O-0917-23

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION NOS. 3618064
AND 3550706 IN THE NAME OF ORIENTAL RUG SERVICES LTD.
IN RESPECT OF THE TRADE MARKS

Oriental Rug Services

AND

IN CLASS 37

AND

IN THE MATTER OF APPLICATIONS FOR INVALIDATION THEREOF
UNDER NOS. 504428 AND 504429
BY ORIENTAL RUG SERVICES (LONDON) LTD

Background and pleadings

1. This is an application for invalidation by Oriental Rug Services (London) Ltd ("the applicant") of two trade marks registered in the name Oriental Rug Services Ltd ("the proprietor"). The relevant details of these two marks are shown below:

3618064 (the proprietor's word mark)

Oriental Rug Services

Filing date: 29 March 2021
Registration date: 6 August 2021

Class 37: *Rug cleaning, Rug shampooing, Repair of Rugs, carpet and rug cleaning, carpets washing services.*

and

3550706 (the proprietor's "tiger face" logo mark)

Filing date: 1 November 2020
Registration date: 26 March 2021

Class 37: *Rug cleaning; Rug shampooing; Repair of rugs; Carpet and rug cleaning.*

2. In respect of both applications for invalidation, the applicant claims “Oriental Rug Services” is its business name established by Hamid Karimy in 2010 and that he went on to establish the applicant with it being registered at Companies House on 16 April 2013.The applicant relies upon the following sign:

3. It claims that its sign is used throughout the UK in respect of rug repair, rug cleaning, rug restoration and the sale of underlay.

4. In both cases, it asserts that the parties use the exact same terminology/phrase and carry out the exact same work leading to customer confusion that is detrimental to the applicant’s business. It is claimed that the proprietor operates an online-based business from premises only two miles from the applicant and the proprietor filed the contested marks in an attempt to benefit from the applicant’s goodwill. Consequently, it requests that the trade marks be invalidated under section 5(4)(a) of the Trade Marks Act 1994 (“the Act”).

5. The applicant also claims that the contested marks should be refused under section 3(6) of the Act because it contacted the proprietor’s solicitor on two occasions in early 2020 to express its concerns about the similarity between the names. Further, in the absence of a response, it initiated a claim before the IPEC in November 2020. Whilst the claim was live, the proprietor filed the contested applications.

6. The two invalidations were subsequently consolidated.

7. Section 5(4)(a) and section 3(6) are relevant in invalidation proceedings by virtue of section 47, the relevant parts of which state:

"**47 Grounds for invalidity of registration**

(1) The registration of a trade mark may be declared invalid on the ground that the trademark 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) …, 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.

…

(5) Where the grounds of invalidity exists 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."

8. The applicant filed a counterstatement denying the claims made and put the applicant to proof of its use of the sign relied upon. It denies that the applicant's sign is identical to the proprietor's marks.

9. The parties both filed evidence in these proceedings. This will be summarised to the extent that it is considered appropriate.

10. A Hearing took place on 7 June 2023, with the applicant was represented by Rigel Moss McGrath for HGF Limited and the applicant by Angela Knight and Mr Karimy.

11. 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 the case law of the EU courts.

Evidence

12. The applicant's evidence takes the form of a witness statement (together with exhibits HK1 – HK6) and a "response statement" (with exhibits HK7 – HK10) by Mr Karimy in his capacity as sole director of the applicant. His witness statement is provided in support of the applicant's claim to goodwill and of actual instances of confusion. The "response statement" provides his response to the proprietor's reliance upon the claim that "oriental rug" is a descriptive term.

13. The proprietor's evidence is in the form of the witness statement of Ms Moss McGrath, Chartered Trade Mark Attorney and a partner at the proprietor's representative, HGF Limited. This statement introduces exhibits RMM1 – RMM3 and is provided in support of the claim that "oriental rug" is commonly used and understood to refer to a specific kind of rug.

Section 5(4)(a)

14. Section 5(4)(a), (4A) and (5A) state:

"(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."

"(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."

15. 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)."

16. 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 reputation[1] 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 source[2] 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."

Relevant Date

17. 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.' "

18. There is no claim from the proprietor that is has used its marks from a time earlier than the applicant's claimed first use. Therefore, I only need consider the filing date of the contested marks as the relevant dates, namely, 29 March 2021 and 1 November 2020 respectively.

Goodwill

19. A long-held definition of goodwill was provided in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL):

> “What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage 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.”

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

> “27. There is one major problem in assessing a passing of claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent that 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.”

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

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

22. In *Hart v Relentless Records* [2002] EWHC 1984 (Ch), Jacob J. (as he then was) stated that:

> "62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see per Upjohn L.J. in BALI Trade Mark [1969] R.P.C. 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used "but had not acquired any significant reputation" (the trial judge's finding). Again that shows one is looking for more than a minimal reputation."

23. In *Smart Planet Technologies, Inc. v Rajinda Sharma* (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:

> ".. 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."

24. After reviewing the evidence relied upon 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."

25. 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.

26. I turn to consider the evidence filed by the applicant to support its claim of owning goodwill. The relevant parts of this evidence can be summarised as follows:

- Oriental Rug Services was founded in 2010 by Mr Karimy and incorporated as the applicant in 2013;[1]
- The applicant has used its sign to identify its rug repair and rug cleaning service initially provided from premises in North London before relocating to Hendon in 2013;[2]
- In support of the claim that the applicant was established and using its sign, the following is provided:
    - Three undated online reviews of "Oriental Rug Services", screen prints of which were obtained on 6 July 2022. The applicant is identified by these words rather than the stylised form relied upon;[3]
    - An extract from the Company Names register, showing that the applicant was incorporated on 16 April 2013 and its sole officer is Mr Karimy;[4]
    - Undated screenshots of the applicant's website providing information about its rug cleaning and restoration services. The company name appears, and in the text of the website, the applicant refers to itself as "Oriental Rug Services". The sign relied upon appears over a leaf/plant design as shown below:[5]

[1] Mr Karimy's witness statement ("WS1") at [1]
[2] WS1, [2]
[3] Exhibit HK1 [2] and [3]
[4] Ditto, [4]
[5] Ditto [5] – [6]

- An extract from the website of the Guild of Master Craftsmen showing that "Oriental Rug Services" has been a member since April 2013 and that Mr Karimy is the company contact;[6]
- An undated Twitter screenshot from the applicant's account shows it joined Twitter in March 2015 and includes the following: [7]

- An undated screen shot of the home page of the applicant's website (www.orientalrugservices.co.uk) shows its sign featuring prominently on the

[6] Ditto, [7]
[7] Ditto, [8]

banner at the top of the page and also at the bottom left of a large image that dominates the page.[8] A screenshot of the WHOIS data for the website is provided on the same page that confirms the domain name was registered on 1 November 2011;

- Mr Karimy states that the services of rug cleaning and restoration and also the sale of underlay have been offered continually since 2010 both online and at the applicant's physical premises;[9]
- Evidence of advertising of the applicant "and its trade mark"[10] are provided and consist of:
    - Two screenshots listing a total of six Google Ads campaigns.[11] The dates box has been redacted in both, but the first screenshot relating to two campaigns is also shown on page 3 of Exhibit HK1 where the date range "6-31 Dec 2011" is visible. Five campaigns are identified as "ORS Rug Cleaning Campaign" and one as "ORS Restoration";
    - A further 13 are listed on further screenshots where the date range "2 Dec 2011 – 6 Jul 2022" is shown.[12] A screenshot where nine further campaigns are listed, with the same date range, is provided at the last page of the exhibit. No example advertisements from these campaigns is provided;
    - A selection of eight invoices dated between 2013 and 2018 all relate to "cleaning" of items listed as, for example, "Persian", "Machine Made" and "Nepalese".[13] All these contain the applicant's sign superimposed over a figurative leaf/plant design. The total of the invoices amounts to just under £1900;
    - Further screen shots listing Google Ads campaigns show a £3004 spend for the period 1 October 2018 to 30 November 2018 and £6021 spend for the same period in 2019.[14]

[8] Exhibit HK2, [3]
[9] WS1 [3]
[10] WS1 [4]
[11] Exhibit HK3, [1]
[12] Ditto, [2]
[13] Ditto, [3] – [6]
[14] Exhibit HK5, [2]

27. At the hearing, Ms Moss McGrath submitted that the applicant's evidence suffers from a number of shortcomings. She claimed that there are very few instances of use of the sign relied upon, that some instances shown are undated and that the use shown only relates to London, Surrey and Sussex. She also submitted that because of the very low level of inherent distinctive character of the applicant's sign, it would be very difficult for the necessary goodwill to be generated.

28. I accept that the applicant's evidence suffers from a number of flaws. For example, it discloses no figures that demonstrate the turnover of the company and a number of exhibits are undated. However, as I have noted, there is use of the applicant's sign superimposed over a figurative leaf/plant design on the copy invoices provided. I consider this to be use of its sign because they are presented exactly the way as the sign relied upon.

29. I also keep in mind that the applicant has been operating under the name since 2013 and that for a couple of years prior to that Mr Karimy operated an unincorporated business under the name and that at least £9k was spent on online advertising in two two-month snapshots, the invoices provided, which amount to £1900 and the existence of a Twitter account since March 2015, illustrate an ongoing business in respect of cleaning of rugs between 2013 and 2017 that has built up a small but not trivial goodwill. There are also invoice entries in respect of "shortened/Joined ends" and "stop ends" that could fall under the broader services description of "refurbishment". There is also one entry for "underlay". These invoices are consistent with the claimed services and goods provided and as shown in the extracts provided of the applicant's website. The revenue disclosed is smaller than in *Smart Planet* and *Lumos* but the applicant has been trading continuously since 2013 and has run numerous advertising campaigns during that time. This is consistent with building up a small but longstanding goodwill. I recognise that the sign relied upon consists of words that are descriptive in nature but over this length of time, its customers will have come to recognise the applicant by the stylised form relied upon.

30. In summary, taking the evidence as a whole, whilst accepting some of it is deficient in a number of ways, when taken all together it is, nonetheless, sufficient to demonstrate that, at the relevant dates, namely, 29 March 2021 and 1 November

2020, the applicant had a small goodwill in North London and surrounding area that was built up over a period of at least seven years and that this goodwill is identified by the sign relied upon.

Misrepresentation

31. 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
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> > "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]"
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> The same proposition is stated in Halsbury's Laws of England 4th Edition Vol.48 para 148 . The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd*. (1941) 58 R.P.C. 147 at page 175 ; and *Re Smith Hayden's Application* (1945) 63 R.P.C. 97 at page 101."
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> And later in the same judgment:
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> ".... for my part, I think that references, in this context, to "more than *de minimis* " and "above a trivial level" are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993) . It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion."

32. In *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590, Lord Justice Lloyd commented on the paragraph above as follows:

> "64. 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."

33. Accordingly, once it has been established that the party relying on the existence of an earlier right under section 5(4)(a) had sufficient goodwill at the relevant date to base a passing-off claim, the likelihood that only a relatively small number of persons would be likely to be deceived does not mean that the case must fail. There will be a misrepresentation if a substantial number of customers, or potential customers, of the claimant's actual business would be likely to be deceived.

34. In the current case, the proprietor has registered the words "Oriental Rug Services" and a figurative mark incorporating these words. These are the identical words present in the applicant's sign that identifies its goodwill. The words "Oriental Rug Services" form a unit that may be understood as indicating, services related to oriental rugs and the proprietor has provided evidence to this effect[15]. The applicant submits that the proprietor's position that "oriental rugs" is descriptive should be rejected because descriptive phrases cannot be granted registration as a trade mark and the contested marks were deemed to be valid by the Registry. It concludes that, because of this, the proprietor's submission is invalid.[16] The applicant's comment that descriptive terms are not granted protection is correct insofar as *prima facie* a descriptive mark does not qualify for registration. However, it has not raised a ground based on the distinctiveness or descriptiveness of the proprietor's marks. In the absence of

[15] Witness statement of Ms Moss McGrath and Exhibits RMM1 – RMM3 illustrating the descriptive nature of the term "oriental rugs".
[16] See Mr Karimy's second witness statement at [3]

challenge under section 3(1) of the Act, registration conveys a minimum degree of distinctive character[17] Therefore, it is not open to me to reach such a finding in respect of the proprietor's marks and I must proceed on the basis that it has at least the minimum level of distinctive character.

35. With the above firmly in mind, I conclude that the words "Oriental", "Rug" and "Services" have no more than the minimum level of distinctiveness. When considering the sign relied upon, I note that it is presented in a stylised form that adds a small level of distinctive character. Keeping in mind the very low distinctiveness of the words common to both parties' marks/sign, I note the following comments *Office Cleaning Services Limited v Westminster Window & General Cleaners Limited* [1946] 63 RPC 39 where Lord Simonds stated:

> "Where a trader adopts words in common use for his trade name, some risk of confusion is inevitable. But that risk must be run unless the first user is allowed unfairly to monopolise the words. The court will accept comparatively small differences as sufficient to avert confusion. A greater degree of discrimination may fairly be expected from the public where a trade name consists wholly or in part of words descriptive of the articles to be sold or the services to be rendered."

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

> "The role of the court, including this court, was emphasised by *Lord Diplock in GE Trade Mark* [1973] R.P.C. 297 at page 321 where he said:
>
> > 'where the goods are sold to the general public for consumption or domestic use, the question whether such buyers would be likely to be deceived or confused by the use of the trade mark is a "jury question". By that I mean: that if the issue had now, as formerly, to be tried by a jury, who as members of the general public would themselves be

[17] See section 72 of the Act and *Formula One Licensing BV v OHIM,* Case C-196/11P at [41] – [44]

potential buyers of the goods, they would be required not only to consider any evidence of other members of the public which had been adduced but also to use their own common sense and to consider whether they would themselves be likely to be deceived or confused.

The question does not cease to be a “jury question” when the issue is tried by a judge alone or on appeal by a plurality of judges. The judge's approach to the question should be the same as that of a jury. He, too, would be a potential buyer of the goods. He should, of course, be alert to the danger of allowing his own idiosyncratic knowledge or temperament to influence his decision, but the whole of his training in the practice of the law should have accustomed him to this, and this should provide the safety which in the case of a jury is provided by their number. That in issues of this kind judges are entitled to give effect to their own opinions as to the likelihood of deception or confusion and, in doing so, are not confined to the evidence of witnesses called at the trial is well established by decisions of this House itself.’”

37. Finally, in the same case, Morritt L.J. stated that:

“This is the proposition clearly expressed by the judge in the first passage from his judgment which I quoted earlier. There he explained that the test was whether a substantial number of the plaintiff's customers or potential customers had been deceived for there to be a real effect on the plaintiff's trade or goodwill.”

38. The proprietor’s services can be summarised as being cleaning and repair of rugs. Such services are identical to the rug cleaning and restoration services to which the applicant’s goodwill attaches. The proprietor’s word only mark contains the same words as present in the applicant’s sign. It is also relevant that both the applicant and the proprietor operate in close proximity to each other. These are all factors pointing to misrepresentation occurring.

39. The proprietor points to the relative paucity of evidence of actual confusion and suggests that this shows that misrepresentation is not occurring. There is only one instance of confusion relied upon by the applicant.[18] Whilst I note the proprietor's criticism of this, it is also the case that where there are many instances of confusion, the consumer may not be aware that they have used the wrong company or that, if they realised it, they may not bring it to the attention of the applicant. As a result, I am not persuaded by the proprietor's submission that the absence of evidence that the consumer is deceived on a regular basis supports its position that there is no such misrepresentation.

40. The fact that the proprietor administers its business online does not detract from this because rug cleaning, repair and restoration services are likely to be local in nature with the rugs either being cleaned/repaired in situ or on premises local to the customer. In these circumstances, despite the very low distinctive character of the words common to both parties' marks/signs, the applicant's customers, upon encountering the proprietor's word mark in use to identify the company and/or its services, are likely to believe it is a reference to the applicant. There is no stylisation present in the proprietor's mark that would lead the applicant's customers to believe otherwise. It will merely be perceived as the word version of the applicant's sign. The applicant's customers are, therefore, likely to be misled into believing that the proprietor's services are those of the applicant.

41. In respect of the of the proprietor's figurative mark, whilst the same words appear, I keep in mind the guidance in *Office Cleaning* that the decision maker "will accept comparatively small differences as sufficient to avert confusion." The respective sign and mark are shown below:

[18] At Exhibit HK4, an email, dated 22 March 2021, from a customer of the applicant who describes how they contacted the proprietor by accident when intending to contact the applicant.

Applicant's Sign	Proprietor's Mark
	

42. There are clear differences in (i) the font used for the word "Oriental" and (ii) the presence of the "tiger face" figurative element in the proprietor's mark. Whilst noting that the words in the respective mark/sign are identical, their very low distinctiveness combined with the visual differences in presentation are sufficient to avert confusion. Consequently, I find that there is no misrepresentation, and it follows that there is no damage. The application for invalidation fails against this mark.

Damage

43. I must consider whether the misrepresentation found in respect of the proprietor's word mark will lead to damage. 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."

44. Taking into account that the parties operate in the same geographical area, the local goodwill of the applicant, the similarity between the applicant's sign and the proprietor's mark (including the fact that they contain the same word elements) and the fact that the respective services are identical, there is clear potential for the applicant's customers to be lost to the applicant. Such a loss of custom is an obvious damage to the applicant's business. As a result, I find that the applicant is successful under this ground, in respect of the proprietor's word only mark.

Section 3(6)

45. 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."

46. 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 Mağazacilik 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 Mağazacilik* 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 Mağazacilik* 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]."

47. 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 proprietor has been accused of pursuing?
>
> (b) Was that an objective for the purposes of which the contested registrations could not be properly filed? and
>
> (c) Was it established that the contested registrations were filed in pursuit of that objective?

48. It is necessary to ascertain what the applicant knew at the relevant dates: *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).

49. I must consider what the proprietor knew at the relevant dates. To understand this, it is necessary to set out the timeline portrayed in the evidence:

> (i) the applicant has been operating since at least 2013 and the proprietor's business that begun in 2019 is based a couple of miles from the applicant.
>
> (ii) The proprietor was informed by the applicant of its presence at some unspecified time in 2019 but it continued to trade and use its name. The fact that the applicant contacted the proprietor was subsequently admitted by the proprietor in its response of 23 November 2020 to a County Court claim brought by the applicant.[19]

[19] Exhibit HK6

(iii) WHOIS data shows that the domain names oriental-rug-services.co.uk and oriental-rug-services.com were both created on 14 May 2019.[20] A screen shot of a web page showing the proprietor's figurative mark appearing on the website oriental-rug-services.com is provided in the same exhibit and the inference I draw from this is that the WHOIS data relates to the proprietor's domain names. The applicant claims that at the time of creation, the proprietor was already aware of the applicant.

(iv) On 1 November 2020, the proprietor filed its application to register its figurative trade mark.

(v) on 2 November 2020 the applicant commenced the legal claim at the County Court (Claim No. 173MC266). In its defence, the proprietor denied knowing of the applicant at the time the applicant made contact by telephone (this date is not specified).[21] The applicant states that this call was made in 2019 and demonstrates that the proprietor knew of the applicant and its sign since that time;[22]

(vi) on 29 March 2021, the proprietor applies for its word mark.

50. The applicant provides a timeline of the ongoing issues between the parties. For the purposes of my considerations under section 3(6), the following statement provided by the applicant in its statement of case summarises its position:

"i) Having determined that the other party was aware of my trade mark name [mid-2019 [*outlined earlier in the statement of grounds*] and the other party was also aware of my solicitor's communication with him [3 November 2020 ...] it is reasonable to believe that the applications for these trademarks were made in 'bad faith' – and the conduct of the other party was questionable, and his standard of commercial behaviour was poor."

[20] Exhibit HK4, [1]
[21] Exhibit HK6, para 2.15 at [2]
[22] Mr Karimy's witness statement, [7]

51. It is clear that the proprietor was aware of the applicant at the relevant dates. However, in *PayPal, Inc v. EUIPO*, T-132/16[23], the General Court points out that the fact that the applicant for registration of a mark knew about a third party's use of an identical sign was not sufficient in itself to permit the conclusion that the applicant was acting in bad faith; it was therefore necessary to examine the other objective circumstances in order to determine the applicant's intention at the time of filing of the contested registrations.

52. In the current case, the applicant's pleaded case is that the proprietor had knowledge of the applicant. It has not made any further claims in support of its bad faith case. As identified in the previous paragraph, this is insufficient, on its own, for a finding of bad faith. Therefore, in the absence of any further claim, the bad faith claim against this mark must also fail.

53. Even if I were wrong, there is a mitigating circumstance, namely, that the proprietor considers that the words "Oriental Rug Services" to be descriptive of its services[24] and it has provided evidence supporting this.[25] It is used in this descriptive way by high street retailers such as IKEA and Next.[26] As such, it is unsurprising that a business chooses these words and combines them with a distinctive element to create its trade mark, as the proprietor has done here with its "tiger face" logo mark. This also points away from a finding of bad faith and illustrates that it believed that traders are entitled to use these words to indicate the nature of its services. To apply to register such a trade mark does not amount to bad faith despite being aware of another trader in the same area using, what the proprietor believed to be the same descriptive words. This is especially so when, as here, the proprietor had an existing business.

54. In light of the above the bad faith claim in respect of the proprietor's "tiger face" logo mark fails.

[23] At [36] – [38]
[24] Ms Moss McGrath's witness statement, [2]
[25] Exhibit RMM1
[26] Exhibit RMM2

55.The applicant's pleaded case in respect of the proprietor's word mark is the same. This mark has a later filing date than the "tiger face" mark and was filed after the parties were already in dispute. Whereas the proprietors belief that the words "Oriental Rug Services" is descriptive was a mitigating circumstance when considering its motives for applying to register its "tiger face" mark, here, its denial "that [the words "Oriental Rug Services"] is anything other than a description of what the company does",[27] raises the question of why it registered the term as a word-only trade mark at the time it did. At the relevant date of 29 March 2021, it had knowledge of the other side using the words to identify its business and activities. Its defence to the County Court Claim appears to recognise that a description cannot be monopolised by one trader and that other traders are entitled to use such a description. This brings into question its motives for applying to register, what it believes is a descriptive trade mark, at a time when it was in dispute with another business that identified itself by the same words. No explanation has been provided by the proprietor addressing the tension between its comments regarding the descriptive nature of the words "Oriental Rug Services" and its decision to apply to register these words as a trade mark.

56. These circumstances point to the proprietor applying to register its word mark to disrupt the activities of the applicant and is not a proper reason for applying for a trade mark. In light of this, I find that the bad faith claim succeeds against the proprietor's word mark.

Summary

57. The application for invalidation of the proprietor's "tiger face" logo mark fails and the mark remains registered.

58. The application succeeds against the proprietor's word mark and this is removed from the register.

[27] The proprietor's Defendant's Response to County Court Claim no. 173MC266 at Exhibit HK6

COSTS

59. The parties have achieved an equal level of success and I direct that the parties bear their own costs.

Dated this 26th day of September 2023

Mark Bryant
For the Registrar,
The Comptroller-General