BL-0-0316-23

TRADE MARKS ACT 1994

IN THE MATTER OF:
TRADE MARK APPLICATION NO. 3471117
SPETRA
BY MR MOHAMMAD SOHAIL QURESHI

AND

IN THE MATTER OF
OPPOSITION NO. 421060
BY SELIMFIBER CO, LTD

AND

IN THE MATTER OF:
TRADE MARK APPLICATION NO. 33490446

BY SELIMFIBER CO, LTD

AND

IN THE MATTER OF
OPPOSITION NO. 600001407
BY MR MOHAMMAD SOHAIL QURESHI

Selimfiber Co Ltd was represented by Mr Gwylm Harbottle of Counsel,
Instructed by Brandsmiths

Mr Qureshi was represented by Mr Andrew Lomas of Counsel,
instructed by Mathys & Squire LLP

Hearing date: 16 September 2022.

DECISION

Introduction

1. This is an appeal by Selimfiber Co Ltd ("Selimfiber") and a cross-appeal by Mr Mohammad Sohail Qureshi ("Mr Qureshi") against decision BL O/318/21 of Ms Rosie Le Breton, sitting as a Hearing Officer on behalf of the Registrar of Trade Marks, dated 11 April 2022.

2. By way of background:

a) Selimfiber opposed Mr Qureshi's Application No. 3471117 SPETRA dated 1 March 2020 by way of opposition No. 421060, the grounds raised being Sections 3(6) and 5(4)(a) of the Trade Marks Act 1994 ("the Act") based on its marks  and SPETRA, relying in particular on its goodwill and reputation in these marks dating from 2017. The goods for which protection was claimed by Selimfiber were:

Hair extensions, hair weaves, human hair, plaited hair, synthetic hair, false hair fibres for use as replacement hair, hair pieces, braids, wigs, antibacterial hair fibre.

b) The goods of Mr Qureshi's Application were:

Class 26: Hair decorations; Hair extensions; Hair (False -); Hair fasteners; Hair ornaments, hair rollers, hair fastening articles, and false hair; Hair pieces; Hair (Plaited -); Hair weaves; Hair wraps; Hairpieces; Hair decorations; Hair extensions; Hair (False -); Hair fasteners; Hair ornaments, hair rollers, hair fastening articles, and false hair; Hair pieces; Hair (Plaited -); Hair weaves; Hair wraps; Hairpieces; Human hair.

c) Mr Qureshi opposed Selimfiber's Application No. 3490446  dated 15 May 2020 under Opposition No. 600001407, the opposition being run on the basis of Sections 5 (2) (b) and 5 (3) of the Act, claiming Application No. 3471117 as the relevant Earlier Trade Mark, and under S. 5(4) (a) on the use of SPETRA from 2016. Selimfiber's Application covered:

Class 10: Hair prostheses; artificial hair for medical purposes; applicators for antibacterial preparations; antibacterial hair fibre.

Class 26: Hair ornaments, hair rollers, hair fastening articles, and false hair; hair extensions; hair weaves; human hair; plaited hair; synthetic hair; toupees [false hair]; hair bands; hair grips; hair pins; fibres for use as replacement hair; hair bows; hair grips; hair netting; hair rollers; hair slides; hair pieces; braids; tape for fixing hair; wigs.

3. The Oppositions were consolidated.

The Hearing Officer's Decision

4. By her decision the Hearing Officer determined the oppositions as follows:

    a) Selimfiber's opposition No. 421060 failed in its entirety;
    b) Mr Qureshi's opposition No. 600001407 succeeded against Application No. 3490446 for all goods except *applicators for antibacterial preparations.*
    c) Thus, Mr Qureshi's application No. 3471117 was accepted in full.
    d) Selimfiber's application No. 3490446 was accepted for *"applicators for antibacterial preparations"* only;
    e) Costs were awarded to Mr Qureshi as the most successful party, in the sum of £1700.

5. Selimfiber has not appealed the Hearing Officer's decision rejecting its opposition under S. 3 (6) of the Act so nothing more need be said about that.

Selimfiber's Opposition No. 421060

Section 5 (4) (a)

6. Starting with Selimfiber's opposition, the Hearing Officer reminded herself at [33] of the law by reference to the summary set out in *Discount Outlet v Feel Good* UK [2017] EWHC 1400 IPEC {55-56] by Her Honour Judge Melissa Clarke. This covered the essential elements a claimant must show to succeed in passing off – goodwill, misrepresentation and damage.

7. The Hearing Officer then had to assess the date at which Selimfiber's claim fell to be assessed ("the relevant date") since although his application date was 1 March 2020, Mr Qureshi claimed to have used SPETRA since 2016, an earlier date to Selimfiber. However the evidence showed that Mr Qureshi's use ceased in 2018.

8. At [39] the Hearing Officer determined that this cessation amounted, in effect, to an abandonment of the goodwill, so that for the purpose of Selimfiber's opposition the relevant date for assessing its rights under S. 5 (4) (a) of the Act was the date of Mr Qureshi's application, 1 March 2020.

9. Next the Hearing Officer turned to an assessment of Selimfiber's rights, in particular the sufficiency of goodwill, under S., 5 (4) (a) as of 1 March 2020. At [40] she reviewed the sales evidence and concluded *"It is my view that, if any goodwill was held in the UK, and distinguished by SPETRA mark on 1 March 2020, this has not been shown from the evidence to be enough to meet the first hurdle, which is the necessary goodwill to bring an opposition under the 5(4)(a) ground."*

10. The finding that goodwill had not been proved itself was sufficient to dispose of Selimfiber's case under S. 5 (4) (a), but the Hearing Officer went on to consider whether, had goodwill been demonstrated by Selimfiber, it owned it. Selimfiber had provided unchallenged evidence relating to licensed UK sales by a company called I&I Hair Corp (860 units) and later sales of 9974 units to a value of £17500. These later goods were sourced by a company called Sunny International Trade, described by Selimfiber as an "intermediary", from a manufacturer called Henan Hongtailai Hair Art Co Ltd, instructed by Selimfiber to manufacture the goods for the UK market. The Hearing Officer reviewed the evidence at [41-42] and held:

"It is not clear that Selimfiber are in this instance the party most responsible for the character or quality of the goods nor does it appear likely that the relevant public in the UK would perceive them as being responsible for the same. On this basis, it is not clear that, even if there were to have been sufficient goodwill accrued in the UK as distinguished by the mark at the relevant date, that the goodwill would have been attributable to and owned by Selimfiber".

11. The Hearing Officer concluded:

"43. In cases reliant upon section 5(4)(a) of the Act, the burden is on the opponent, in this case Selimfiber, to satisfy the decision maker that a sufficient level of goodwill was held in its business at the relevant date and that the goodwill is distinguished by the sign relied upon. The evidence provided does not satisfy this requirement. For this reason, the opposition must fail under section 5(4)(a) must fail".

12. The Hearing Officer then turned to Mr Qureshi's cross-opposition.

Mr Qureshi's Opposition 600001407

Section 5(2) (b)

13. The Hearing Officer referred herself to the standard principles as derived from *Sabel v Puma et al.* Turning first to a comparison of goods she noted that Selimfiber had conceded the goods of its application No. 3490446 were identical/similar to all goods covered by Mr Qureshi's application No. 3471117, with the exception of *"applicators for antibacterial preparations".*

14. The Hearing Officer determined that *"applicators for antibacterial preparations"* in Selimfiber's application were dissimilar to any goods covered by Mr Qureshi's application, so in that respect the opposition failed on this ground.

15. In all other respects, not surprisingly given the similarity/identity of goods/marks, the opposition succeeded on this ground.

Section 5 (3)

16. In order to succeed on this ground Mr Qureshi had to demonstrate his mark had a reputation for the goods for which it was applied. On the evidence, including the evidence of a gap in trading from 2018, the Hearing Officer found that the requisite reputation had not been made out, so the S. 5 (3) ground of opposition failed [92-93].

Section 5 (4) (a)

17. As with Selimfiber's opposition, the Hearing Officer first had to determine whether Mr Qureshi had the requisite goodwill to succeed. She accepted that some goodwill might have been created as at mid-2018 but held that the cessation of trade between then and the filing date of Selimfiber's application (15 May 2020) meant she was unable to say it had been sustained. Consequently Mr Qureshi did not have sufficient goodwill to sustain a case under S. 5 (4) (a) at the relevant date, 15 May 2020 [96].

18. In case she was wrong in that, however, the Hearing Officer concluded that the remaining goods in Selimfiber's application *"applicators for antibacterial preparations"* were so dissimilar to the goods protected by Application No. 3471117 that there would be no misrepresentation, so the opposition would fail in any event [99].

The Appeal

19. Selimfiber filed an appeal on 9 May 2022. The Appeal challenged the Hearing Officer's decision as regards S. 5 (4) (a) on the following grounds.

Ground 1 – Sufficiency of Goodwill

20. Whilst this Ground was sub-divided into 4 sub-grounds, the main thrust came down to a complaint that the Hearing Officer applied the wrong test in assessing the Opponent's goodwill because she did not direct herself to the authorities which show that a modest but significant amount of trading (a "non-trivial" amount) may be sufficient to found a claim for passing off, and that had she done so, on the evidence, the level of trade was sufficient.

Ground 2 - Ownership of Goodwill

21. Again, this was sub-divided into 4 grounds but essentially the complaint was the Hearing Officer should have concluded from the relevant facts that Selimfiber was the owner of any goodwill in SPETRA at the relevant date (1 March 2020). Her conclusion to the contrary was, it was said, simply wrong.

22. The Notice of Appeal included a third "ground", but this amounted to no more than a request to overturn the Hearing Officer's decision.

The Respondent's Notice

23. Mr Qureshi filed a Respondent's Notice, the main thrust was that the Appeal should be rejected.

24. To the extent Selimfiber's appeal was successful, the Respondent cross-appealed on the ground that the Hearing Officer was wrong to find that Mr Qureshi's goodwill had been abandoned and that the relevant date for his opposition under S. 5 (4) (a) should have been 15 December 2016, i.e. in priority to the commencement of Selimfiber's activities.

Standard of Review

25. Mr. Harbottle submitted that the appropriate standard was that set out in *Wineapp Ltd v Johnson* [2022] EWHC 620(Ch) by Edwin Johnson J at [31]:

(1) This is a review of the Decision, not a rehearing. I am reviewing the Decision, not making my own decision on the Appellant's claim in passing off.

(2) The Appellant must satisfy me that there is a distinct and material error of principle in the Decision, or that the Hearing Officer was clearly wrong.

(3) I must ask myself whether the Decision was wrong by reason of some identifiable flaw in the Hearing Officer's treatment of the questions which she had to decide, such as a gap in logic, a lack of consistency, or a failure to take account of some material factor which undermines the cogency of the conclusion.

(4) I should show a real reluctance to interfere with the Decision, in the absence of a distinct and material error of principle.

26. Mr Harbottle also noted that Johnson J reminded himself at [32] of Robert Walker LJ's statement in *REEF* [2002] EWCA Civ 763:

"The appellate court should not treat a judgment or written decision as containing an error of principle simply because of its belief that the judgment or decision could have been better expressed. The duty to give reasons must not be turned into an intolerable burden".

27. Mr. Lomas referred me to *R (oao Z and Another) v London Borough of Hackney* [2020] UKSC 40 at [56] and *Ras Al Khaima v Azima* [2021] EWCA Civ 349 at [66] to [70]. He also summarized the approach to be taken thus: "*Was it open to the Hearing Officer on the evidence and materials before her to come to the conclusion she did for the reasons she gave?"*

28. I bear these principles in mind in reaching this decision.

Merits of Selimfiber's Appeal

29. For Selimfiber, Mr Harbottle accepted that he had to succeed on both grounds of appeal under S. 5 (4) (a) of the Act, namely that the use of SPETRA had generated sufficient goodwill, and that this goodwill was owned by Selimfiber. It follows that if I am not with Mr Harbottle on the first limb of his appeal (the existence of goodwill,) then Selimfiber's appeal fails.

30. Ultimately, I am persuaded that the Hearing Officer erred in her approach to assessing the existence of goodwill. However, upon reconsidering the matter, my conclusion is the same. I set out my reasoning below.

31. Mr Harbottle opened his attack in his Skeleton Argument by noting that the Hearing Officer did not appear to have reminded herself of "*any of the numerous authorities concerning the amount of trading that is sufficient in order to bring a passing off claim. The clear inference is that she did not remind herself that only a modest but significant amount of trading may be sufficient".* This, he said, was a distinct and material error of law.

32. The authorities to which Mr Harbottle referred included *Lumos Skincare Ltd v Sweet Squared Ltd* [2012] EWPCC 22, *Stannard v Reay* [1967] RPC 589, and *Stacey v 2020 Communications Ltd* [1991] FSR 49. In all of these, on the facts, relatively small amounts of trade under the relevant sign were held to be sufficient to establish the existence of an actionable goodwill.

33. Mr Harbottle also referred me to *Knight v Beyond Properties PTY Ltd* [2007] EWHC 1251 (Ch) at [27], in which David Richards J held that the test was for the sufficiency of goodwill was whether the goodwill was so small that any reasonable person would consider it to be trivial. It has become customary to describe the amount of goodwill required as being "non-trivial". As Mr Harbottle pointed out, this decision was referred to with approval by the Court of Appeal in *Caspian Pizza Ltd v Shah* [2017] EWCA Civ 1874 at [23].

34. At the Hearing, Mr Harbottle doubled down on this, saying that the fundamental question is, is there a non-trivial amount of goodwill? He submitted that in this case, on the evidence of, there was very substantial goodwill in fact, and it was certainly far more than "non-trivial".

35. For his part, Mr Lomas took a rather adventurous point in suggesting that *Caspian Pizza* was authority for the proposition that sales spread thinly across a geographic area (as here) are less likely to give

rise to goodwill than sales in a particular locality. I agree with Mr Harbottle that this is not what *Caspian Pizza* says.

36. Beyond that, Mr Lomas pressed on me that the decision made by the Hearing Officer was one she was perfectly entitled to make, and that her reasoning, notwithstanding it omits any reference to the threshold of non-trivial goodwill, was sound. He also referred me to *Caspian Pizza*, and Patten LJ's comment that *"Reputation may be enjoyed on such a small scale that it does not generate goodwill at all"*.

37. The first thing to determine, then, is whether the Hearing Officer applied, or had in mind, the proper test.

38. The Hearing Officer' reminded herself of the applicable law and principles [33] at in these terms:

> "*33. 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."*

39. Pithy though it is, this summary makes no mention of the test for the sufficiency of goodwill.

40. Nevertheless, that the Hearing Officer had *some* standard in mind can be discerned from her assessment. For example, at [40] she noted:

> *"I have not been provided with any information about the size of the market in the UK, and I assume that this is at least reasonably large".*

41. This suggests the Hearing Officer was thinking about the sufficiency of goodwill relative to market size. However, as Mr Harbottle submitted to me, (as part of what would have been a sub-ground to Ground 1) the size of the market is not relevant for the purposes of considering whether a party has a goodwill. This is clear from *Lumos Skincare Ltd v Sweet Squared Ltd* [2013] EWCA Civ 590 at [64] per Lloyd LJ:

"One point which emerges clearly from what was said in that case, both by Jacob J and by the Court of Appeal, is that the "substantial number" of people who have been or would be misled by the Defendant's use of the mark, if the Claimant is to succeed, is not to be assessed in absolute numbers, nor is it applied to the public in general. It is a substantial number of the Claimant's actual or potential customers. If those customers, actual or potential, are small in number, because of the nature or extent of the Claimant's business, then the substantial number will also be proportionately small. That is another reason why the judge's reference to the Claimant's share of the overall UK skincare beauty market seems not only inapposite but also potentially misleading."

42. The Hearing Officer went on in [43]:
"In cases reliant upon section 5(4)(a) of the Act, the burden is on the opponent, in this case Selimfiber, to satisfy the decision maker that a sufficient level of goodwill was held in its business at the relevant date … The evidence provided does not satisfy this requirement. For this reason, the opposition must fail under section 5(4)(a) must fail".

43. Again, this suggest the Hearing Officer was assessing the goodwill against some sort of "level". The difficulty is in knowing what standard was in the Hearing Officer's mind. The Hearing Officer's reference to market share is more relevant to the assessment of reputation under S. 5 (3) and genuine use under S. 46 of the Act. That could be taken suggest the Hearing Officer had the tests for those matters in mind in conducting her assessment of goodwill, and if so those were the wrong tests.

44. It might also be that the Hearing Officer had the correct test in mind (it is mentioned at [96] of *Discount Outlet*) but omitted to mention it. Either way, for the purpose of this appeal I cannot discern with reasonable certainty the path of her reasoning, in particular whether she had the "non-trivial" standard in mind..

45. Where the sufficiency of goodwill is borderline, I would expect there to be some positive indication that the threshold test for sufficiency set out in the authorities referred to had been considered in order that the Hearing Officer's subsequent reasoning can be understood. To be fair to the Hearing Officer, she was not referred to these authorities, neither party having made submissions below.

46. I therefore agree with the Opponent on this issue. The Hearing Officer erred in law by not reminding herself of, or demonstrating that she took into account, the relevant authorities as to the requisite threshold test for goodwill. I shall therefore proceed to re-assess the issue. The remaining sub-grounds of Ground 1 of Selimfiber's appeal, such as they are, fall away.

Re-assessment of the Sufficiency of Goodwill

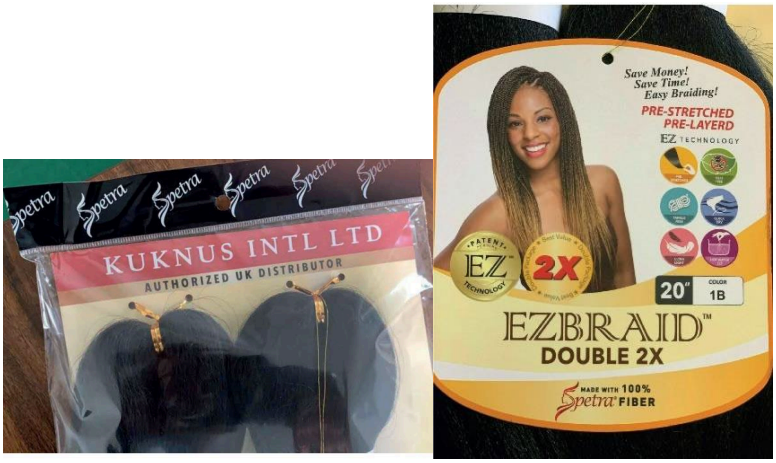
Selimfiber's Evidence

47. The evidence of use/goodwill relied on by Selimfiber is not in dispute. I have reviewed it myself. The Hearing Officer set out the details at [15-21] and for the most part I adopt that summary:

"15. Selimfiber filed its evidence in the form of a witness statement in the name of Hyunho Han, the director of Selimfiber. The statement introduces a single exhibit, namely Exhibit HH1, but the exhibit itself comprises several parts and is 125 pages in total. The statement filed is dated 22 March 2021.

16. In his witness statement, Mr Han explains that amongst the products made by Selimfiber there is an antibacterial hair fibre sold under the brand Spetra, the features of which are the subject of US and Korean patents. He explains Spetra was launched in 2011 and is now sold in China, the US, UK, Nigeria, Haiti, Rwanda, Togo, Indonesia, Angola, and Botswana as well as other African countries.

17. Mr Han explains that Selimfiber, along with the US company I&I Hair Corp. ("I&I") which is owned by his brother, identified a market for pre-stretched braids using Spetra yarns, and that these were used to create EZBRAID/Spetra products. He explains I&I Hair Corp were permitted under license from Selimfiber to use SPETRA for the goods. An image of the product is provided as below:



18. Mr Han explains Spetra was launched in the US in 2016 and sales figures are provided for the period between 2017 – 2020. He states it has always been I&I's intention to expand the market internationally. The use of the mark in the UK is given as follows:

- In 2017, I&I received enquiries from UK customers, but it did not ship to the UK at that time;

- A commercial invoice at Exhibit HH1 is provided showing a sale of EZBRAID units from I&I to K3W Trading Limited in the UK. This is dated 27 April 2017, but in his statement, Mr Han confirms the sales shown by this invoice are from April 2018;

- EZBRAID/Spetra was launched for sale in the UK by non-exclusive distributor Kuknus Intl. Ltd ("Kuknus") in July 2019;

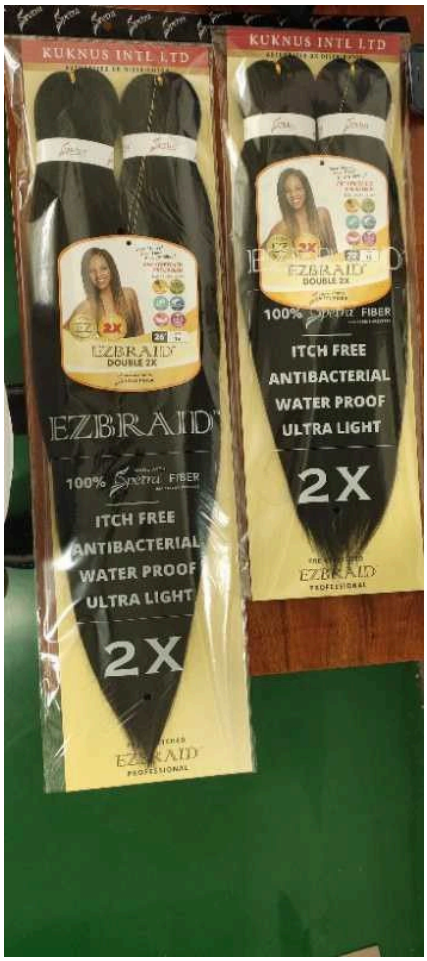
- *Products were produced in China by Henan Hongtailai Hair Art Co., Ltd ("Henan") and were sold to an intermediary Sunny International Trade so that they could take care of the logistics and costs associated with selling into the UK. Sunny resold the products to Kuknus. Selimfiber was paid by Henan minus its production charge.*

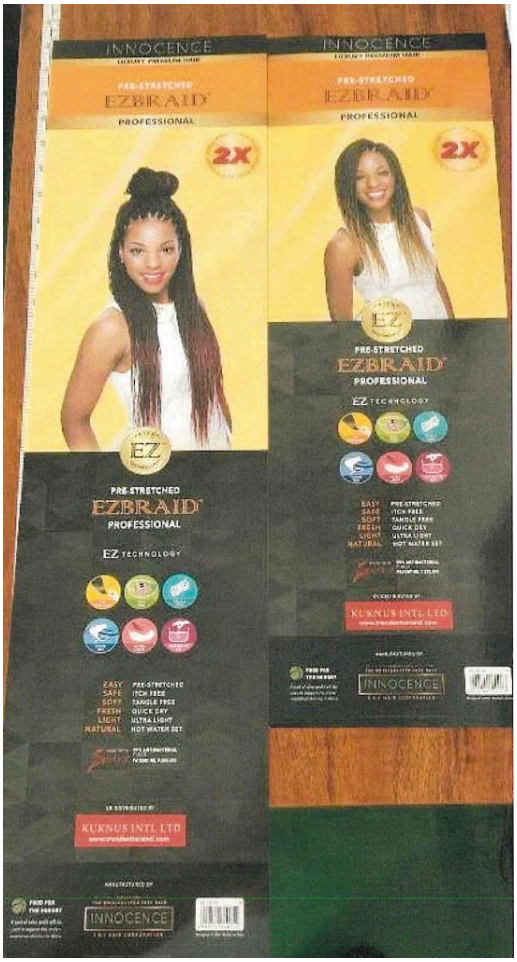
19. UK sales prior to the 1 March 2020 are given as follows:
- In April 2018 400 units & 460 units were sold to K3W Trading Limited
- Sales to Kuknus are given in the context of the UK and Europe combined, but it is confirmed that the value of sales to UK retailers was £17,516.68 excluding VAT prior to 1 March 2020.

20. Invoices showing these sales from Kuknus to UK retailers are provided between pages 40 and 110 of Exhibit HH1. The invoices reference the mark EZBRAID.

21. Mr Han states that two of the stores to which sales have been made to are based in Leeds, near Mr Qureshi in Bradford and a screenshot of the product is provided from one of these, namely CC Hair and Beauty. Mr Han states the stores have a "substantial" social media following. Evidence in the form of undated screenshots of Facebook pages confirm over 15,000 and over 1300 'likes' are held by CC Hair and Beauty and Hair City Ltd respectively."

48. Mr Han exhibits samples of the product distributed by Kuknus at Exhibit HH1/33-36. The examples included by the Hearing Officer do not give whole picture. These are some more examples:





FRONT REAR

49. From these images it seems that the SPETRA logo appears repeatedly on the black banner at the top of the pack, although in fairly small print. Kuknus' name appears immediately below as "Authorized UK Distributor". It also appears on the back of the pack at the bottom. EZBRAID appears centrally on the front in large print and again at the bottom in a smaller font. The SPETRA logo appears on both sides, in a small font, both as part of the phrase "Made with 100% Spetra fibers" and as part of an indistinct block towards the bottom of the pack rear. The word INNOCENCE also appears at the top and bottom of the rear.

50. Mr Harbottle submitted before me that the goods were specialized but after accepting there was no evidence to that effect, he conceded that the market was the public at large who were interested in hair braids.

The Law

51. The summary of the relevant law set out in *Discount Outlet v Feel Good* UK [2017] EWHC 1400 IPEC [55-56] by Her Honour Judge Melissa Clarke, and relied on by the Hearing Officer, is a good start and I too adopt it. However, as I noted above, it makes no reference to the test of sufficiency. Nevertheless, HHJ Clarke did accept the validity of the test at [96] in the same case:

"Mr Muir Wood for the Claimants submits that the burden for establishing goodwill is not high. He relies on the case of Stannard v Reay [1967] F.S.R. 140 (Ch) where the Court found at page 144 that goodwill may be established after trading for a very short time. I accept that submission, and also that of Mr Small that the Claimants must show goodwill that is more than trivial (per Sutherland v V2 Music Ltd [2002] EMLR 568)".

52. Thus whilst the summary of the law referred to by HHJ Clarke is fine as far as it goes, it must also be borne in mind that the necessity to demonstrate goodwill it is qualified by the requirement that the Claimant (or, in this case, the Opponent) must prove it has a goodwill or reputation which is more than that which any reasonable person would consider to be trivial[1] and which is associated by the relevant consumer with the its trade mark or other *indicia*.

Application to the Facts

53. What I have to determine, therefore, is whether the nature of the use of SPETRA establishes, or enables me to infer, a goodwill or reputation, which is more than that which any reasonable person would consider to be trivial, and which is associated by the relevant consumer with the Opponent's trade mark.

54. On the undisputed facts, SPETRA appeared – along with EZBRAID – as a logo in various positions on every packet of EZBRAID pre-stretched hair braids sold in the UK before the relevant date. 860 units were sold to KW3 Trading Limited, and according to the spreadsheet appearing at HH1 page 125, 9974 units were sold to UK retailers via Kuknus making a total (assuming KW3 sold every unit it had in the UK) of 10834 units sold. The spreadsheet lists 28 separate retail customers, mostly in London but with others in the South-West, the Midlands, the North and Scotland

55. On the face of it, nearly 11,000 units of products bearing the SPETRA mark might tend to suggest a resulting reputation such that the goodwill is non-trivial. However, the establishment of reputation

[1] *Knight v Beyond Properties PTY Ltd* [2007] EWHC 1251 (Ch) at [27], per David Richards J: "A claim in passing off cannot be sustained to protect goodwill which any reasonable person would consider to be trivial: *Sutherland v V2 Music Ltd* [2002] EMLR 568 at para 22 per Laddie J."

and goodwill is not just a "numbers game", particularly where low volumes are involved. It is when one looks more closely at the facts of the use of SPETRA that doubts begin to arise.

56. At the core of my doubt is the fact that on the evidence it is EZBRAID that is the primary brand, and is that by which, on the invoice evidence, the product is actively ordered.

57. An invoice from I & I Hair Collection (Exhibit HH1, Page 31), said to be Selimfiber's licensee, to its distributor KW3 Limited refers only to EZBRAID.

58. Invoices from Henan Hongtailai Hair Art Co, Ltd, the Chinese manufacturer/supplier to Kuknus, mention only EZBRAID (Exhibit HH1, pages 37-39).

59. Invoices from Kuknus to its retail customers (Exhibit HH1 pages 40-113) also refer only to EZBRAID.

60. In contrast, SPETRA appears to have a more passive, secondary role. Despite the various references by Mr Han to EZBRAID/SPETRA, when it comes to commercial transactions, it seems it is EZBRAID that identifies the product. It seems to me that SPETRA as it appears on the goods, and despite its repetition, if it is noticed at all by the typical consumer, will be seen as a secondary brand, notwithstanding it functions independently of EZBRAID. The primary mark, that under which the goods were ordered, appears to be EZBRAID.

61. Of course, there is no reason in principle why a secondary or independent brand cannot generate reputation and goodwill in its own right. Co-branding is commonplace. However, the question has to be asked, what impact does SPETRA have on the consumer in this context?. Has it generated a reputation for itself and, in turn, goodwill?

62. As with any question as to the use or impression of a trade mark, the less clear the impact or effect of use, the more convincing the evidence has to be to overcome any doubts as to the extent to which there is a reputation and the goodwill generated thereby. One thing that is certain, though, is that the mere fact a trade mark appears on goods or in relation to services does not automatically create reputation and goodwill. To take an extreme example, it would be difficult to show, without more, that a trade mark hidden in the small print on a label generated a reputation or goodwill. It is always going to be a matter of context, fact and degree.

63. Mr Han even addressed this point in his evidence, at [12]:

"I note that the Opponent's solicitors have stated to my solicitors in correspondence that Spetra has been used as a 'sub-brand at best for yarns and fibres as opposed to finished products that conflict with our client's offering. Indeed, these two sets of products serve different purposes and will be sold

to different customers. I disagree that Spetra is a sub-brand' of EZBRAID. A typical example of a brand and sub-brand is Apple, and its Apple TV, Apple Music. Nike has a sub-brand in Nike Air. Using Nike as an example, Nike produces some garments using Dri-FIT technology, stated to be an "innovative polyester fabric designed to help keep you dry so you can more comfortably work harder for longer". This is parallel to the relationship between EZBRAID and Spetra. EZBRAID customers purchase the product because customers recognise the word Spetra as indicating the source and producer of the fibre as Selim."

64. In truth this is more submission, or even personal opinion, than evidence, but even if I accept that the last sentence is unchallenged evidence, it does not follow that I have to attribute great weight to it. At best, Mr Han is giving hearsay or opinion evidence about the reaction of customers for EZBRAID, without identifying the basis for such a statement and without any corroboration. I do not doubt Mr Han believes what he says, but to attribute any weight to what is (understandably) a self-supporting statement requires more. This is particularly so where the evidence of the invoices, such as it is, points mostly to an awareness of EZBRAID.

65. Mr Han also said at [27] of his Witness Statement:

"The Spetra mark features heavily on the packaging because customers recognise the word Spetra as indicating the source of the origin of the Septra (sic) fibres used to produce EZBRAID/Spetra products".

66. To me, without more, that is rather "chicken and egg". On the evidence, the packaging is and always has been standard (Mr Han says so at [26]), so SPETRA's inclusion is not likely to be *because* of consumer recognition, but because it is hoped (understandably) that, through use, it *will become* recognised.

67. Another problem is what might be called "clutter". The packaging seems to have a number of different brands visible, with varying emphasis, context and prominence. Consumers of ordinary goods do not typically analyse packaging in minute detail and so the impact of different trade marks, especially where these are several in number, of differing prominence and context, may affect the extent to which they generate consumer recognition and the generation of goodwill in any one of them. The more "stuff" on a label, the more purchasers/consumers are likely to focus mostly on the primary or most prominent brand at the expense of the others. The invoices certainly suggest the trade was primarily focussed on EZBRAID.

68. Mr Harbottle submitted that the use in this case (some 11,000 units sold) was significantly greater than that in comparable cases. He said, *"On no basis could such a number be considered trivial,*

particularly in the light of Lumos" (*Lumos Skincare Ltd v Sweet Squared Ltd* [2012] EWPCC 22). Indeed the number of retailers with whom Selimfiber's Spetra had a reputation (28) was comparable to the number of retailers to whom the products had been sold in *Lumos*. The Hearing Officer's decision was, he said "off the scale in terms of the facts".

69. Cases such as *LUMOS, Stannard v Reay* etc are useful guides but are not authorities for a particular numerical threshold level of sales. Each such case turns on its own particular facts. If I was considering the reputation and goodwill of EZBRAID as the clear, stand-out primary brand, I might be satisfied, on balance, that an equivalent non-trivial goodwill had been made out. But I am not, I am considering whether the use is sufficient to show it created a reputation and goodwill in SPETRA .

70. From the evidence of its subordinate, passive use, on these numbers it is far from clear to me that SPETRA can be inferred to have made any significant impact on consumers, trade or retail. It certainly does not follow that the number of retailers who had ordered and been invoiced for EZBRAID equates to a reputation for SPETRA amongst those same retailers.

71. At the end of the day it is for the Opponent to discharge the burden of proof, to satisfy me on the balance of probabilities that SPETRA has acquired an actionable goodwill or reputation in the United Kingdom. I remind myself that the sales figures are undoubtedly low, that SPETRA appears to have a subordinate or passive role on the packaging, that it is one of several brands on the packaging and is subject to the diminishing effect of "clutter", that all invoices refer to EZBRAID only and that there is nothing else from which the impact, or reputation of SPETRA generated amongst retailers or end-users can be gauged.

72. In my view this case is borderline, but after giving the facts anxious consideration, and no matter that the simplicity of the "numbers game" is beguiling, stepping back and looking at the evidence as a whole I find I return repeatedly to the same view as the Hearing Officer, namely that if any goodwill was held in the UK, and distinguished by the SPETRA mark on 1 March 2020, this has not been shown from the evidence to be enough to meet the first hurdle, which is the non-trivial level of reputation and goodwill in SPETRA necessary to bring an opposition under the 5(4)(a) ground.

73. Since, as Selimfiber recognised, a failure on any of its grounds of appeal would determine the matter, I do not need to go on to consider Selimfiber's 2nd ground, namely the ownership of any goodwill. Similarly, since Mr Qureshi's cross-appeal depended on the success of Selimfiber's appeal, that too falls away.

Conclusion

74. Selimfiber's appeal has failed. As per the Hearing Officer's conclusion:

a) Opposition number 421060 has failed in its entirety, application number 3471117 will proceed to registration in respect of all of the goods as filed.
b) Opposition 600001407 having been mostly successful, application number 3490446 will be refused for all goods other than applicators for antibacterial preparations in class 10.

Costs

75. Mr Qureshi has been successful and is entitled to a contribution to his costs. Neither side demurred from the application of the standard scale.

76. Mr Qureshi was awarded costs of £1700 by the Hearing Officer.

77. The Appeal involved detailed pleadings and skeleton arguments on both sides and the attendance of counsel at a hearing.

78. I therefore award Mr Qureshi:

    a) £600 for considering the Notice of Appeal and preparing the Respondent's Notice;
    b) £1500 in respect of representation at the Hearing.

79. The total of the costs awarded below and on this appeal is £3800. I therefore order Selimfiber Co, Ltd to pay to Mr Mohammad Sohail Qureshi the sum of £3800, this sum to be paid within 21 days of the date of this decision.

Philip Harris
Appointed Person
30 March 2023