

O/0688/23

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION NO. 3343574

IN THE NAME OF GURPEET SINGH NAGPAL

FOR THE MARK

ALYCE PARIS

IN CLASS 25

AND

THE APPLICATION FOR INVALIDATION THERETO

UNDER NO. 503944

BY ALYCE DESIGNS INC

Background and pleadings

1. Gurpreet Singh Nagpal and Ragbeer Singh (“**the Proprietors**”) are the owners of UK trade mark number 3343574, for the plain text words ALYCE PARIS.

2. The trade mark was filed on 5 October 2018 and registered on 21 December 2018. The mark is registered in respect of the following goods:

Class 25: Articles of clothing; Articles of outer clothing; Ball gowns; Bridal gowns; Bridesmaid dresses; Bridesmaids wear; Clothing for men, women and children; Dresses; Dresses for evening wear; Evening dresses; Evening gowns; Evening suits; Evening wear; Formal evening wear; Formalwear; Women's ceremonial dresses; Women's clothing.

3. On 22 June 2021, Alyce Designs Inc. (“**the Applicant**”) requested, pursuant to section 47(1) and (2) of the Trade Marks Act 1994 (“**the Act**”), that the registration be declared invalid based on objections under sections 3(6) and 5(4)(a) of the Act.

4. Under section 3(6) the Applicant submits that:

(i) The parties entered into a distribution agreement in or around 2010 allowing the Proprietors to exclusively sell the Applicant's goods in the UK. The contractual relationship was terminated in August or September 2018, following which the contested mark was filed by the Proprietors (without the Applicant's consent) on 5 October 2018.

(ii) A distribution agreement awarded to a competitor of the Proprietors in January 2019 meant that the Proprietors no longer benefitted from a licence and had no “legitimate need to use, or register, the Trade Mark.”

(iii) The contested mark was applied for in bad faith, as a preventative measure to “deprive the Applicant of its entitlement to goodwill in the Trade Mark and maliciously hinder (the Applicant's) business in the United Kingdom.” Since registration, the Proprietors have made threats to the Applicant and its new

licensed distributor stating that the distributor's retailers would be contacted directly to allege infringement of the Proprietor's trade mark and to unlawfully interfere with the Applicant's business.

(iv) The Proprietors have no intention of using the trade mark, which they have sought only as a means of stopping the Applicant securing a registration and to approach the Applicant's and its licensee's retailers to achieve a monopoly over the Applicant's name in the UK.

5. Under section 5(4)(a) or the Act, the Applicant relies on the following sign:

ALYCE PARIS	Used throughout the UK since at least 2011 Used in respect of: Prom dresses; prom wear, formal dresses, wedding dresses, bridesmaids dresses, ball gowns, evening dresses, party and cocktail dresses and occasion wear.
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6. The Applicant submits that:

(i) The contested mark is identical to the Applicant's trading name, "Alyce Paris", which the Applicant has used since 2012; which it uses across its brand globally; and in its domain name www.alyceparis.com.

(ii) The Proprietors are a stockist who sell similar or identical goods to the Applicant through their business FF London Ltd, where the business is described as "wholesalers of evening [and] bridal wear".

(iii) The Proprietors do not own, nor have they acquired any reputation or goodwill in the contested mark, only filing the application for the mark after termination of the distribution agreement. The Proprietors are holding out to be a licensed

distributor of the Applicant's goods and seeking to benefit from the Applicant's name and reputation.

(iv) The registration amounts to a misrepresentation as to the origin of the goods and implies an ongoing association or commercial relationship between the Proprietors and the Applicant.

(v) The registration and use of the contested mark amount to passing off.

7. The Proprietors filed a counterstatement, rejecting all the Applicant's allegations and asking that the application for invalidation be denied. The Proprietors describe the history of the relationship between the parties, explaining that the first business relationship with the Applicant came about in 2006, when the Proprietors introduced the Applicant's brand in the UK and Europe. The Proprietors state that they bore the cost of advertising and selling the goods via "road sales" and of conducting trade exhibitions and shows.

8. In 2009, without notice, the Proprietors state that the Applicant took over the UK distribution of its products, with the Proprietors handing over their customers, and also the contract for an upcoming trade show.

9. In 2010, when the Proprietors allege the business (in the hands of the Applicant) was doing poorly, another distribution agreement was agreed between the Applicant and the Proprietors. The Proprietors describe the steps taken to improve UK sales of the Applicant's products from 2010.

10. In 2018, the Proprietors state that once again "out of the blue", the Applicant ended the distribution agreement, this time by failing to send samples to the Proprietors for a trade show. The Proprietors state that there was no communication from the Applicant and so they decided to register the trade mark ALYCE PARIS so they could continue doing business with their clients. The Proprietors allege that the Applicant has acted in bad faith by failing to communicate their intentions and trying to unfairly take over the UK business.

11. In respect of the ground under section 5(4)(a), the Proprietors submit that they created goodwill from 2006, introducing the brand to the UK and supplying stockists through their distribution centre.

Papers filed and representation

12. In these proceedings, the Applicant filed evidence comprising the witness statement dated 17 May 2022 of Claudine Hamm, the Applicant's registered agent in the US. Ms Hamm's evidence is contained within a single exhibit, numbered CH1. The Applicant also filed evidence in reply, comprising the witness statement of Jessica Mason, dated 5 August 2022. Ms Mason is a solicitor at Birketts LLP, she introduces evidence in a single exhibit, numbered JM1.

13. The Proprietors filed evidence comprising the witness statement, dated 7 October 2022 of one of the Proprietors, Gurpreet Singh Nagpal, who is also Director of FF London Ltd. Mr Nagpal introduces 15 pages of evidence.

14. Only the Applicant filed submissions in lieu of a hearing. Neither party requested a hearing and this decision is therefore taken following a careful assessment of the papers.

15. In these proceedings, the Applicant is represented by Birketts LLP, the Proprietors have not appointed a representative.

DECISION

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

17. The relevant provisions of section 47 of the Act are as follows:

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

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

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

[...]

(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)

18. 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.”

19. Section 3(6) is relevant in invalidation proceedings because of section 47(1), reproduced above.

20. There is no definition of “bad faith” in the legislation, rather the criteria for assessing “bad faith” have been set out in judgments of the Court of Justice of the European Union (CJEU) and UK Courts. The Court of Appeal in *Sky Limited (formerly Sky plc) v. SkyKick, UK Limited* [2021] EWCA Civ 1121 Sir Christopher Floyd (with whom Nugee and Newey LJJ agreed) summarised the approach as follows (case references added in footnotes):

“67. 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].¹

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].²

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

¹ Case C-320/12 *Malaysia Dairy Industries Pte. Ltd v Ankenævnetfor Patenter Varemærker* EU:C:2013:435.

² Case C-104/18 P *Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ* EU:C:2019:724.

motive. It involves conduct which departs from accepted standards of ethical behaviour or honest commercial and business practices: *Hasbro* at [41].³

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].⁴

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].⁵

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].

³ Case T-663/19 *Hasbro, Inc. v EUIPO, Kreativni Dogaaji d.o.o. intervening* ECLI:EU:2021:211.

⁴ Case T-136/11 *pelicantravel.com s.r.o. v OHIM, Pelikan Vertriebsgesellschaft mbH & Co KG* (intervening EU:T:2012:689)

⁵ Case C-529/07 *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* EU:C:2009:361; [2010] Bus LR 443

21. The correct approach to ascertain what the Proprietor knew when filing the application for the contested mark was set out in *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?

22. 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).

23. The pertinent points concerning the history of the relationship between the parties are set out in the Applicant's submissions in lieu of a hearing. As the Applicant states, it is common ground between the parties that they had a commercial relationship between 2006 and 2009 whereby the Proprietors distributed the Applicant's products in the UK. This arrangement ended in February 2009, following an email from Ms Hamm to Mr Nagpal dated 6 February 2009.⁶ In January 2010, a new commercial relationship was established and a five year distribution agreement was signed by Mr Nagpal in the name of FF UK Ltd. Mr Nagpal asserts that the name of FF UK Ltd was changed to FF London Limited, while the Applicant brings evidence that FF UK Ltd was dissolved. What is not in dispute is that Mr Nagpal was a Director of both companies and a controlling mind within them. The distribution agreement comprises four short paragraphs of text, which is shown on page 29 of Exhibit CH1:

⁶ Email exchange in Proprietor's evidence.

FFUK, Ltd is the authorized distributor for Alyce Designs, Inc. A credit limit of \$120,000.00 will be extended to this account. Payment terms will be due 90 days from the invoice date. If the account balance reaches \$120,000.00 before the 90 days, prepayment will be required in order to accommodate additional shipments.

Freight Charges- Freight charges are to be paid promptly in 30 days from the invoice date. They will be billed on a separate account.

Royalty Fees- Royalty fees must be paid promptly in 30 days from the invoice date. You will be emailed the invoice and payment must be received 30 days from the invoice date.

Contract period- contract period will cover five years from today, 1-27-10. To be reviewed annually based on account status and performance during the five year period. This will be done to benefit and protect both parties.

24. Mr Nagpal states that the Proprietors did not officially ask to renew the agreement because things were running smoothly and the business relationship continued, without interruption, after the five year period provided for in the agreement.

25. In September 2018, the distribution agreement was terminated by the Applicant, with the reason cited being unsatisfactory levels of sales by the Proprietors. Page 31 of Exhibit CH1 shows declining sales figures:

FFUK Sales YoY Comparisons

	2018 Jan to August	2017*	2016	2015	2014	2013	2012	2011	2010
From China	\$40,772		\$106,601	\$122,991	\$198,668	\$226,845	\$186,064	\$225,786	\$209,844
From USA	\$35,916		\$105,711	\$170,729	\$176,016	\$195,827	\$242,870	\$103,004	\$94,780
Samples & Freight	\$11,050		\$23,078	\$1,495	\$5,122	\$5,986	\$4,234		
GRAND TOTAL	\$87,738	\$131,818	\$235,390	\$295,215	\$379,806	\$428,658	\$433,168	\$328,790	\$304,624
Units per year	966		1282	3477	4196	5064	6031	4544	4223
% YoY increase	-25%	-44%	-63%	-17%	-17%	-16%	33%	8%	

26. Company email exchanges within Alyce Designs Inc., shown on page 30 of Exhibit CH1, indicate that Mr Nagpal was contacted by telephone on 5 September 2018 to explain the Applicant's decision, and written confirmation was sent to Mr Nagpal on 11 September 2018. Around one month later, on 5 October 2018, the Proprietors filed an application for the contested mark. At paragraph 8 of his witness statement, Mr Nagpal states that retailers would not buy the Proprietor's remaining stock of ALYCE PARIS dresses as they knew that the Proprietors no longer had the distribution agreement with the Applicant. Mr Nagpal states that it was therefore necessary to obtain the contested mark to enable the Proprietors to sell the stock that they held.

27. The Proprietors have not provided any evidence of their efforts to sell the remaining ALYCE PARIS stock, nor of any barriers to such sales stemming from the termination of the distribution agreement. It is the Applicant's contention that the reason the Proprietors sought the contested mark was to prevent the Applicant and its current distributors from selling ALYCE PARIS products in the UK. In her evidence, Ms Hamm provides a copy of an email, dated 3rd October 2019, from Mr Nagpal to what appears to be the Applicant,⁷ forewarning the Applicant that their new UK distributor may receive a cease and desist letter from the Proprietors. An email dated 17th October 2019 and a follow up email dated 25th October 2019 from FF London Group informs the new UK distributor of the existence of the Proprietor's trade mark and states that FF London will contact the distributor's retailers to ask them to take the ALYCE PARIS name off their websites and products out of their stores. The email exchanges are reproduced below:

⁷ Pages 34 and 35, recipient email addresses are partially obscured.

Dear All

Hope you well.

Please note and let your distributor know in UK that they might get a letter stating she is not allowed to sell Alyce Paris or Any store selling Alyce Paris in uk as this was registered long time back with our company name and only our company has the rights for this to sell under Uk law.You can check this online to confirm.

But please be assured that this is a general letter from them and it will only trigger if we ask them to go ahead and take legal action.

I could do this but my conscious doesn't allow me to do so.So please do not panic and continue your business.I will not ruin your business what you did to me.

I'm not trying to threaten you here but just letting you know that i'm not stupid but generous not to take you to court or bring any bad name for

you.

Be careful in future.Not every person will act like this.

Dear Sir/Madam

We been notified that the name Alyce Paris is being used by your company for supplying clothes which contradicts the terms and conditions of using the same name for similar products.

This is a Trade registered under our name in UK and can only be used by us or with our permission.All details could be found under the Government website with reference **UK00003343574**

You may have used the name unknowingly so we been advised from our Legal Team to advise you first and if this continues we will be sending letters to stores to take this name off their websites and garments off their rails.If this still continues we will have no option other then to start legal proceedings.In this case all costs involved and damage will be added to the claim.

We really hope this is done unintentionally and we do not have to go further on this matter.

Thank you.

28. Turning to assess the evidence and claims of the parties against the requirements set out in the *Lindt* case. It is not disputed that the Proprietors acted as a distributor of the Applicant's goods and that there was a formal agreement in place, at least from 2010. The existence of the agreement and the description of the business dealings shown in the evidence make it clear that the Proprietors knew that the brand "ALYCE PARIS" belonged to the Applicant, and that the Applicant had an interest in exporting goods to the UK under its trade mark. The evidence and witness statements of Ms Hamm and Mr Nagpal also confirm that it is common ground that the commercial relationship was terminated by the Applicant and that this was against the Proprietor's will. Shortly after the termination of the agreement, the Proprietors sought to register the contested mark.

29. On the basis of the foregoing, I consider that a rebuttable presumption of a lack of good faith has been raised and it is for the Proprietors to provide a plausible explanation of the objectives and commercial logic pursued by the application.⁸

30. As previously stated, Mr Nagpal has provided no evidence to support his explanation that the Proprietors sought registration of the contested mark to enable them to sell their remaining stock of ALYCE PARIS dresses. At paragraph 11 of his witness statement, Mr Nagpal states that one of the emails alleging infringement of the contested mark trade mark was sent because the distributor was "spreading wrong information to customers as not to buy anything from us." No supporting evidence of this is provided.

31. Applying the key questions from *Alexander Trade Mark* (set out at my paragraph 21):

(a) *What, in concrete terms, was the objective that the applicant has been accused of pursuing?*

⁸ *Hasbro*.

32. The Proprietors have been accused of (i) seeking to prevent the Applicant from legitimately registering its trade mark in the UK, and (ii) of seeking to hinder the Applicant's business in the UK.

(b) Was that an objective for the purposes of which the contested application could not be properly filed?

33. It appears that the objectives under (a) were for purposes for which the application could not properly be filed. This is because the Proprietors acted as distributor of the Applicant's products, with there being no evidence to show that rights to the Applicant's trade mark passed to the Proprietors under the distribution agreement. The business relationship ended before the Proprietors filed the contested mark.

(c) Was it established that the contested application was filed in pursuit of that objective?

34. I consider the evidence to show that Proprietors filed the contested mark in pursuit of the claimed objectives. Under objective (i), though it is not shown that the Applicant has been prevented from filing its trade mark in the UK, the effect of the Proprietors owning the UK trade mark "ALYCE PARIS" would be that it could rely on it to prevent the Applicant from filing its mark in the UK. Objective (ii), of hindering the Applicant's business in the UK is evidenced through the emails sent by the Proprietors to the Applicant's customers. The email sent to the Applicant's new distributor states "...if this (use of the name Alyce Paris) continues we will be sending letters to stores to take this name off their websites and garments off their rails." Removal of the Applicant's products from UK retailer's shops and websites would clearly have the effect of hindering the Applicant's business. The Proprietor's defence that it needed to register the contested mark to enable it to sell its remaining stock is not supported through evidence.

35. On the basis of the foregoing, I consider the Applicant's claim of bad faith to be made out. I will however comment on the other statements and assertions in Mr Nagpal's witness statement.

36. Mr Nagpal provides a heartfelt account of alleged poor treatment by the Applicant. He feels that the Proprietors have worked hard for the Applicants in distributing their products in the UK prior to 2009; in rectifying the problems stemming from the change in distributor between 2009 and 2010; and in acting as distributor between 2010 and 2018. Mr Nagpal talks of the financial impact of the sudden termination of the distribution arrangements in 2009 and 2018. Mr Nagpal disputes the reason that the Applicant gave for ending the distribution agreement in 2018 and states that the Proprietors were not provided with the opportunity to rectify the matters which the Applicant claimed led to the termination of the agreement.

37. Though the alleged unfair treatment and claimed financial loss suffered by the Proprietors may have had a detrimental impact upon Mr Nagpal, this does not provide a legitimate reason in law for the Proprietors to have sought registration of the contested mark. Though Mr Nagpal and the Proprietors clearly feel they have suffered as a result of their business dealings with the Applicant, this is not a defence in these proceedings.

38. In my view the actions of the Proprietors fell below the proper standards of commercial behaviour and constituted bad faith. The application for invalidation succeeds under section 3(6).

Conclusion under section 3(6)

39. The claim succeeds in full.

Section 5(4)(a)

40. Section 5(4)(a) of the Act is as follows:

“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 or 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 4(A) is met ...”

41. Subsection 4(A) is as follows:

“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.”

42. 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).”

43. 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.

44. 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”.

Relevant date

45. Whether there has been passing off must be judged at a particular point (or points) in time. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander KC, as the Appointed Person, considered the relevant date for the purposes of section 5(4)(a) of the Act. He explained that:

“41. There are at least three ways in which such use may have an impact. The underlying principles were summarised by Geoffrey Hobbs QC sitting as the Appointed Person in *Croom’s TM* [2005] RPC 2 at [46] (omitting case references):

- (a) The right to protection conferred upon senior users at common law;
- (b) The common law rule that the legitimacy of the junior user’s mark in issue must normally be determined as of the date of its inception;
- (c) The potential for co-existence to be permitted in accordance with equitable principles.

42. As to (b), it is well-established in English law in cases going back 30 years that the date for assessing whether a claimant has sufficient goodwill to maintain an action for passing off is the time of the first actual or threatened act of passing off: *J.C. Penney Inc. v. Penneys Ltd.* [1975] FSR 367; *Cadbury-Schweppes Pty Ltd v. The Pub Squash Co. Ltd* [1981] RPC 429 (PC); *Barnsley Brewery Company Ltd. v. RBNB* [1997] FSR 462; *Inter Lotto (UK) Ltd. v. Camelot Group plc* [2003] EWCA Civ 1132 [2004] 1 WLR 955: “date of commencement of the conduct complained of”. If there was no right to prevent passing off at that date, ordinarily there will be no right to do so at the later date of application.

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 (here, the Proprietor) 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.’ ”

46. In *Smart Planet Technologies, Inc. v Rajinda Sharma* [BL O/304/20], Mr Thomas Mitcheson QC, as the Appointed Person, pointed out that “*the start of the behaviour*

complained about” is not the same as the date that the user of the applied-for mark acquired the right to protect it under the law of passing off. Rather, it is the date that the user of that mark committed the first external act about which the other party could have complained (if it knew about it) as an act of actual or threatened passing off. Typically, this will be the date when first offer was made to market relevant goods or services under the mark. However, it could also be the date the first public-facing indication was made that sales were proposed to be made under the mark in future. If the user of the applied-for mark was not passing off at the time such use commenced (usually because no one else had acquired a protectable goodwill under a conflicting mark at that time), he or she will not normally be passing off by continuing to use the mark.

47. As outlined by the above authorities, the date for assessing a passing off claim in invalidation proceedings is typically the application date or priority date of the mark in suit. The application date of the contested mark is 5 October 2018. However, the Proprietors claim to have used the mark since 2006. In the instant case I must assess whether use of the Proprietor’s mark was, at the application date, liable to be prevented by the law of passing off. The onus is on the Applicant to make out a prima facie case. If the Applicant succeeds, in the circumstances of this case, I need to return to the Proprietor’s own position in view of their claim to seniority. I say this because, although a passing off claim has to be established at the date of the application of the challenged mark, it is clear that the Applicant could not have succeeded in a passing off claim if the Proprietor’s potentially actionable use began before the Applicant had established its own actionable goodwill in the UK.⁹

Goodwill

48. 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

⁹ See *Roger Maier and Assos of Switzerland SA v ASOS plc and ASOS.com Limited* [2015] EWCA Civ 220 and CASABLANCA Trade Mark O/349/16.

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.”¹⁰

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

“27. There is one major problem in assessing a passing of claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark* [1969] R.P.C. 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

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

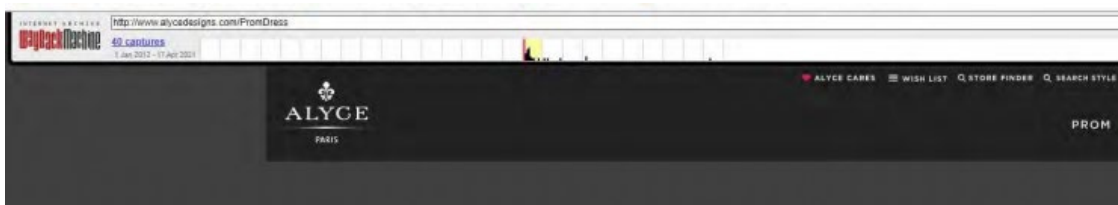
¹⁰ At 224.

“[The above] observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

51. In *Starbucks (HK) Limited & Anor v British Sky Broadcasting Group Plc & Ors* [2015] UKSC 31, Lord Neuberger (with whom the rest of the Supreme Court agreed) stated that:

“I consider that we should reaffirm that the law is that a claimant in a passing off claim must establish that it has actual goodwill in this jurisdiction, and that such goodwill involved the presence of clients or customers in the jurisdiction for the products or services in question.”

52. In her witness statement, Ms Hamm describes the history of Applicant's company, Alyce Designs Inc, which was incorporated in the US in 1968.¹¹ The company specialise in bespoke handmade dresses for occasions, proms and weddings. The name Alyce Designs uses the adopted spelling of the founder's forename “Alice.” In 2011 the Applicant began selling its products under the name “ALYCE PARIS” with this being shown to be used on the Applicant's website on 1st January 2012:



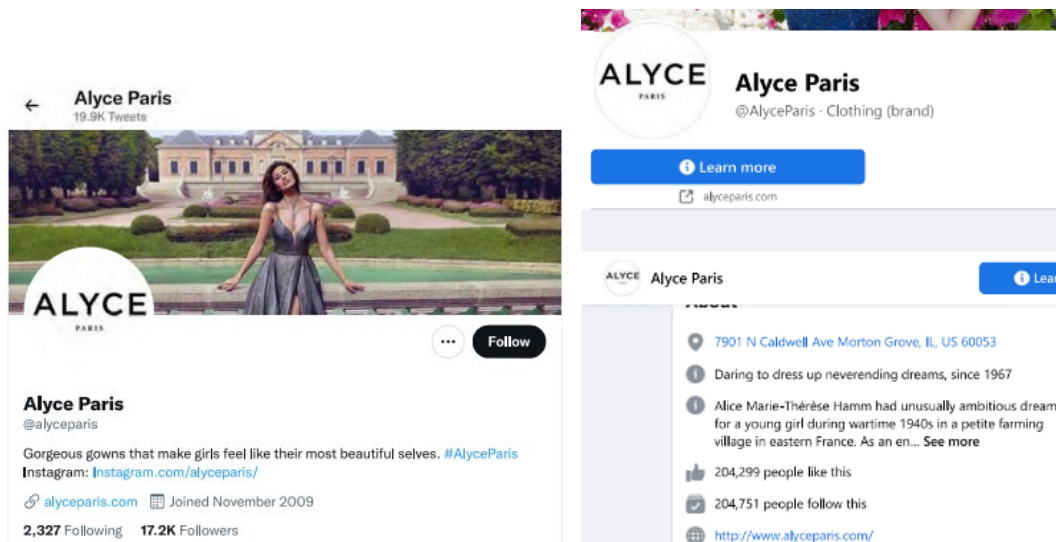
12

¹¹ Confirmed through copies of incorporation documents at pages 1-3 of Exhibit CH1.

¹² Page 11 of Exhibit CH1.

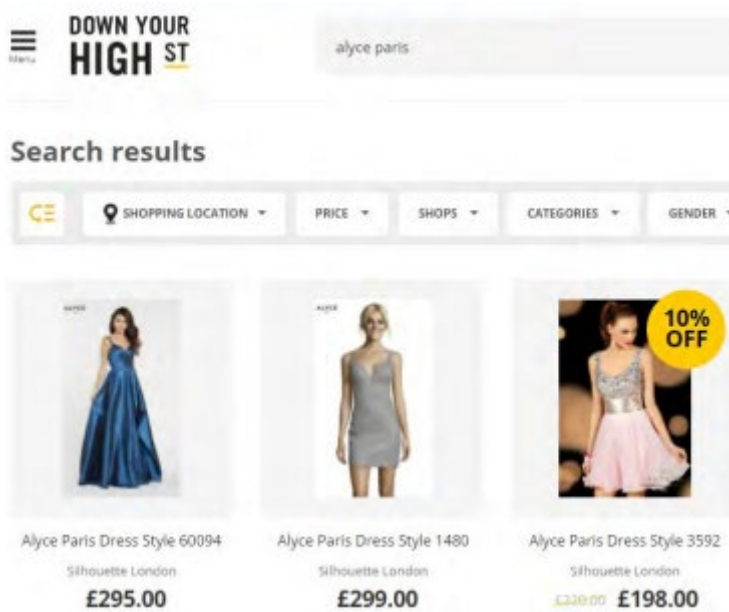
53. In its submissions in lieu of a hearing, the Applicant sets out its UK turnover between 2011 and 2017 (I discount the figures from 2010 which is prior to their first claimed use in the UK and also those from 2018, where only part of the year is prior to the date of application for the contested mark). I note that the figures provided in the submissions match the “declining” turnover figures of FF UK, set out at my paragraph 25 and so logically relate solely to the UK sales of ALYCE PARIS goods by the Proprietor. The figures show an annual UK turnover of between \$130,000 and over \$400,000. Elsewhere the evidence includes:

(i) Examples of the Applicant’s social media presence, which uses the handle @alyceparis across Twitter, Facebook, Instagram and Pinterest, with accounts active up to 10 years prior to the date of application for the contested mark, and with tens of thousands, to hundreds of thousands of followers (or, in the case of Facebook, “likes”), depending on the platform. The extracts shown are dated after the date of application for the contested mark and do not show how many followers are based in the UK (or likes emanate from the UK).



(ii) Data showing that the Applicant’s website received almost 400,000 UK-based visitors, though this is in the 10 years, between 2012 and 2022, a significant proportion of which is after the date of application for the contested mark.

(iii) Five examples of different UK online retailers offering ALYCE PARIS dresses for sale, though each extract was taken in 2022, after the date of application for the contested mark.



54. The Applicant's evidence set out in points (i) to (iii) above is of limited value in showing that the existence of goodwill at the time the contested mark was applied for. This is because the evidence largely post-dates 5 October 2018, and/or it is unclear in how much it relates to the UK and UK customers. Nevertheless, it is common ground between the parties that hundreds of thousands of US dollars in sales of ALYCE PARIS dresses were made in the UK prior to the date the contested mark was filed. I consider that UK goodwill in the sign ALYCE PARIS existed at the date the contested mark was filed. Though I must still consider the Proprietor's claim to goodwill from 2006, I consider it convenient to first consider who owned the goodwill in 2018, as this will inform the position in 2006.

55. *Wadlow on the Law of Passing Off 6th Ed.* contains the following helpful guidance as to the ownership of goodwill as between manufacturers and distributors when there is no agreement covering the ownership of goodwill:

"3-293 The factors which influence the ownership of goodwill were encapsulated by Lord Reid in *Oertli v Bowman* [[1959] R.P.C. 1, 7 HL]:

"Bowmans made and marketed the *Turmix* machines without the appellants [plaintiffs] having controlled or having had any power to control the manufacture, distribution or sale of the machines, and without there having been any notice of

any kind to purchasers that the appellants had any connection with the machines.”

3-294 There are two distinct, and not necessarily consistent, standards in this passage. One is to ask who is in fact most responsible for the character or quality of the goods; the other is to ask who is perceived by the public as being responsible. The latter is (perhaps surprisingly) the more important, but it does not provide a complete answer to the problem because in many cases the relevant public is not concerned with identifying or distinguishing between the various parties who may be associated with the goods. If so, actual control provides a less decisive test, but one which does yield a definite answer.

3-295 To expand, the following questions are relevant as to who owns the goodwill in respect of a particular line of goods, or, *mutatis mutandis*, a business for the provision of services: (1) Are the goods bought on the strength of the reputation of an identifiable trader? (2) Who does the public perceive as responsible for the character or quality of the goods? Who would be blamed if they were unsatisfactory? (3) Who is most responsible in fact for the character or quality of the goods? (4) What circumstances support or contradict the claim of any particular trader to be the owner of the goodwill? For example, goodwill is more likely to belong to the manufacturer if the goods are distributed through more than one dealer, either at once or in succession. If more than one manufacturer supplies goods to a dealer and they are indistinguishable, the dealer is more likely to own the goodwill. [See *Gromax v Don & Low* [1999] R.P.C. 367 (Lindsay J)]”.

56. I will assess each of the *Oertli v Bowman* requirements separately:

Are the goods bought on the strength of the reputation of an identifiable trader?

57. It is common ground that the Applicant designed and produced dresses under the sign ALYCE PARIS, which were exported to the UK by the Proprietors who sold the goods to different retailers. It appears from the narratives of Mr Nagpal and Ms Hamm that consumers would be aware that the dresses they were buying were

designed and manufactured by ALYCE PARIS. This is certainly shown to be the case from the social media and examples of websites retailing ALYCE PARIS dresses, where the sign appears prominently next to the products. Though this evidence post-dates the date of application for the contested mark, the social media accounts existed prior to that date and there is nothing to indicate that there was a change in the way in which the Applicant's products were sold after 2018.

Who does the public perceive as responsible for the character or quality of the goods? Who would be blamed if they were unsatisfactory?

58. Though a consumer might complain to a retailer where the dress they have purchased is of poor quality, where the dress bears the name "ALYCE PARIS", it is this entity that I consider the consumer would perceive as being responsible for the quality of the goods and it would be ALYCE PARIS that they would consider to be to blame were the products of unsatisfactory quality.

Who is most responsible in fact for the character or quality of the goods?

59. The Proprietors acted as the distributor of the Applicant's goods, as confirmed in the distribution agreement. The evidence does not indicate, nor is it claimed by the Proprietors that they were responsible for the quality of the goods that they distributed. The character and quality of the goods are based on the materials use, the design of the dresses and the care in their manufacture. The Applicant is therefore responsible for the manufacture of the goods.

What circumstances support or contradict the claim of any particular trader to be the owner of the goodwill?

60. The description of the nature of the relationship between the parties as producer and distributor, and the confirmation of this relationship in the distribution agreement indicate that the Applicant was the owner of the goodwill. The distribution agreement (reproduced at my paragraph 23) did not provide for the Proprietors to own the goodwill.

61. Taking these points into account, I consider that the goodwill generated by sales made by the Proprietors would have accrued to the Applicant. As for the Proprietors' claim to have goodwill from 2006, there is no evidence of any formal distribution agreement between the parties covering their first business arrangement, however, from the narrative accounts provided by Ms Hamm and Mr Nagpal, it is clear that the Proprietors acted as distributors of the Applicant's goods. I consider that for the same reasons set out above, any UK goodwill existing in 2006 would have accrued to the Applicant.

Misrepresentation

62. In *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, Morritt L.J. stated that:

“There is no dispute as to what the correct legal principle is. As stated by *Lord Oliver of Aylmerton in Reckitt & Colman Products Ltd. v. Borden Inc.* [1990] *R.P.C. 341 at page 407* the question on the issue of deception or confusion is

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]”

63. The contested mark covers broad categories of articles of clothing and formal wear and more specific items including bridal gowns and women's ceremonial dresses. The evidence shows that the Applicant owned goodwill at the time the contested mark was filed. This goodwill was in respect of women's dresses, which are identical to many of the goods under the contested mark and would be similar in nature, purpose and channels of trade to the goods under the contested mark that are not specifically dresses, or broad terms which include dresses. The Applicant's sign and the Proprietor's mark are identical. The circle device, around the words ALYCE PARIS in some of the evidence is of low distinctive character.

64. As a consequence of the identical, or at least very highly similar nature of the contested mark and the Applicant's sign, and the closeness of the parties' fields of activity, there is no doubt in my mind that a substantial number of the Opponent's actual and potential customers would be misled into purchasing the Applicant's products in the belief that they are products from the Opponent.

Damage

65. In *Harrods Limited V Harrodian School Limited* [1996] RPC 697, Millett L.J. described the requirements for damage in passing off cases like this:

“In the classic case of passing off, where the defendant represents his goods or business as the goods or business of the plaintiff, there is an obvious risk of damage to the plaintiff's business by substitution. Customers and potential customers will be lost to the plaintiff if they transfer their custom to the defendant in the belief that they are dealing with the plaintiff. But this is not the only kind of damage which may be caused to the plaintiff's goodwill by the deception of the public. Where the parties are not in competition with each other, the plaintiff's reputation and goodwill may be damaged without any corresponding gain to the defendant. In the *Lego* case, for example, a customer who was dissatisfied with the defendant's plastic irrigation equipment might be dissuaded from buying one of the plaintiff's plastic toy construction kits for his children if he believed that it was made by the defendant. The danger in such a case is that the plaintiff loses control over his own reputation.”

66. In *Ewing v Buttercup Margarine Company, Limited*, [1917] 2 Ch. 1 (COA), Warrington L.J. stated that:

“To induce the belief that my business is a branch of another man's business may do that other man damage in various ways. The quality of goods I sell, the kind of business I do, the credit or otherwise which I enjoy are all things which may injure the other man who is assumed wrongly to be associated with me.”

67. In *W.S. Foster & Son Limited v. Brooks Brothers UK Limited*¹³ Iain Purvis QC, sitting as a deputy judge of the Patents County Court observed:

“Although proof of damage is an essential requirement of passing off cases, it will generally be presumed where a misrepresentation leading to a likelihood of deception has been established, since such deception will be likely to lead to loss of sales and/or more general damage to the exclusivity of the Claimant's unregistered mark.”

68. The facts as I have considered above, lead me to conclude that damage, especially diversion of trade and/or injurious association is inevitable. I therefore find that the registration of the contested mark is contrary to section 5(4)(a) of the Act.

Conclusion under section 5(4)(a)

69. The claim succeeds in full.

Overall outcome

70. The Application for invalidation of the contested mark succeeds under sections 3(6) and 5(4)(a). Subject to any successful appeal, the contested trade mark number 3343574 will be removed from the register, as from its filing date.

¹³ [2013] EWPC 18.

COSTS

71. The Applicant has been successful in these proceedings and is entitled to a contribution towards its costs.

Official fee for invalidation	£200
Preparing a statement and considering the other side's statement	£400
Preparing evidence and considering the other side's evidence	£1,200
TOTAL	£1,800

72. I order Gurpreet Singh Nagpal and Ragbeer Singh to pay Alyce Designs Inc. the sum of £1,800. This sum is to be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 19th day of July 2023

**Charlotte Champion
For the Registrar**