

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NOS. 3285835, 3300338, 3300339 AND 3300782 BY
RAJINDA SHARMA IN CLASS 21**

**AND IN THE MATTER OF OPPOSITIONS THERETO UNDER NOS. 412878, 413898,
413899 AND 413896**

BY SMART PLANET TECHNOLOGIES, INC.

**AND IN THE MATTER OF APPLICATION NO. 3290193 BY SMART PLANET
TECHNOLOGIES, INC. TO REGISTER RECUP**

**AND IN THE MATTER OF OPPOSITION THERETO UNDER NO. 412896
BY RAJINDA SHARMA**

DECISION

INTRODUCTION

1. This is a dispute between two parties about marks utilising the word RECUP.
2. Using the terminology of the Hearing Officer, Party B is Rajinda Sharma. Party B applied to register the following mark no. 3285835 in the UK on 28 January 2018:



Class 21: Plastic cups; Cups of paper or plastic; Cups; Biodegradable cups; Straws for drinking.

3. Party A is Smart Planet Technologies, Inc. On 14 February 2018, Party A applied to register mark no. 3290193 in respect of the mark RECUP for *Cups; drinking cups* in Class 21.

4. On 29 March 2018, Party B applied to register trade mark nos. 3300338 and 3300339 and, on the 30 March 2018, trade mark no. 3300782:

3300338



Class 21: *Biodegradable cups; Coffee cups; Drinking cups; Drinking cups [not of precious metal]; Paper cups; Tea cups; Cups; Cups; Biodegradable cups; Coffee cups; Drinking cups; Drinking cups [not of precious metal]; Paper cups; Plastic cups; Tea cups.*

3300339



Class 21: *Cups; Biodegradable cups; Biodegradable paper pulp-based cups; Coffee cups; Compostable cups; Drinking cups; Drinking cups [not of precious metal]; Paper cups; Plastic cups; Tea cups.*

3300782



Class 21: *Biodegradable cups; Biodegradable paper pulp-based cups; Coffee cups; Compostable cups; Drinking cups; Drinking cups [not of precious metal]; Paper cups; Plastic cups; Tea cups.*

5. Party A has opposed Party B's applications and Party B has opposed Party A's application. As part of its opposition to Party B's applications, Party A claimed to have been selling cups and drinking cups throughout the UK under the sign RECUP since October 2015 and to have acquired goodwill under that sign.
6. In his decision O-007-20 dated 8 January 2020, the Hearing Officer, Mark Bryant, upheld Party A's oppositions and rejected Party B's oppositions. His decision was based on s.5(4)(a) of the Trade Marks Act 1994 and the finding that as at the date of the first of Party B's applications, 28 January 2018, Party A owned sufficient goodwill in the UK to have succeeded in a claim for passing off. It is that finding which is the subject of Party B's appeal.
7. In the decision the Hearing Officer also dealt with Party B's additional claim that Party A had applied for its marks in bad faith. He rejected this complaint and it is not the subject of any appeal.
8. At the hearing which took place before me on 26 May 2020 by videolink, Party B was represented by Jonathan Day of Carpmaels & Ransford LLP and Party A by Yoann Rousseau of Venner Shipley LLP.

Standard of Appeal

9. Neither side addressed me on the standard of appeal. I refer to the principles set out in the decision of Daniel Alexander QC, sitting as the Appointed Person, in *TT Education Ltd v Pie Corbett Consultancy* [2017] RPC 17 at [52]. A finding that there would be passing off is a classic multifactorial assessment with which I should show a real reluctance to interfere. However, if I consider that the conclusion of the Hearing Officer was unsupportable or wrong, I should reverse it.

THE DECISION OF THE HEARING OFFICER

10. In his decision the Hearing Officer first reviewed the evidence filed on behalf of Party A. This took the form of two witness statements in chief, one from Will Lorenzi, president of Party A, and the other from Yoann Fouquet of Venner Shipley. There was a further statement in reply from Mr Lorenzi.
11. The Hearing Officer also reviewed Party B's evidence which comprised a witness statement from Rajinda Sharma, the sole director of Recup Ltd, and a statement in reply from Jonathan Day of Carpmaels.
12. Rather than restate them at length, I will refer to the relevant findings of the Hearing Officer below.

13. The Hearing Officer summarised the law relating to passing off by reference to the classical trinity described by Lord Oliver in the Jif Lemon case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL). The necessary elements are goodwill; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation.
14. He also referred to the relevant dates for assessment and cited a brief extract from the decision of Daniel Alexander QC in *Advanced Perimeter Systems Ltd v Keycorp Ltd (Multisys Trade Mark)* BL O410-11. I set out the relevant passage in full below:
41. There are at least three ways in which such use may have an impact. The underlying principles were summarised by Geoffrey Hobbs Q.C. sitting as the Appointed Person in *Croom's Trade Mark Application [2005] R.P.C. 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 co. Inc. v Penneys Ltd. [1975] F.S.R. 367* ; *Cadbury-Schweppes Pty Ltd v The Pub Squash Co. Ltd [1981] R.P.C. 429 (PC)* ; *Barnsley Brewery Company Ltd v RBNB [1997] F.S.R. 462* ; *Inter Lotto (UK) Ltd v Camelot Group plc [2003] EWCA Civ 1132, [2004] R.P.C. 9* : "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 Trade Mark* BL O/212/06 Mr Alan James acting for the registrar summarised the position well 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 Art.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."

44. In the specific context of s.5(4)(a) , the relevant date will be that of first use of the applicant's mark for the goods or services in question. In *Barnsley Brewery*, Robert Walker J. said that, at the earlier of the rival dates, a *quia timet* action by the plaintiff would probably have failed as premature, given, among other things, the uncertain nature of the defendant's intentions. Implicit in that approach was that in some passing off cases it may not even be necessary for there to be actual use of a mark to fix the date for assessment of goodwill: a sufficiently tangible threat to use the mark may suffice.
15. Applying these principles, the Hearing Officer explained at §26:
- The relevant date in these proceedings is the filing dates of Party B's four applications, namely, 28 January 2018, 29 March 2018 (two) and 30 March 2018 and the filing date of Party A's application, namely, 14 February 2018. The parties both rely upon a claim of earlier use in the UK with Party A claiming use from October 2015 and with Party B disputing this and also claiming that his own use dates back to 10 December 2016. Therefore, I need to consider to what extent the parties' respective claims to their first use are made out.
16. Following analysis of the evidence submitted by Party A, he concluded that goodwill in the United Kingdom started to be generated for Party A from 8 December 2017. This was based on the fact that Party A was based in the US, traded by licensing other companies to manufacture its RECUP products, appointed a company called Cup Print in the Irish Republic to manufacture such goods in 2017 and only started selling to UK companies via invoices generated in Ireland for goods sold to the UK dated from 8 December 2017. This finding was not challenged by way of Respondent's Notice, although it was submitted that Party A's preparations for entering the market could be taken into account in assessing the speed and extent of goodwill generated after 8 December 2017.
17. As for Party B, the Hearing Officer assessed the evidence as follows:
34. Party B's evidence illustrates that the development of Party B's business idea relating to reusable cups began in October 2016 and resulted in the name RECUP being alighted on in December 2016. Registration of domain names, incorporation of a UK company and a bank account were all opened that month. Very low numbers (mostly less than 100 a month) of visits to his website occurred at least until December 2018. None of this points to goodwill being generated. There is no evidence that these activities generated any customers or sales.
18. He went on to conclude, based on the fact that an order for 150,000 cups was not made by the MCC from Party B until 23 March 2018, as follows:

36. Taking account of this information, with Party B's first sales occurring on 23 March 2018, I find that this is the date from which his goodwill began. Even if I accept that there had been some traffic to Party B's website prior to that, it is not evidence of sales and I reject any claim that this may identify an earlier goodwill.
19. He then went on to conclude as follows on the respective goodwill of the parties:
- Conclusions on goodwill*
37. My conclusions are, therefore, that Party A's goodwill may be relied upon from 8 December 2017 with Party B's goodwill being established from 23 March 2018.
38. As a consequence of this finding, Party A has the requisite goodwill upon which to base its section 5(4)(a) grounds in all four of its oppositions.
39. In respect of Party B's opposition, because I have found that Party B's goodwill commenced after the relevant date in that opposition, namely the filing date of Party A's application, 14 February 2018, then the ground based upon section 5(4)(a) fails.
20. In other words, the Hearing Officer determined that the relevant date for assessing whether Party A had a claim in passing off against Party B was 28 January 2018, the date of the application for Party B's mark, because prior to that date Party B had generated no goodwill in the UK. He went on to find that Party A did have sufficient goodwill on that date to succeed in a claim to passing off and that the other elements of the tort were made out.

ASSESSMENT

Preliminary Points

21. I should first comment on the relevant date for assessment for passing off, although this was not a point expressly raised on this Appeal and so my decision does not turn on it. The Hearing Officer found that the relevant date was the date of application for Party B's mark, because Party B had not accrued goodwill in the UK prior to that date. This raises a question as to whether it is right to focus on the date that Party B first started to accrue goodwill, or some earlier date when the activities which led to the accrual of goodwill first commenced.
22. It is understandable why the Hearing Officer focussed in his decision on the relative goodwill of the parties when there were competing s.5(4)(a) oppositions being run. However, I do not think he was correct to equate the date of commencement of Party B's activities for the purposes of adjudging a passing off claim brought by Party A against Party B with the date that goodwill began to accrue for Party B in the United

Kingdom were it to be asserting its own claim for passing off. The two tests are assessing different things – one, the commencement of activities which could be complained about, and the other, the acquisition of actual goodwill as a consequence of such activities.

23. In certain circumstances, the two dates may be the same, but they are not necessarily so. In my judgment the requirement restated by the Supreme Court in *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc*, [2015] F.S.R. 29 to have gained customers in the UK to generate goodwill sets a higher bar which may well be later in time than that set by the test for when activities have commenced which could justify the grant of a *quia timet* injunction, per Robert Walker J. in *Barnsley Brewery*.
24. In other words, if two identically named parties commence commercial activities at the same time which lead to the first sales being generated for each after 14 days, neither party would be able to stop the other under the tort of passing off. This is because in each case the first goodwill would only have been generated on day 14, but the commencement of activities complained about by the other party would have started on day 1, before any goodwill accrued. I recognise that this presents a potential imbalance in the test for passing off, but the law has long recognised the possibility of honest concurrent use. (I note that Party B's alternative argument on this appeal was put in terms of honest concurrent use but without any focus on the date of the first activity complained about, which is why I decline to determine the appeal on this point.)
25. I therefore consider that the Hearing Officer should have asked himself whether Party B's activities began before any goodwill started to be generated by Party A in December 2018. In particular, the Hearing Officer should have asked himself whether the offer to sell cups under the sign RECUP made in a meeting with a representative of the MCC in June 2017 constituted the date when Party B's activities could first have been complained of, alternatively the existence of Party B's RECUP branded website in 2017 (albeit that traffic was rather low).
26. For the reasons I will come to later, I do not need to determine this issue, and indeed I prefer not to. Instead I will assume that the relevant date for assessment of Party A's goodwill is 28 January 2018, and ask whether the Hearing Officer was correct to adjudge that on this date Party A would have succeeded in an action for passing off against Party B.

27. There is a further point that I should touch on before turning to the reasoning of the Hearing Officer in relation to Party A's goodwill as at 28 January 2018. That is whether or not Party A had demonstrated that it owned any goodwill generated by the activities of its Irish licensee, Cup Print. As *Starbucks* makes clear, proof of ownership of territorial goodwill is an essential part of any claim in passing off. The question of ownership may be particularly relevant in the case of international licensees or franchisees.
28. This was not a point taken by Party B in these proceedings, nor was it a point dealt with in the Decision. Nevertheless, during submissions I asked the representative of Party A whether the point had been dealt with anywhere in the evidence before the Hearing Officer and was told that it had not. In a follow-up communication sent by Party A, I was sent a redacted copy of a licence agreement made between Party A and Cup Print.
29. I do not need to consider this additional evidence or any of the arguments based on it as it was not a point before me, and it would be unfair to Party A to place any reliance on the point at this stage. Nevertheless, the burden is always on the party alleging ownership of goodwill to demonstrate that it is indeed the owner of that goodwill, and all parties seeking to rely on s.5(4)(a) of the Act should bear that in mind.

Did Party A have sufficient goodwill on 28 January 2018?

30. As Lord Neuberger explained in *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc*, [2015] F.S.R. 29 at §47, a claimant in a passing off claim must establish that it has actual goodwill in this jurisdiction. He went on at §52 to point out (emphasis added):
 52. As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough, as the cases cited at [21]–[26] and [32]–[36] above establish. **The claimant must show that it has a significant goodwill, in the form of customers, in the jurisdiction**, but it is not necessary that the claimant actually has an establishment or office in this country. In order to establish goodwill, the claimant must have customers within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere.
31. As can be seen from the extract from the Decision I have quoted above, the Hearing Officer's conclusions as to goodwill were expressed very briefly. It was almost as if he had determined that the possession of *any* goodwill by Party A was automatically sufficient to allow a finding of passing off. I do not consider this to be a correct

statement of the law. As Lord Neuberger made clear in the paragraph cited above, it is necessary for a claimant to demonstrate that it has “*a significant goodwill, in the form of customers*” in the United Kingdom.

32. Lord Oliver put it this way in *Jif* (emphasis added):

First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying “get-up” (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, **such that the get-up is recognised by the public as distinctive specifically of the plaintiff’s goods or services.**

33. Lord Fraser had explained it as follows in the *Advocaat* case (*Erven Warnink B.V. v. J. Townend & Sons (Hull) Ltd.* [1980] R.P.C. 31) in his fourth and fifth probanda (bold emphasis added):

(4) That he, the plaintiff, as a member of the class of those who sell the goods, is the owner of goodwill in England **which is of substantial value;**

(5) That he has suffered, **or is really likely to suffer, substantial damage to his property** in the goodwill by reason of the defendants selling goods which are falsely described by the trade name to which the goodwill is attached.

34. So, 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.

35. In my judgment the Hearing Officer did not ask himself whether Party A had generated sufficient or significant goodwill as at 28 January 2018 to succeed in a claim for passing off. Instead, he seemed to treat it as a binary decision – was there goodwill or not – more akin to an assessment of use in the case of an allegation of non-use. I do not think he was correct in his approach because he did not attempt to assess the amount of goodwill accrued. This is an essential part of the determination of the tort of passing off because nominal goodwill will not found a successful claim. His failure to assess the quality or quantity of the goodwill was an error of law and accordingly I should analyse the issue afresh.

36. 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.

42. I have also looked at the evidence of sales post 28 January 2018 to see if I could infer anything about the extent of goodwill accrued before then. Mr Lorenzi filed a second witness statement dealing with the accumulation of goodwill between 28 January and 31 March 2018. In it he explained that Cup Print manufactured 144,000 reCUP cups in this period. He also exhibited an article from the Packaging News website dated 2 May 2018 which reported that by that date Cup Print had produced 1 million reCUP cups (although does not follow that all of those cups were destined for the UK market). The article continued:

“The reCUP is listed with a number of UK and Irish operators and the company said it is currently in talks with a host of distributors and retailers throughout Europe who are looking at the cup.

Terry Fox, Cup Print chief executive, said “We’ve seen production steadily climb since October but in the last month or so the demand for the reCUP has really started to take off....

...We’ve been working hard to get the appropriate partners on board and the milestone production of reCUP in March demonstrates that we are well on the way to gaining the kind of traction we know we will achieve for this eco friendly cup.”

43. Taken together, I feel certain that this evidence would not be sufficient to result in Party A establishing sufficient goodwill to succeed in a claim for passing off against Party B in the IPEC or the High Court as at 28 January 2018. I have no reason to doubt that Party A had ambitions for its licensee to sell large quantities of its reCUP product in the UK as at 28 January 2018. Indeed, it may well have done so since then, and thereby accrued very significant goodwill. But, crucially, the evidence of sales volumes was in my view nowhere near sufficient to have succeeded in a claim for passing off at the relevant date for the sign in issue on the goods in question.
44. This conclusion is consistent with the evidence of later sales, which were still very small compared to the market as a whole. The May 2018 Packaging News article shows that Cup Print were still seeking to develop relationships with distributors and that demand had only just started to take off. The amount of goodwill in the form of customers back in January 2018 (two) was small, and in my judgment clearly insufficient to found a successful passing off action in all the circumstances of the case.
45. Thus at that stage I consider that the reCUP get up would not have been recognised by distributors generally as distinctive specifically of Party A’s goods (per Lord Oliver in Jif) nor would Party A’s goodwill be considered to have had substantial value at

that stage (per Lord Fraser in *Advocaat*). The threshold for possession of significant goodwill (per Lord Neuberger in *Starbucks*) had not been met on the evidence before the Hearing Officer.

46. As for misrepresentation and damage, Party B did not challenge the findings of the Hearing Officer if he was right about goodwill. I agree that had there been sufficient goodwill, misrepresentation and damage would necessarily follow as a result of the similarity in the signs being used. However, in the absence of sufficient goodwill the findings of misrepresentation and damage must fall away.
47. I am conscious that I am differing from the views of an experienced first instance tribunal, and that I should be reluctant so to do. Nevertheless, on this occasion I am satisfied that the Hearing Officer was wrong to conclude that some €4000 worth of business in the UK prior to 28 January 2018 would amount to sufficient goodwill to found a claim of passing off in the sign RECUP for recyclable drinking cups.

CONCLUSION

48. Party B had asked for a complete reversal of the Hearing Officer's decision; in other words to grant of all its marks and refuse Party A's. I have found that Party B's first application should be allowed to grant. However, in the absence of any findings of the Hearing Officer in relation to the impact of this registration on the allowability of Party A's application, I cannot determine any appeal in relation to this opposition. Nor can I do so in relation to Party B's later applications. I asked the parties if they would like me to determine these issues *de novo*, or whether they should be remitted to the Hearing Officer. Party A explained that it would prefer for the issues to be remitted so that it retained its right of appeal. It is completely within its rights to do so and I will so direct.
49. As to costs, Party B has been successful in relation to its appeal for mark no. 3285835. Although there were other marks at large below and on this appeal, the majority of the costs of the oppositions have been spent in dealing with the issues under that application. I will therefore attempt to allocate the costs accordingly.
50. On this appeal, I award Party B its costs. Bearing in mind the relative conciseness of the pleadings and arguments, for which the parties are to be praised, I award Party B the sum of £1200.
51. In relation to the costs below, the Hearing Officer awarded Party A £3100. I shall attribute £2000 of this to the issues on the present appeal and order that Party A pays this sum to Party B. Allocation of the remaining £1100 will depend upon the

outcome of the remaining oppositions, which will have to be determined at a fresh hearing if the parties are unable to resolve the dispute between them in the light of my findings above.

52. Party A should pay Party B £3200 within 21 days of the date of this decision.

Thomas Mitcheson QC
The Appointed Person
2nd June 2020