover figures have been provided (from 2012), amounting to about £179,000 between December 2019 and June 2020, being the period between when the business was re-branded to “Ethica Diamonds” and the relevant date when goodwill must be demonstrated. A good proportion of this appears to relate to sales of “IQ Diamond” branded goods and it is not identified what the other revenue relates;

85. In summary, it is not clear to me that Party A’s goodwill is identified by the figurative sign relied upon or even by “Ethica Diamonds” *per se* because of the vague nature of the corroborative evidence. It is clear that some rebranding took

place from November 2019 but it is not clear to what extent Party B's customers or prospective customers knew this. For these reasons, I am unable to conclude that use of the figurative sign relied upon was sufficient so as to be recognised as being attached to its goodwill.

86. In the absence of goodwill identified by either of the signs relied upon, the ground based upon section 5(4)(a) fails.

Summary

87. Party A's oppositions fail in their entirety. Party B's invalidation succeeds.

COSTS

88. Party B has been successful in defending its applications from Party A's oppositions and it has also been successful in its invalidation to Party A's registration. Further, Party A withdrew its mark that was subject to opposition 424031 by Party B. Therefore, Party B is entitled to a contribution towards its costs in respect of all these consolidated proceedings. At the hearing, Mr Stobbs requested that the parties have an opportunity to file written substantive submissions on costs after the outcome of the decision. He stated that:

- Above scale costs were appropriate;
- There was an issue regarding the standard of behaviour of Party A;
- The whole premise of Party B's case is based upon unreasonable behaviour on the part of Party A with the whole purpose of Party A's mark being to disrupt Party B's business;
- Party A withdrew its 3539736 application very late in the day and after most costs had already been accrued;
- Party A "fought to the death" on everything and much of its evidence was irrelevant;
- A case management conference was required at the time of the original hearing date where Party A attempted to change the direction of the case.

89. Ms Collett submitted that Party B had no basis for bringing the case and that fundamentally it was trying to disrupt Party A's activities. My substantive finding do not concur with these submissions. I agree with Mr Stobbs that above scale costs are appropriate and I invite written submissions before issuing a supplementary decision on costs. Party B is permitted fourteen days from the date of this decision to provide such written submissions and Party A must provide any submissions it may wish to make within a further fourteen days.

Dated this 30th day of September 2022

**Mark Bryant
For the Registrar**