

O/566/20

TRADE MARKS ACT 1994

INTERNATIONAL REGISTRATION 1272626

IN THE NAME OF KHADI AND VILLAGE INDUSTRIES COMMISSION

AND

APPLICATION FOR INVALIDATION 502221

BY BNP BEST NATURAL PRODUCTS GMBH

AND

INTERNATIONAL REGISTRATION 1374271

IN THE NAME OF BNP BEST NATURAL PRODUCTS GMBH

AND

OPPOSITION 412644

BY KHADI AND VILLAGE INDUSTRIES COMMISSION

Background and pleadings

1. 'Khadi' is a term which has been used in India for many years to promote small-scale rural manufacturing businesses, primarily manufacturers of textiles. Use of the term in India is regulated by the Khadi and Village Industries Commission ("KVIC"). This is a dispute between KVIC and BNP Best Natural Products GmbH ("BNP"), which has registered Khadi as a trade mark in the EU and seeks protection of the same mark in the UK.

2. BNP is the proprietor of trade mark EU10479954 registration ("EU954") of the word 'Khadi'. The application to register this mark was filed on 9th December 2011. It was registered on 2nd May 2012 in relation to goods in classes 3, 21 and 31.

3. BNP is also the holder of international trade mark 1374271 ("IR271"), which consists of the word Khadi in the form shown below and covers the following goods/services in classes 3 and 44:

Khadi

Class 3: Cosmetic for eyebrows; cosmetic; cosmetic pencil; cosmetic for eyelashes; deodorant soaps; liquid soaps; laundry soaps; perfumed soaps; shaving soaps; soaps; hair rinses [shampoo-conditioner]; depilatories; depilatory waxes; hair dyes; hair conditioner; bleaching products for hair; hair gel; hair lacquer; hair care products; shampoo; styling foam for hair; hair spray; hair tonic; hair shampoo; hair lotion; cosmetic oils.

Class 44: Medical services, veterinary services, healthcare and beauty care for human beings and animals.

4. On 9th November 2017, BNP designated the UK for protection of IR271. KVIC opposes the protection sought for this mark (see paragraph 7 below).

5. KVIC is the holder of international trade mark 1272626 (“IR626”), which was protected in the UK on 1st June 2017 in relation to a wide range of goods/services in classes 1, 3, 5, 16, 18, 20, 21, 23, 26, 27, 29, 30, 32 and 35 (see annex A). IR626 consists of the word Khadi in the form shown below.

KHADI

6. KVIC designated the UK for protection of IR626 on 2nd December 2014, claiming priority based on various trade mark applications filed in India on 27th November 2014.

7. On 4th June 2018, KVIC opposed the protection of IR271 in the UK. KVIC relies on IR626 as an earlier trade mark in classes 1, 3, 5 & 21. According to KVIC:

- The respective goods in these classes and those in classes 3 and 44 of IR271 are identical or similar;
- The respective marks are identical;
- There is a likelihood of confusion on the part of the public;
- Protection of IR271 would therefore be contrary to section 5(2) of the Trade Marks Act 1994 (“The Act”).

8. KVIC also claims that the Khadi sign shown in paragraph 5 above has been used in the UK since at least 2010 in respect of:

Class 3: Hair oil, soaps, incense sticks (agarbatti), bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; perfumery, essential oils, cosmetics, hair lotions; dentifrices.

Class 5: Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic substances adapted for medical or veterinary use; food for babies; dietary supplements for humans and animals, plasters,

materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides.

Class 16: Paper (hand made); printed matter; menu cards; magazines; brochures; stationery; pamphlets; visiting cards; carry bags of paper; catalogues; books, bookbinding material, photographs, adhesives for stationery or household purposes; artists' materials, paint brushes; typewriters and office requisites (except furniture); instructional and teaching materials (except apparatus); plastic materials for packaging (not included in other classes), printers' type, printing blocks.

Class 27: Carpets, rugs, mats and matting, linoleum and other materials for covering existing floors; wall hangings (non-textile).

9. According to KVIC:

- The Khadi sign had been used in the UK since at least 2010 and goodwill had been acquired under the sign by the date that BNP designated IR271 for protection in the UK;
- Use of IR271 would constitute a misrepresentation that the goods/services in classes 3 and 44 of IR271 are connected to the goodwill acquired under the sign;
- Such use of IR271 would cause damage to KVIC through diversion of sales, the tarnishing of the reputation under Khadi and/or erosion of distinctiveness;
- Use of IR271 would constitute passing-off, and therefore protection of the IR in the UK would be contrary to section 5(4)(a) of the Act.

10. Further, according to KVIC:

- 'Khadi' is a well-established and iconic term on the Indian market;
- Use of IR271 would deceive the public into believing that the goods sold under BNP's mark are promoted and/or sold under the supervision of KVIC by the select group of Indian businesses authorised to do so;

- Protection of IR271 would therefore be contrary to section 3(3)(b) of the Act.

11. Additionally, KVIC claims that:

- BNP was well aware that 'Khadi' was a regulated term in India when it sought protection of IR271 in the UK;
- Prior to commencing use of the name in Europe, a founder of BNP's now-licensee, Khadi Naturprodukte GmbH & Co KG, approached KVIC with a view to sourcing products under the name;
- When no agreement was reached about such use, the owner of Khadi Naturprodukte GmbH & Co KG (called Khadi Naturprodukte GbR) made a number of applications to register the mark in the EU, and BNP subsequently sought protection for IR271 in the UK;
- Therefore, BNP's request for protection of IR271 in the UK was made in bad faith, contrary to section 3(6) of the Act.

12. On 6th September 2018, BNP applied for a declaration under section 47(2) of the Act that the protection of KVIC's trade mark (IR626) in the UK in relation to goods/services in classes 1, 3, 5, 21, 29, 30 and 35, is invalid. In this connection, BNP relies on earlier EU trade mark EU954 (Khadi). According to BNP, the goods in classes 3, 21 and 31 for which this mark is registered are identical or similar to the goods/services covered by classes 1, 3, 5, 21, 29, 30 and 35 of IR626. BNP claims that there is a likelihood of confusion between EU954 and IR626. Consequently, the protection of IR626 in the UK was contrary to sections 5(1) or (2) of the Act and should be cancelled.

13. EU954 and other related KHADI EU trade marks were the subject of cancellation proceedings brought by KVIC at the EUIPO, including appeals to the Board of Appeal and the General Court. However, these proceedings failed. EU954 must therefore be treated as valid.

14. Both sides counterstatements denying the grounds of opposition/invalidation.

15. The opposition and invalidation proceedings are consolidated.

16. Both sides seek an award of costs.

The evidence

17. KVIC relies on two witness statements by Mr G Guruprasanna (with 78 exhibits) and a statement by Mr Hastings Guise dated 10th September 2018.

18. Mr Guruprasanna is Deputy Chief Executive Officer of Legal Affairs at KVIC. His evidence goes mainly to the background to KVIC, its regulatory role, the use of Khadi in India, the sales and awareness of Khadi products in the UK, and the history of the dispute between the parties.

19. Mr Guise is a solicitor and Chartered Trade Mark Attorney working for Fieldfisher LLP, KVIC's representatives in these proceedings. His statement, and Mr Guruprasanna's second statement, were served in reply to BNP's evidence.

20. BNP's evidence consists of two witness statements by Mr Cay-Norbert Polley (with 10 exhibits), a witness statement by Mr Nicholas Sutton, and two witness statements by Mr Nicholas Carter. Mr Polley has been the Managing Director of BNP since June 2016 when the company was incorporated. BNP acquired the assets of Khadi Naturprodukte GbR on 29th June 2016. This included the rights to its Khadi trade marks. Mr Polley's evidence goes to the use of Khadi in the EU and UK by Khadi Naturprodukte GmbH & Co KG, initially under licence from Khadi Naturprodukte GbR and, since June 2016, under licence from BNP. Mr Polley also gives evidence about the history of the dispute with KVIC.

21. Mr Carter is a solicitor at Osborne Clarke LLP, which represents BNP in these proceedings. His evidence goes to the perception of the word Khadi in the UK.

22. Mr Sutton is the Operations Manager of Pravera Ltd, which has been the exclusive UK distributor of Khadi products marketed under licence from BNP and Khadi Naturprodukte GbR since 2014.

23. I have read all the evidence. I will return to the most relevant parts of it in more detail at the points in my decision at which it becomes material.

Representation

24. A hearing took place on 4th September 2020. Mr Thomas St Quintin appeared as counsel for BNP, instructed by Osborne Clarke LLP. KVIC was represented by Mr Hastings Guise of Fieldfisher LLP. I thank them both for their helpful submissions and for their constructive approach at the hearing, which sensibly focussed attention on the arguable grounds/facts and thereby successfully narrowed the scope of the dispute to the grounds set out above.

BNP's application to invalidate IR626 in the UK

25. It is convenient to start with BNP's application to invalidate IR626. The relevant parts of section 47 of the Act are as follows:¹

"47(1) -

(2) 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) - ,

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

(2A) But the registration of a trade mark may not be declared invalid on the ground that there is an earlier trade mark unless –

¹ The amendments to the Act which took effect in January 2019 do not apply to these proceedings, which were started beforehand

- (a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration,*
- (b) the registration procedure for the earlier trade mark was not completed before that date, or*
- (c) the use conditions are met.*

(2B) The use conditions are met if –

- (a) within the period of five years ending with the date of the application for the declaration the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or*
- (b) it has not been so used, but there are proper reasons for non-use.*

(2C) For these purposes –

- (a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and*
- (b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.*

(2D) In relation to a European Union trade mark or international trade mark (EC), any reference in subsection (2B) or (2C) to the United Kingdom shall be construed as a reference to the European Union.

(2E) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.

(2F) -

(3) -

(4) -

(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.

(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 5(1) and (2) of the Act are as follows:

“5(1) A trade mark shall not be registered if it is identical with an earlier trade mark and the goods or services for which the trade mark is applied for are identical with the goods or services for which the earlier trade mark is protected.

(2) A trade mark shall not be registered if because –

(a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

26. The application for invalidation is pleaded as covering the goods/services protected by classes 1, 3, 5, 21, 29, 30 and 35 of IR626. However, at the hearing Mr St Quintin made it clear that the focus of the application is on the protection of IR626 in class 3. This reflects BNP’s primary field of commercial interest. The application for invalidation is maintained in the other classes only to the extent that any of these goods/services are found to be similar enough to those covered by classes 3 and 44 of BNP’s IR271 to substantiate KVIC’s opposition to the protection of that mark in the UK.

27. EU954 is subject to proof of use under section 47(2A) of the Act in the period 7th September 2013 to 6th September 2018 in relation to the goods for which it is registered in classes 3, 21 and 31. BNP claims that the evidence of use it has provided is sufficient to support the following notional specification in class 3:

“soaps, essential oils, cosmetics, hair lotions, colouring matters for the hair, hair conditioners, hair moisturisers, body oils, face masks, hair oils, hair shampoos, hair cleaning preparations”.

28. KVIC accepts that the evidence shows genuine use of EU954 in respect of these goods, except for *soaps, essential oils, cosmetics*. I will therefore focus on the evidence and arguments relating to the use of EU954 in relation to the disputed descriptions of goods.

29. In *Leno Merken BV v Hagelkruis Beheer BV*,² the CJEU held that:

“Article 15(1) of Regulation No 207/2009 of 26 February 2009 on the Community trade mark must be interpreted as meaning that the territorial borders of the Member States should be disregarded in the assessment of whether a trade mark has been put to ‘genuine use in the Community’ within the meaning of that provision.

A Community trade mark is put to ‘genuine use’ within the meaning of Article 15(1) of Regulation No 207/2009 when it is used in accordance with its essential function and for the purpose of maintaining or creating market share within the European Community for the goods or services covered by it. It is for the referring court to assess whether the conditions are met in the main proceedings, taking account of all the relevant facts and circumstances, including the characteristics of the market concerned, the nature of the goods or services protected by the trade mark and the territorial extent and the scale of the use as well as its frequency and regularity.”

² Case C-149/11

30. I also take account of the guidance provided by Mr Daniel Alexander Q.C. as the Appointed Person in *Awareness Limited v Plymouth City Council*,³ in which he pointed out that:

“22. The burden lies on the registered proprietor to prove use..... However, it is not strictly necessary to exhibit any particular kind of documentation, but if it is likely that such material would exist and little or none is provided, a tribunal will be justified in rejecting the evidence as insufficiently solid. That is all the more so since the nature and extent of use is likely to be particularly well known to the proprietor itself. A tribunal is entitled to be sceptical of a case of use if, notwithstanding the ease with which it could have been convincingly demonstrated, the material actually provided is inconclusive. By the time the tribunal (which in many cases will be the Hearing Officer in the first instance) comes to take its final decision, the evidence must be sufficiently solid and specific to enable the evaluation of the scope of protection to which the proprietor is legitimately entitled to be properly and fairly undertaken, having regard to the interests of the proprietor, the opponent and, it should be said, the public.”

31. Mr Sutton gives evidence on behalf of Pravera Ltd (BNP’s exclusive UK distributor of Khadi-branded products) that the products his company has sold in the UK since 8th April 2014 can be categorised as *“body/skincare products (face and body oils, face masks), hair care products (oils, colours, conditioners, shampoos etc.) and shower/bath gels and soaps”* (emphasis added). He makes no specific claim that Khadi has been used in relation to *essential oils*. Further, I note that:

- (i) The invoices he provides for Khadi products sold during the relevant period all relate to haircare products;⁴
- (ii) The list of Khadi products Mr Sutton says (at paragraph 12 of his statement) that his company currently provides, and which he says is reflective of the products sold over the previous 5 years, does not include soap (or body wash), or essential oils as such (it does include face and body oils);

³ Case BL O/236/13

⁴ See exhibit NS1

- (iii) Total sales of Khadi products by Pravera Ltd in the UK during the period April 2014 to 31st December 2018 amounted to around £210k representing sales of 12-15k units per annum between 2016 – 2018;
- (iv) No separate sales figures are provided for Khadi soaps or body wash or essential oils;
- (v) The price lists provided for 2016- 2018 cover hair products, face and body oils;
- (vi) Only the price list for the period April to September 2018 includes face masks and body wash, both of which are described as “*new*”;⁵
- (vii) Pravera Ltd markets Khadi products through the distribution of price lists and sales brochures to trade customers (and potential customers), by attending a trade exhibition for natural products, and by maintaining a website at pravera.co.uk;
- (viii) The (only) sales brochure (from 2015) in evidence includes various hair products and face and body oils, but no soap, body wash, or essentials oils as such;⁶
- (ix) Historical pages from Pravera’s UK website between 2014 and August 2018 show the marketing of Khadi hair products, skin oils and (from August 2018) face masks, but no soap, body wash, or essential oils as such.

32. Mr St Quintin submitted that body wash was liquid soap and therefore use of the mark in relation to body wash constituted use in relation to soaps. According to Collins English Dictionary, ‘soap’ is “*a substance that you use with water for washing yourself or sometimes for washing clothes.*” Soap can come in the form of a solid bar, or in the form of a liquid gel or powder. A body wash is used for washing the body. It is effectively a liquid soap. This is how I believe that an average consumer would view it. I therefore accept that body wash counts as soap for present purposes. I draw the line at ‘shampoo’, which although also used for washing part of the body would not normally be considered to be ‘soap’.

⁵ See exhibit NS3

⁶ See exhibit NS5

33. However, taking Mr Sutton's evidence about Pravera's use of Khadi in the round, I am not satisfied that it shows genuine use of Khadi in the EU in relation to soaps, even if I include body wash. At most, it shows that Khadi body wash appeared on Pravera's UK price list for the last six months of the relevant period. It does not show that any such products were actually bought or sold, or marketed by Pravera Ltd in the UK in any other way, during the relevant period.

34. I note Mr Sutton's evidence that, prior to Pravera Ltd becoming exclusive licensee for Khadi products in the UK on 3rd April 2014, Khadi goods were sold here by an online retailer from the website ecco-verde.co.uk. Historical pages from that website are in evidence.⁷ The earliest page is dated 2nd December 2013. It shows a Khadi hair colouring product. The product was priced in Euros, but free UK delivery was offered on orders over €49.95. Although within the relevant period, this use of Khadi cannot improve BNP's case. This is because KVIC concedes that there has been use of Khadi in relation to *colouring matters for the hair*. There is also a copy of a page from the same website dated 6th November 2014 which shows Khadi bath & body wash offered for sale. The prices were shown in £Sterling, suggesting that the goods were aimed at the UK market. There is no evidence that any such goods were actually sold. In any event, this was after Mr Sutton says that Pravera Ltd was appointed as exclusive UK distributor of Khadi products in the UK. Mr Polley confirms as much in his first statement. He does not mention any trading arrangement between Khadi Naturprodukte GmbH & Co KG, and Ecco Verde. Consequently, there is no reason to accept that any Khadi products directed at the UK market by Ecco Verde after April 2014 were marketed with the consent of the proprietor of EU954.

35. In his first witness statement, Mr Polley describes use of Khadi by BNP and Khadi Naturprodukte GmbH & Co KG in relation to "*cosmetics and body and hair products*." He makes no specific claim that Khadi has been used in relation to *soaps* or *essential oils*. However, Mr St Quintin drew my attention to the following examples of the use of Khadi in relation to soaps, all drawn from the exhibits to Mr Polley's statement:

⁷ See exhibit NS7

- (i) Page 95 of exhibit CNP4 to his statement shows a photograph of a bar of soap which he says is indicative of the products sold during the relevant period under licence granted by BNP's Khadi Naturprodukte GmbH & Co KG. Unfortunately, I cannot make out the word Khadi in the photograph.
- (ii) Exhibit CNP5 to Mr Polley's statement consists of invoices dated within the relevant period from BNP's Khadi Naturprodukte GmbH & Co KG addressed to undertakings in Poland, Czech Republic, Germany and Hungary, which include Khadi soaps and body wash. There are four invoices for soaps, all dated in 2015 and addressed to an undertaking or undertakings in Poland. These invoices also include body washes. There are a further three invoices from 2017/18 addressed to undertakings in Germany, Czech Republic and Hungary, which also include Khadi body washes.⁸

In total, these seven invoices reflect sales of 1450 units of Khadi soap and 585 units of Khadi body wash during the relevant period.

36. Mr Guise's main criticism of this part of BNP's case was that the scale of use shown was simply too small in relation to the EU market for soap, and too infrequent and limited in geographical extent, to count as genuine use of Khadi in the EU in relation to soaps.

37. There is no evidence as to the size of the EU market for soap, but I would expect it to be a €multi-billion market consisting of many billions of annual unit sales. The use shown in this case is miniscule in relation to the EU market for soap. The sales shown are also infrequent, amounting to just 7 sales over three years. Further, the sales were limited to only a small part of the EU corresponding to the territories of just four of the Member States. And only the sales in Poland, all in 2015, appear to show any repeat orders. Mr Polley provides copies of pages from Amazon.co.uk showing Khadi products for sale and purporting to show the date the products were

⁸ Not all of these include Khadi on the invoices, but it can be seen from the product codes that they were for Khadi products.

first listed for sale on Amazon.⁹ I note that none of the products are soap (or body wash). And none are essential oils as such, although one of the Khadi body oil products listed includes ‘essential oils’ as an ingredient, and several others appear to list particular essential oils amongst their ingredients.

38. There is no evidence of any advertising relating to Khadi soap products. Khadi Naturprodukte GmbH & Co KG maintained a website promoting Khadi products at indien-produkte.de. Historical pages from the website during 2014 – 2017 are in evidence.¹⁰ I note that “*face and body wash*” are listed in the product categories listed on the left-hand side of the home pages, but no such products are shown in the pages in evidence.

39. In my view, the evidence does not establish that the very limited use of Khadi shown in the evidence in relation to soap (including body wash) would be “*viewed as warranted in the economic sector concerned to maintain or create a share in the [EU] market for [soap].*”¹¹ I therefore find that BNP has not established genuine use of EU954 in relation to soaps.

40. As to *essential oils*, there was some disagreement at the hearing as to what this term covered. Mr Guise argued for a narrow meaning. He submitted that essential oils were ingredients, usually used as flavourings. Mr St Quintin argued for a wider meaning covering aromatherapy body oils. Collins English Dictionary defines essential oils as:

“any of various volatile organic oils present in plants, usually containing terpenes and esters and having the odour or flavour of the plant from which they are extracted: used in flavouring and perfumery”

⁹ See exhibit CNP6

¹⁰ See exhibit CNP7

¹¹ Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV*

The same source defines aromatherapy as:

“the use of fragrant essential oils extracted from plants as a treatment in complementary medicine to relieve tension and cure certain minor ailments”

41. The high point of this part of BNP’s case appears to be that it markets Khadi face and body oils for aromatherapy purposes which include essential oils.¹² However, these goods are not essential oils as such. They are marketed as *face and body oils* or *aromatherapy face and body oils*. That is how an average consumer would view them. I therefore conclude there is no evidence of any use of Khadi in relation to *essential oils*. KVIC has conceded that there was genuine use of Khadi in relation to *body oils*. I find that the evidence also establishes genuine use of the mark in relation to *face oils*.

42. KVIC accepts that there has been genuine use of Khadi in relation to *face masks* and *body oils*. BNP relies on such use to justify protection in relation to *cosmetics*. In this connection, Mr Quintin reminded me of my decision in opposition O/576/18 (So Divine). In that case I held that *cosmetics* covered substances applied to the skin for the purposes of improving its appearance.

43. The real issue here is about an appropriate specification for the use shown in relation to *face masks, face and body oils*. In *Property Renaissance Ltd (t/a Titanic Spa) v Stanley Dock Hotel Ltd (t/a Titanic Hotel Liverpool) & Ors*,¹³ Mr Justice Carr summed up the law relating to partial revocation. The following extract from his summary is relevant for present purposes.

“v) It is not the task of the court to describe the use made by the trade mark proprietor in the narrowest possible terms unless that is what the average consumer would do. For example, in Pan World Brands v Tripp Ltd (Extreme Trade Mark) [2008] RPC 2 it was held that use in relation to holdalls justified a registration for luggage generally; Thomas Pink at [53].

¹² See, for example, exhibits NS3 and NS5

¹³ [2016] EWHC 3103 (Ch)

vi) A trade mark proprietor should not be allowed to monopolise the use of a trade mark in relation to a general category of goods or services simply because he has used it in relation to a few. Conversely, a proprietor cannot reasonably be expected to use a mark in relation to all possible variations of the particular goods or services covered by the registration. Maier v Asos Plc [2015] EWCA Civ 220 ("Asos") at [56] and [60].

vii) In some cases, it may be possible to identify subcategories of goods or services within a general term which are capable of being viewed independently. In such cases, use in relation to only one subcategory will not constitute use in relation to all other subcategories. On the other hand, protection must not be cut down to those precise goods or services in relation to which the mark has been used. This would be to strip the proprietor of protection for all goods or services which the average consumer would consider to belong to the same group or category as those for which the mark has been used and which are not in substance different from them; Mundipharma AG v OHIM (Case T-256/04) ECR II-449; EU:T:2007:46."

44. Cosmetics is a broad term covering a wide range of goods, especially make-up. Even accepting that the goods on which BNP relies fall within the broad meaning of cosmetics, BNP has only shown use of Khadi in relation to very limited subcategories of such goods. In my view, average consumers would view this as use of the mark in relation to *face masks, face and body oils* rather than as use of Khadi in relation to cosmetics *per se*.

45. I therefore find that the following list is a fair specification of the goods for which genuine use of EU954 has been shown for the purposes of this opposition:

"Hair lotions, colouring matters for the hair, hair conditioners, hair moisturisers, body oils, face oils, face masks, hair oils, hair shampoos, hair cleaning preparations".

Comparison of goods/services

46. The respective goods for which EU954 is entitled to protection and the corresponding goods in class 3 of IR626, are set out below.

EU954	IR626
Class 3: Hair lotions, colouring matters for the hair, hair conditioners, hair moisturisers, body oils, face oils, face masks, hair oils, hair shampoos, hair cleaning preparations	Class 3: Hair oil, soaps, incense sticks (agarbatti), bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; perfumery, essential oils, cosmetics, hair lotions; dentifrices.

47. BNP submits that *hair oil, soaps, essential oils, cosmetics, hair lotions* in IR626 are identical to the goods for which EU954 is protected. *Hair oils* and *hair lotions* are self-evidently identical.

48. As noted above, *cosmetics* describes substances applied to the skin for the purposes of improving its appearance. *Body oils, face oils* and *face masks* can all be applied to the skin to improve its appearance. These terms therefore cover goods which are *cosmetics*. In *Gérard Meric v OHIM*,¹⁴ the General Court stated that:

“29. ...the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by trade mark application (Case T-388/00 Institut fur Lernsysteme v OHIM-Educational Services (ELS) [2002] ECR II-4301, paragraph 53) or where the goods designated by the trade mark application are included in a more general category designated by the earlier mark”.

It follows that *cosmetics* in the specification of IR626 must be considered to be identical to *body oils, face oils* and *face masks* in the specification of EU954.

¹⁴ Case T- 133/05

49. In my view, *essential oils* and *soaps* are not identical to any of the goods for which EU954 is entitled to protection.

50. Mr Guise submitted that *cleaning preparations* in the specification of IR626 should be understood as covering only laundry products. Given its ordinary meaning, *cleaning preparations* plainly covers goods for both laundry and personal use. I note that the description of goods at issue appears in the same sentence as *polishing, scouring and abrasive preparations*. In principle, this may be relevant to the interpretation of the meaning of *cleaning preparations* because it adds context. I note that another of the four terms named in this sentence, i.e. *abrasive preparations*, also covers goods for use on the body, e.g. for preparations for removing hard skin. Therefore, two of the terms in this sentence, i.e. *polishing, scouring preparations*, appear to relate to goods which are exclusively for household/laundry use, whereas the other two terms cover goods which could be for household/laundry or personal use. In these circumstances, I am not prepared to infer from the context in which *cleaning preparations* appears that it is necessarily limited to goods for household/laundry use.¹⁵ Mr St Quintin submitted that *cleaning, polishing, scouring and abrasive preparations* in the specification of IR626 are identical or similar to *soaps* covered by EU954. I have found that EU954 is not entitled to protection in relation to soaps, but based on the same reasoning, i.e. the reasoning derived from the *Meric* case, *cleaning preparations* must be considered to be identical to *hair shampoos, hair cleaning preparations*, for which EU954 is entitled to protection. However, this would cease to be the case if the term *cleaning, polishing, scouring and abrasive preparations* was qualified by “*none being personal care products.*”

51. In assessing whether any of the remaining class 3 goods are similar I bear in mind the guidance provided by the CJEU in *Canon*¹⁶ where the court stated that:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be

¹⁵ My attention was drawn to the opposition decision in case BL O/177/18 PRIMERA, in which another Hearing Officer came to a different view about this matter. However, the point does not appear to have been argued in that case and, in any event, it is not binding on me.

¹⁶ Case C-39/97

taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary”.

52. I find that *cleaning, polishing, scouring and abrasive preparations, none being personal care products* (my emphasis) are not similar to any of the goods in class 3 for which EU954 is entitled to protection. This is because the respective goods are for different purposes, the method of use is different (one being for use on the body, the other not), they are not in competition and they are generally marketed by different undertakings through different channels and/or shelves.

53. I accept that *bleaching preparations and other substances for laundry use* are not similar to any of the in class 3 for which EU954 is entitled to protection. In this instance I find that the words “*..and other substances for laundry use*” (emphasis added) clearly limit the purpose of all these goods to laundry use. This is why I see no commercially relevant similarity between the purpose of these goods and *colouring matters for the hair* for which EU954 is protected, even though the latter goods could also include bleach.

54. I next consider *dentifrices* covered by IR626. Mr St Quintin submitted these goods are similar to cosmetics for which he submitted that EU954 is entitled to protection because “*all are used as part of regular hygiene regimes, and are things that consumers would expect to come from the same undertaking.*” In support of this submission, Mr St Quintin informed me that Colgate Palmolive make both toothpaste and personal hygiene products. I do not doubt that is the case, but Colgate Palmolive is a very large business. There is no evidence that this is common practice such that the public expect toothpaste and personal hygiene products to be marketed by the same undertakings. Further, as I have already pointed out, EU954 has not been shown to be entitled to protection in relation to *soaps*. And the only cosmetics for which it is entitled to protection are *body oils, face oils* and *face masks*. None of these are obviously personal hygiene products. The method of use of the goods and the part of the body on which they are used also appear different, *dentifrices* being usually applied to the teeth on a brush rather than rubbed onto the face or body. I therefore find these goods are dissimilar.

55. The evidence shows that face and body oils may include essential oils, at least when they are also formulated for aromatherapy and/or perfumery purposes. In *Les Éditions Albert René v OHIM*,¹⁷ the General Court found that:

“61... The mere fact that a particular good is used as a part, element or component of another does not suffice in itself to show that the finished goods containing those components are similar since, in particular, their nature, intended purpose and the customers for those goods may be completely different.”

56. However, it is clear from the dictionary references re-produced in paragraph 40 above that essential oils are used for their perfumery effect and in aromatherapy products. It follows that the intended purpose of *essential oils* is not “*completely different*” to *face and body oils*. Indeed, two of the purposes for which they are used appear to be closely related to the purposes of the latter goods. Further, the nature of the goods appears very similar (liquids). I therefore find that these goods are similar to a medium degree.

57. As *face and body oils* covered by EU954 may be perfumed and used, inter alia, for enhancing the smell of the body, *perfumery* in IR626 is similar to one of the purposes of *face and body oils*. The respective goods are also similar in nature (liquids) and method of use (applied to the body). I find these goods are highly similar.

58. Like *face and body oils*, *incense sticks (agarbatti)* in IR626 may be used for aromatherapy and perfumery purposes. Therefore, although the goods are different in nature and method of use, they are similar to a low degree.

59. I conclude that the goods covered by class 3 of IR626 are identical or similar (to various degrees) to the class 3 goods for which EU954 is entitled to protection, except for *cleaning, polishing, scouring and abrasive preparations* [if qualified as

¹⁷ Case T-336/03

none being personal care products], bleaching preparations and other substances for laundry use and dentifrices.

60. Neither side positively argued that there is any similarity between the goods in class 3 for which EU954 has been used (on either side’s view of that matter) and the goods covered by class 5 of IR626. However, BNP’s limited approach to the invalidation of IR626 in just class 3 is subject to my finding that the goods/services covered by the other classes of IR626 are sufficiently far removed from the goods/services covered by IR271 so as not to impede the protection of that mark in the UK (see paragraph 26 above). Mr Guise submitted that *pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic substances adapted for medical or veterinary use* covered by class 5 of KVIC’s IR626 are similar to some of the opposed services in class 44 of BNP’s IR271. It is therefore necessary to consider whether any of the goods covered by class 5 of IR626 on which KVIC relies for the purpose of its opposition to IR271, are similar to any of the goods in class 3 for which BNP’s earlier trade mark EU954 is entitled to protection.

61. The respective goods are set out below.

EU954	IR626
Class 3: Hair lotions, colouring matters for the hair, hair conditioners, hair moisturisers, body oils, face oils, face masks, hair oils, hair shampoos, hair cleaning preparations	Class 5: Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic substances adapted for medical or veterinary use

62. Mr Guise drew my attention to earlier opposition decisions in *Tantum*¹⁸ and *Lumicare*¹⁹ in which it was said to have been held that *pharmaceutical and veterinary preparations; sanitary preparations for medical purposes* and *dietetic substances adapted for medical or veterinary use*, respectively, are not similar to “*general class 3 goods*.” Having reviewed the decision in *Tantum* I note that the Hearing Officer found that the class 5 goods listed above were not similar to “*make-up; eye make-*

¹⁸ BL O/237/18

¹⁹ BL O/378/10

up; eyeliners; blushers; lipsticks”. By contrast, he held that *pharmaceutical products and sanitary preparations for medical purposes* are similar to a low degree to *hair lotions*. This is because the former goods may include medicated hair lotions for the treatment of the hair or scalp. I am not bound by the previous decision, but I agree with the previous Hearing Officer’s reasoning for finding that these goods are similar. I find they are similar in nature and method of use, both being lotions for application to the hair. Additionally, one of the purposes of a medicated hair lotion, such as a medicated shampoo, is to clean the hair. Therefore, the respective purposes of medicated hair lotions is, in one respect, similar to the *hair lotions* and *hair cleaning preparations* for which EU954 is entitled to protection. The same reasoning applies to the similarity between, on the one hand, *pharmaceutical preparations; sanitary preparations for medical purposes*, which both cover medicated body and face lotions and, on the other hand, *body oils, face oils*.

63. I accept that *pharmaceutical and veterinary preparations* are not otherwise similar to any of the goods for which EU954 is entitled to protection. Therefore, there would be no similarity between *pharmaceutical preparations, none being medicated preparations for application to the hair or skin* and any of the goods for which EU954 is entitled to protection.

64. I also agree with the reasoning in *Lumicare* that there is no similarity between goods in class 3 and *dietetic substances adapted for medical or veterinary use*.

65. I conclude that there is a low degree of similarity between *pharmaceutical preparations; sanitary preparations for medical purposes* and some of the goods for which EU954 is entitled to protection in class 3, but there is no similarity between those goods and *pharmaceutical preparations, none being medicated preparations for application to the hair or skin, veterinary preparations or dietetic substances adapted for medical or veterinary use*.

Average consumer and the selection process

66. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood

of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question.²⁰

67. When I asked them about it at the hearing, neither party's representative dissented from my preliminary assessment that (i) the relevant public is primarily composed of the general public in the UK, and (ii) average consumers will pay a normal degree of care and attention when selecting the goods at issue, apart from pharmaceutical products where an above-average degree of attention is likely to be paid because of the health risk involved in selecting the wrong product.

68. The goods at issue are likely to be selected primarily by eye, from brochures, displays in shops and from pages on websites. However, word-of-mouth orders and recommendations may also play a part in the selection process.

Distinctive character of the earlier trade mark

69. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*²¹ the CJEU stated that:

*"22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).*

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically

²⁰ *Lloyd Schuhfabrik Meyer*, Case C-342/97, CJEU

²¹ Case C-342/97

widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see Windsurfing Chiemsee, paragraph 51)."

70. The matter must be assessed as at the relevant date for the assessment of the likelihood of confusion. KVIC designated the UK for protection of IR626 on 2nd December 2014, claiming priority based on various trade mark applications filed in India on 27th November 2014. Therefore, the relevant date for assessing the distinctive character of EU954 is 27th November 2014. As the application for IR626 to be declared invalid relates to the UK, what matters is the degree of distinctiveness of the earlier EU954 mark to relevant average UK consumers.

71. Mr St Quintin submitted that the earlier mark was highly distinctive to such consumers.

72. It is clear from the evidence that EU954 had only been used in the UK on a small scale by the relevant date. There is no possible argument that the mark had become highly distinctive through such use. It is therefore necessary to focus on the mark's inherent distinctive character. Khadi does not describe characteristics of any of the goods in class 3 for which it is entitled to protection. The average UK consumer would probably regard it as unusual, probably foreign, word with no recognisable meaning, at least so far as those goods are concerned. I therefore find that Khadi is a word with an above-average level of inherent distinctiveness in relation to the goods for which EU954 is entitled to protection.

Identity of marks

73. Despite the slightly different fonts in which the marks are registered and protected, respectively, it is common ground that they should be considered as identical marks.

Global assessment of the likelihood of confusion

74. Where the goods are similar, even to a low degree, I find that the identity of the marks coupled with the above-average level of distinctiveness of Khadi creates a *prima facie* likelihood of confusion.

75. It is true that consumers generally pay a higher degree of attention when selecting medical goods in class 5, although that probably applies less to over-the-counter medicated hair and skin preparations (which are notionally covered by class 5 of IR626) than to prescription pharmaceuticals. However, even factoring in a higher-than-normal degree of attention on the part of the average consumer, I find there is a likelihood of confusion, including the likelihood of association. That is to say that average consumers will be caused to believe that the similar goods in classes 3 and 5 of IR626 are marketed by the same undertaking to the one that markets Khadi products under EU954, or by an economically related undertaking.

76. Mr Guise submitted that UK consumers' recognition of Khadi as a regulated term for products made in India would somehow lessen the likelihood of confusion. I will come to the factual basis for this submission shortly. However, even if it is factually correct, I cannot see how it assists KVIC. This is because a likelihood of confusion between the marks, in either direction, is sufficient to justify protecting the essential function of the earlier trade mark, which is to distinguish the goods of one undertaking from those of other undertakings.²² So, if some consumers mistakenly think that BNP's Khadi goods are those of KVIC (as opposed to thinking that KVIC's Khadi goods are those of BNP), that is enough for BNP to successfully invoke s.5 of the Act to protect the earlier mark from the risk of confusion.

77. Where I have found that the respective goods are not similar, the application for invalidation based on s.5(1) and (2) of the Act must fail. This is because these provisions require the goods to be identical or at least similar.

²² *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation* [2016] EWCA Civ 41 at paragraph 80 of the judgment

Conclusion on BNP's application to invalidate the protection of IR626 in the UK

78. The application for invalidation succeeds in class 3, except in respect of:

Cleaning, polishing, scouring and abrasive preparations, none being personal care products, bleaching preparations and other substances for laundry use: dentifrices.

79. The protection of IR626 will be invalidated in respect of the other goods for which it was protected in class 3.

80. The application for invalidation succeeds in class 5 in respect of:

Pharmaceutical preparations, being medicated preparations for application to the hair or skin; sanitary preparations for medical purposes

81. The protection of IR626 will therefore be invalidated in respect of these goods in class 5 leaving the mark still protected in relation to:

Pharmaceutical preparations, none being medicated preparations for application to the hair or skin; veterinary preparations; dietetic substances adapted for medical or veterinary use; food for babies; dietary supplements for humans and animals, plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides.

82. The application for invalidation fails in respect of goods/services in classes 1, 21, 29, 30 and 35.

KVIC's opposition to the protection in the UK of IR271

The parties' use of Khadi and recognition of the name/brand in the UK

83. Before turning to KVIC's grounds of opposition to the protection of IR271, it is necessary to examine the evidence about the use of Khadi in the UK on which KVIC relies, and about the perception of that word amongst UK consumers.

84. It is common ground that the latest date on which any of the grounds of opposition stands to be assessed is 9th November 2017. This is the date that BNP designated the UK for protection of IR271. Therefore, in setting out the material evidence I will focus on the evidence which pre-dates 9th November 2017, except where later evidence sheds light backwards on the position at that date or earlier. This means that I will not give weight to most of the evidence about events which clearly postdate the 9th November 2017, such as the fact that Prime Minister Teresa May wore a poppy in late 2018 made from Khadi cotton.

85. Mr Guruprasanna does not say how long he has been working for KVIC. He says that his evidence is based on his personal knowledge, or information given to him by colleagues at KVIC, or KVIC's records. Some of his evidence is therefore hearsay. I will bear this in mind when I assess how much weight to attach to his evidence about past use of Khadi by KVIC in the UK, particularly in relation to class 3 goods. Mr Guruprasanna's evidence is that:

- The origins of Khadi date back to Mahatma Gandhi's drive for Indians to disregard imported cloths and replace them with home-grown, hand spun textiles;
- KVIC was established pursuant to the Indian Government's 'The Khadi and Village Industries Commission Act 1956';
- KVIC's functions are set out in the 1956 Act as being "*to plan, promote, facilitate, organise and assist in the establishment and development of khadi and village industries in the rural areas [of India]...*";

- KVIC “*closely monitors the products that are sold under the regulated term Khadi or which are subject to certain eligibility conditions under the 1956 Act*”;
- The term Khadi for Indian textiles is only permitted to be used on cotton, wool or silk, or combinations thereof, where the yarn is only hand spun and the material hand woven;
- KVIC also permits certain village industries in India to use the term Khadi for non-textile products made using similar principles of local and artisanal manufacture, subject to fulfilling “*certain conditions*” including being supported by KVIC and providing rural employment;
- Khadi is therefore a regulated term in India and cannot be used without the consent of KVIC.

86. I note that section 2(d) of The Khadi and Village Industries Commission Act 1956 defines ‘Khadi’ as “*any cloth woven on handlooms in India from cotton, silk or woollen yarn hand spun in India or from a mixture of any tow or all of such yarns.*” I also note that section 2(h) of the Act defines ‘village industry’ as “*any industry located in rural areas which produces any goods or renders any service.....in which the fixed capital investment per head of an artisan or a worker does not exceed [an amount set by the Government].*” I further note from section 15 of the 1956 Act that KVIC’s functions include the setting of quality standards for manufacturers of Khadi [textiles] and those of village industries.

Sale of KVIC-authorized KHADI products in the UK

87. Mr Guruprasanna claims that Khadi-authorized products have been sold in the UK. In support of this claim he exhibits to his first statement an extract from KVIC’s 2007/8 annual report, a packing order dated 7th November 2010 with an address in Birmingham UK, and a KVIC document, which Mr Guruprasanna says evidences exports of Khadi products to the UK between 2009 and 2014.²³

²³ See exhibits AM49 - 51

88. The UK exports listed in KVIC's 2007/8 annual report include soaps and lotions, but the only products identified as Khadi products are textiles. The value of the textiles recorded as exported to the UK in 2007/2008 amounts to around £4-5k per annum. The only 'Khadi' products mentioned in KVIC export documents for 2009 - 2014 are also textiles.

89. The packing order from 2010 covers 17.5k "*herbal products*." These products were shipped by a person called Ashram in New Delhi, to Koh-i-Noor Trading in Birmingham. The packing order itself makes no reference to these being Khadi products. However, Mr Guruprasanna exhibits two further packing orders to his second witness statement, dated 5th December 2010 and 15th March 2011. These are addressed to the same company in Birmingham.²⁴ They are for 20kg and 12kg, respectively, of "*Khadi Herbal Products*." There is also evidence of the shipment of goods listed as Khadi soap from the same Mr Ashram in Delhi, to an importer in the Czech Republic in March 2011, and an invoice dated February 2012 from a company called Singh International in New Delhi, to a party in Poland. This invoice covers 1630 units of goods listed as Khadi hair, face and body preparations.

90. In his second witness statement, Mr Guruprasanna provides further extracts from KVIC's annual reports which he says show exports of Khadi products to the UK in the period 2011 - 2018.²⁵ The reports refer to the export of "*aromatic and essentials oils*", "*lotion/dyes*", "*Agarbathi & perfumed candles*", "*Ayurvedic Medicine/Herbal products*" and "*Herbal Soap, Shampoo*." The report for 2013/14 records that around £13k worth of "*Ayurvedic Medicine/Herbal Products*" were exported to "*Kuwait, USA and UK*" in 2012/13, and around £30k worth of the same products were exported in 2013/14. Because of the way the information is presented, it is not possible to identify the value of the goods exported specifically to the UK. Further, the only products listed as Khadi products in these reports are textiles. In this connection, I note from the reports that KVIC is involved in the protection of other brands besides Khadi, such as Sarvodaya and DesiAhaar.²⁶

²⁴ See exhibits GG15 and GG16

²⁵ See exhibits GG2 – GG8

²⁶ See, for example, page 8 of GG2

91. The 2012/13 annual report records that around £26k worth of Khadi silk and muslin were exported to (collectively) Poland, Japan, UK, Germany, Australia, Malaysia and Belgium. Therefore, the value of such goods exported to the UK is likely to have been very small. I also note that none of the reports for the years 2013/14 to 2017/18 record any exports of Khadi textiles to the UK.

92. However, according to Mr Guruprasanna, UK consumers have been able to buy KVIC-authorized Khadi products from sources which frequently acknowledge the history of the Khadi movement, and that such goods come from a KVIC-approved network of producers. In support of this claim he exhibits:

- Pages from the website eggtrading.com which appear to show content from 2007, specifically clothing items priced in £Sterling with references to Khadi (unfortunately, the connection with Khadi is not made clear);²⁷
- An extract from the website jaadu.co.uk which seems to have been downloaded in 2019, but may relate to an article published in 2017 about the history of Khadi fabrics in India;²⁸
- Pages from the website houseofkhadi.co.uk, which state that the business was established in November 2016 and sells clothing made from Khadi fabric selected by it in India;²⁹
- Pages from the website clothhouse.com, including an article from December 2016 explaining the history of Khadi and showing that, in 2019, Cloth House London was selling Khadi fabrics in the UK;³⁰
- An extract from the website of Taraherbal UK, which appears to have been downloaded in October 2019 and shows that a company called Khadi Natural Healthcare was at that time supplying it with Khadi shampoos and soaps for sale in the UK with the authorisation of KVIC.³¹

²⁷ See exhibit AM31

²⁸ See exhibit AM42

²⁹ See exhibit AM43

³⁰ See exhibit AM44

³¹ See exhibit AM41. I note from Mr Carter's second witness statement that this website was registered on 20th August 2017, only 2.5 months prior to the latest possible relevant date

93. Mr Guise's witness statement describes a search conducted on the website of amazon.co.uk on 30th December 2019 to check on the availability of KVIC-authorized Khadi products. He exhibits pages from the website showing nine such products, all offered for sale in the UK with prices in £Sterling.³² These products are herbal hair, face and body preparations. They were marketed under the trade mark Khadi Natural. In his statement, Mr Guise pointed out that although they were found well after the latest possible relevant date in these proceedings, the Amazon pages indicate that the goods were first made available between 5th January 2013 and 26th May 2014 (i.e. at relevant times). At the hearing, Mr Guise also drew my attention to the fact that (i) the Khadi shampoo product shown in this exhibit was marketed by Khadi Natural Healthcare, and (ii) the small print on the label indicated that the company was affiliated to KVIC.³³

94. For his part, Mr St Quintin pointed out that the information on the same label also revealed that:

- The recommended retail price of the product was in Rupees, indicating that the product had originally been intended for the Indian market;
- The date of manufacture was shown as August 2017; therefore, this could not be a representation of the actual product indicated to have been first made available on Amazon on 23rd December 2013.

95. Mr St Quintin submitted that it was not clear whether any of the dates shown for when these products were first made available on Amazon related exclusively to first availability on Amazon's UK website. He pointed out that some of the customer reviews were recorded as coming from users of the amazon.com website.³⁴ This suggested that the 'first available' date could relate to the first availability of the products on any of Amazon's many websites.

96. I do not attach much weight to the fact that one of the products shown in exhibit HG1 was manufactured 4 years after the product was recorded as having been first

³² See exhibit HG1

³³ See page 15 of exhibit HG1

³⁴ See page 12 of exhibit HG1

made available on Amazon. The fact that this particular product was only made in 2017 does not mean that earlier examples of the same product could not have been available on Amazon in 2013. I attach more weight to the criticism that the 'first available' date on Amazon may relate to the date the product was first available on any Amazon website, not just ones aimed at the UK market. However, I note that five of the customer reviews in the exhibit appear to have been posted by users of the amazon.co.uk website prior to the latest possible relevant date. All of these were posted in 2015, the earliest having been posted on 3rd February 2015.

Awareness of KHADI products amongst UK consumers

97. Mr Guruprasanna says that 2.5% of the UK population are of Indian origin, which amounts to 1.4m people. According to Mr Guruprasanna, the origins of Khadi products are well known to this group of UK consumers who will have come across the name from (i) family connections in India, (ii) home visits to India, (iii) readership of publications aimed at British Indians. In support of this claim, Mr Guruprasanna provides copies of a number of articles from websites primarily read in India. The ones that pre-date the latest possible relevant date in these proceedings are:

- An article from The Hindu Business originally published on 22nd May 2017 about a partnership in India between KVIC and a textile and apparel trader to sell Khadi products;³⁵
- Two articles from The Economic Times website dated May and July 2017 about partnerships in India between KVIC and designers to sell Khadi products, primarily textile products.³⁶

98. Mr Guruprasanna provides evidence from the website similarweb.com which indicates that:

- thehindubusiness.com website received between 5m and 7.1m visitors per month between April and September 2019 and 1.15% of these visitors were from the UK;

³⁵ See exhibit AM12

³⁶ See exhibit AM13

- Theeconomictimes.indiatimes.com website received between 22m and 27m visitors during the same period and 1.63% of these visitors were from the UK.³⁷

99. KVIC claims that awareness of Khadi in the UK is not limited to British Indians. In this connection, Mr Guruprasanna draws attention to articles in various UK publications and on UK websites about Khadi products. Again, focusing on those before the latest relevant date (and excluding articles that are so old that they are historical) the most relevant are:

- A video entitled “*Revitalising India’s khadi or ‘Gandhi cloth’*” was uploaded to the business section of the BBC’s website in April 2015;³⁸
- A blog posted on the BBC website in July 2017 about a forthcoming visit by India’s Prime Minister, Narendra Modi, referred to his promotion of India’s hand spun cloth industry “*known as Khadi*”.³⁹

100. Mr Guruprasanna claims that it is widely understood in the fashion industry that Khadi cannot be used without the authorisation of KVIC. In support of this claim he exhibits a copy of an article from the website businessoffashion.com from July 2019.⁴⁰ Whilst most of the article focuses on the history of Khadi’s textiles, the writer says that Khadi has been co-opted as a brand name in India and is now worth millions of dollars in sales. In that context, the article continues:

“The government-run KVIC set up in 1954, now employs millions of producers with over 7000 stores and outlets across India. The KVIC’s Khadi label appears on everything from hand or mill spun fabrics, indigenous honey and herbal soaps.”

³⁷ See exhibit AM19

³⁸ See exhibit AM22

³⁹ See exhibit AM23

⁴⁰ See exhibit AM30

101. I have read all of Mr Carter’s evidence in reply to Mr Guruprasanna’s evidence about the use and awareness of Khadi in the UK. It is only necessary to record the following points:

- in contrast to the results for other countries, reports run on Google’s analytical tool, Alexa, against the websites of thehindubusiness.com and Theeconomictimes.indiatimes.com over a month in November/December 2019 did not record a percentage figure for the share of the traffic coming from users based in the UK.⁴¹
- A report of an interview with Mr Saxena, the Chairman of KVIC, which was published in The Economic Times in India in 2019, suggested that up until 2015 the previous government in India had not attached “*due importance*” to Khadi and that the current government had corrected this through aggressive marketing from 2015 onwards.⁴²

102. I note that Mr Saxena is recorded as having stated that “*The USP [unique selling point] of Khadi is hand-spun and hand-woven.*” Mr Saxena is also recorded as having stated that “*The Village Industries products are equally popular – for instance our detergents, soaps, oils, honey garner a lot of appeal globally and they are made in very small places in the country.*”⁴³

The Section 5(4)(a) based ground of opposition to IR271

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

“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, or

⁴¹ See exhibit NC12

⁴² See exhibit NC2

⁴³ See page 14 of exhibit NC2

(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.”

104. In *Discount Outlet v Feel Good UK*⁴⁴ 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).”

105. KVIC’s pleaded case relies on the common law rights generated by the use of KHADI in relation to KVIC-authorized goods in classes 3, 5, 16 and 27 (listed at paragraph 8 above). KVIC’s evidence shows no relevant use of Khadi in the UK in relation to the goods in classes 5, 16 or 27. It is therefore necessary to focus on the use of Khadi in relation to KVIC-authorized goods in class 3.

106. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*⁴⁵ Mr Daniel Alexander QC, as the Appointed Person, endorsed my analysis of the relevant dates under section 5(4)(a) of the Act in *SWORDERS TM*⁴⁶ as follows:

⁴⁴ [2017] EWHC 1400 IPEC

“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.”

107. According to Mr Sutton’s evidence, Pravera was appointed UK distributor for BNP’s Khadi class 3 products on 3rd April 2014 and sold its first product on 8th April 2014. As noted above, there is some evidence that another party called Ecco Verde sold Khadi Naturprodukte GmbH & Co KG’s products in the UK prior to these dates. However I am not satisfied that these sales were with the consent of Khadi Naturprodukte GmbH & Co KG. If that is right, the start of the behaviour that KVIC could have complained about began on 3rd April 2014 when Khadi Naturprodukte GmbH & Co KG was appointed as UK distributor for its products. In order to make out its s.5(4)(a) case, KVIC must show (1) that it could have restrained that use at its inception under the law of passing off, and (2) that remained the case at the date BNP designated the UK for protection of IR271, i.e. 9th November 2017.⁴⁷

108. I must therefore assess whether KVIC has shown that there was established goodwill in the UK under the name Khadi by 3rd April 2014. The establishment of goodwill in the UK requires the presence of customers in this jurisdiction.⁴⁸ Despite the volume of evidence filed on behalf of KVIC, there is little evidence that there was significant goodwill in the UK under the Khadi mark by April 2014. The information set out in KVIC’s annual reports does little to support KVIC’s case. The only products identified in these reports as Khadi products are textiles and no part of KVIC’s s.5(4)(a) case is based on goodwill under Khadi in relation to textiles.

⁴⁵ BL O-410-11

⁴⁶ BL O-212-06

⁴⁷ See *Smart Planet Technologies, Inc. v Rajinda Sharm* BL O/304/20

⁴⁸ *Starbucks (HK) Limited and Another v British Sky Broadcasting Group Plc & Others*, [2015] UKSC 31

109. As regards class 3 goods, the evidence from KVIC's annual reports is of little evidential value for the reasons explained in paragraph 90 above. Similarly, I attach little weight to the evidence that KVIC-authorized 'Khadi Natural' hair, body and face preparations were first made available on Amazon between 5th January 2013 and 26th May 2014. This is because, for the reasons given in paragraph 96 above, I do not regard these indications as showing the dates these products were first made available in the UK. I consider the date of the first UK customer reviews to be a more reliable guide to the availability of these products on Amazon's UK-facing website, and the earliest of these is dated 3rd February 2015, i.e. after Khadi Naturprodukte GmbH & Co KG started selling its class 3 products in the UK.

110. The high point of KVIC's evidence in support of this part of its case is the evidence that relatively small quantities of herbal products were shipped from India to Koh-i-Noor Trading in Birmingham between November 2010 and March 2011. Two of the three packing orders in evidence describe the goods as "*Khadi Herbal Products*." However, it is not entirely clear what these goods were or what Koh-i-Noor Trading did with them. In the absence of evidence that it is (or was) a UK distributor, wholesaler or retailer (as opposed to, for example, an import/export business or a shipping agent), I do not think it safe to infer that these goods were placed on the UK market. Further, even if I were to infer that they were placed on the UK market, and further infer that these were Khadi-branded herbal hair or body/face lotions or similar goods, the quantity of goods was small; tiny compared to the size of the UK market for such goods. Additionally, these three shipments occurred over a short period of time more than 3 years prior to April 2014 and there is no evidence of any further shipments. Therefore, I do not accept that these shipments show that there was established goodwill in the UK under Khadi in relation to KVIC-authorized herbal products in April 2014 when Khadi Naturprodukte GmbH & Co KG started selling its class 3 products in the UK.

111. At its highest, KVIC's evidence shows no more than that there may have been a trivial goodwill in the UK under the Khadi mark in relation to KVIC-authorized herbal products in April 2014. The law of passing off does not protect goodwill of

trivial extent.⁴⁹ I therefore reject KVIC's opposition under s.5(4)(a) on the basis that it has not shown that any (or that a more-than-trivial) goodwill existed under Khadi at the inception of the use of that mark in the UK that BNP relies on.

112. The position was no different at the date of designation of IR271 in November 2017. Pravera Ltd had continued to sell the goods of Khadi Naturprodukte GmbH & Co KG in the UK, latterly under licence from BNP. Without having acquired a passing off right when that use commenced, KVIC was in no position to oppose the continuation of that use in 2017.

113. KVIC's opposition under s.5(4)(a) would have failed anyway. As Mr St Quintin pointed out at the hearing, KVIC has not shown that it is the owner of any goodwill that existed in the UK as a result of a trade in KVIC-authorized Khadi products. I accept Mr St Quintin's submission that any such goodwill would have belonged to those perceived by the UK public to be trading in such goods in the UK, e.g. Khadi Natural Healthcare. KVIC is a promotor/regulator in India. It does not trade in the UK. Consequently, even if there was UK goodwill under Khadi at the relevant dates in 2014/17, it did not belong to KVIC. Consequently, KVIC is not the proprietor of an earlier right. Therefore, it does not have the standing to bring an opposition under s.5(4)(a).⁵⁰

The section 3(3)(b) ground of opposition to IR271

114. Section 3(3)(b) of the Act is as follows:

“(3) A trade mark shall not be registered if it is-
(a) -
(b) of such a nature as to deceive the public (for instance as to the nature, quality or geographical origin of the goods or service).”

115. The relevant date for assessing this ground of opposition is the date of designation of the UK for protection of IR271, i.e. 9th November 2017.

⁴⁹ See *Hart v Relentless Records* [2002] EWHC 1984 (Ch)

⁵⁰ See The Relative Grounds Order 2007 SI 2007/1976

116. Mr Guise submitted that the opposed mark would deceive the UK public into believing that goods marketed under the Khadi trade mark originate from rural Indian manufacturers. It is said that the public may buy the goods on this basis in order to support those businesses. However, if the goods in fact originate from BNP, they will have been deceived.

117. Mr St Quintin submitted that (1) the evidence did not establish that the UK public regarded Khadi as designating goods, particularly personal care products, as produced by rural Indian manufacturers, and (2) in any event, section 3(3)(b) was not concerned with deception as to the trade origin of goods/services, but deception arising from indications inherent to the mark itself, when used in relation to the goods/services for which registration is sought.

118. I accept Mr St Quintin's first submission. I have taken account of the expectations of the 2.5% of the UK public with direct or indirect connections with India. I do not, however, consider it safe to infer that all of these consumers, or even a large proportion of them, would have been aware, at the relevant date, that Khadi designated local artisan products produced in India. At most, the evidence shows some awareness amongst a very small part of the UK public that Khadi is used in India in relation to textile products. The evidence does not show that Khadi was recognised by any significant number of UK consumers as designating personal care products produced by local manufacturers in India, or even that all such products are made in India.

119. Section 3(3)(b) of the Act gives effect to Article 3(1)(g) of the EU Trade Mark Directive.⁵¹ In *Elizabeth Florence Emanuel v Continental Shelf 128 Ltd*⁵² the CJEU was asked about the scope of this provision and whether the name of a clothing designer should be regarded as deceptive if used by someone else. The court stated that:

⁵¹ At the relevant date in these proceedings, this was Directive EU/104/89

⁵² Case C-259/04 CJEU

“45 A trade mark such as ‘ELIZABETH EMANUEL’ may have that function of distinguishing the goods manufactured by an undertaking, particularly where that trade mark has been assigned to that undertaking and the undertaking manufactures the same type of goods as those which initially bore the trade mark in question.

46 However, in the case of a trade mark corresponding to the name of a person, the public interest ground which justifies the prohibition laid down by Article 3(1)(g) of Directive 89/104 to register a trade mark which is liable to deceive the public, namely consumer protection, must raise the question of the risk of confusion which such a trade mark may engender in the mind of the average consumer, especially where the person to whose name the mark corresponds originally personified the goods bearing that mark.

47 Nevertheless, the circumstances for refusing registration referred to in Article 3(1)(g) of Directive 89/104 presuppose the existence of actual deceit or a sufficiently serious risk that the consumer will be deceived (Case C-87/97 *Consorzio per la tutela del formaggio Gorgonzola* [1999] ECR I-1301, paragraph 41).

48 In the present case, even if the average consumer might be influenced in his act of purchasing a garment bearing the trade mark ‘ELIZABETH EMANUEL’ by imagining that the appellant in the main proceedings was involved in the design of that garment, the characteristics and the qualities of that garment remain guaranteed by the undertaking which owns the trade mark.

49 Consequently, the name *Elizabeth Emanuel* cannot be regarded in itself as being of such a nature as to deceive the public as to the nature, quality or geographical origin of the product it designates.

50 On the other hand, it would be for the national court to determine whether or not, in the presentation of the trade mark ‘ELIZABETH EMANUEL’ there is an intention on the part of the undertaking which lodged the

application to register that mark to make the consumer believe that Ms Emanuel is still the designer of the goods bearing the mark or that she is involved in their design. In that case there would be conduct which might be held to be fraudulent but which could not be analysed as deception for the purposes of Article 3 of Directive 89/104 and which, for that reason, would not affect the trade mark itself and, consequently, its prospects of being registered.

51 *Consequently the answer to the first two questions must be that a trade mark corresponding to the name of the designer and first manufacturer of the goods bearing that mark may not, by reason of that particular feature alone, be refused registration on the ground that it would deceive the public, within the meaning of Article 3(1)(g) of Directive 89/104, in particular where the goodwill associated with that trade mark, previously registered in a different graphic form, has been assigned together with the business making the goods to which the mark relates.”*

120. There were particular issues in the *Emanuel* case arising out of the assignment of the trade mark by the designer herself. Nevertheless, the court’s answers make it clear that the kind of deception addressed by this provision results from the specific expectations created by the meaning of the trade mark itself, and whether those expectations correspond to the goods/services for which the mark is registered or protected. There is no evidence that UK consumers expect Khadi goods/services in classes 3 and 44 to have specific characteristics. If the alleged deception depends on who is using the mark, rather than on the inherent deceptiveness of the mark itself, that is a matter that can only be addressed under the so-called relative grounds for refusal. It follows that, to the extent that the alleged deception is said to arise solely from the use of Khadi by undertakings that have not been authorised by KVIC to use that name, this is not complaint that can be brought under s.3(3)(b) of the Act.

121. KVIC’s s.3(3)(b) case as pleaded is, therefore, both unsupported by its factual evidence and wrong in law. Accordingly, I reject it.

The section 5(1) and (2) grounds of opposition to IR271

Identical and similar goods/services

122. The comparison is between the goods for which IR626 is validly protected in classes 1, 3, 5 & 21 and the goods and services in classes 3 and 44 for which BNP seeks protection of IR271. However, in view of the way the parties have argued their cases, in practice it is only necessary to consider the goods for which IR626 is entitled to protection in classes 3 and 5.

IR626	IR271
<p>Class 3: Cleaning, polishing, scouring and abrasive preparations, none being personal care products; bleaching preparations and other substances for laundry use; dentifrices.</p> <p>Class 5: Pharmaceutical preparations, none being medicated preparations for application to the hair or skin; veterinary preparations; dietetic substances adapted for medical or veterinary use; food for babies; dietary supplements for humans and animals, plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides.</p>	<p>Class 3: Cosmetic for eyebrows; cosmetic; cosmetic pencil; cosmetic for eyelashes; deodorant soaps; liquid soaps; laundry soaps; perfumed soaps; shaving soaps; soaps; hair rinses [shampoo-conditioner]; depilatories; depilatory waxes; hair dyes; hair conditioner; bleaching products for hair; hair gel; hair lacquer; hair care products; shampoo; styling foam for hair; hair spray; hair tonic; hair shampoo; hair lotion; cosmetic oils.</p> <p>Class 44: Medical services, veterinary services, healthcare and beauty care for human beings and animals.</p>

123. In the context of BNP's application to invalidate IR626, Mr Guise submitted that there was no similarity between, on the one hand, *cleaning, polishing, scouring and abrasive preparations, bleaching preparations and other substances for laundry use* and, on the other hand, various personal care products, including hand soaps. He also argued that there was no similarity between *dentifrices* and other personal care products for use on the face or body. I accepted those arguments.

124. Therefore, for the reasons given in paragraphs 52 – 54 above, I find that there is no similarity between these goods and any of the goods in class 3 covered by IR271, except for *laundry soaps* and *soaps* [unqualified], *perfumed soaps* and *liquid soaps*, which could all be for laundry use. The latter three terms would not cover similar goods if restricted to “*soaps, perfumed soaps and liquid soaps, all being personal care products.*”

125. Taking account of the way the parties have argued their cases, I find that there is no similarity between the goods for which IR626 is protected in class 5 and those covered by class 3 of IR271.⁵³

126. Turning to the similarity between the goods in class 5 for which IR626 is protected and the services in class 44 for which BNP seeks protection for IR271, Mr Guise submitted that *medical services, veterinary services, healthcare... for human beings and animals* are similar to *pharmaceutical preparations and veterinary preparations* in class 5 for which IR626 is protected. He drew my attention to earlier decisions of the IPO which supported his submission, one of which was upheld on appeal to the Appointed Person.⁵⁴

127. Mr St Quintin submitted that the goods/services at issue are different in nature and the mere fact that the goods are used in delivering the services does not make them similar.

128. I accept that goods/services are different in nature. I also accept that the mere fact that the goods are used in the provision of the services does not make them similar. However, it seems to me the goods/services are complementary in the sense that (1) the goods are important for the provision of the services, and (2) the public may believe the provider of a medical/healthcare/veterinary service is responsible for pharmaceutical/veterinary products marketed under the same mark. For example, a

⁵³ I recognise that *preparations for destroying vermin; fungicides, herbicides* could be argued to cover medicated hair and body preparations, which might be argued to be similar to some of the goods covered by class 3 of IR271. However, I have not been asked to decide this point, possibly because a positive finding in KVIC’s favour in the opposition would also have resulted in a positive finding in BNP’s favour in the invalidation action based on EU954, which is protected for non-medicated hair lotions and body oils from an earlier date than KVIC’s IR626.

⁵⁴ See *0800 Petmeds* BL O/471/11 and *Dr Now* BL O/392/17

large pharmacy, such as Boots, may provide medical and healthcare services, including pharmacy itself, as well as selling own-brand pharmaceutical goods. There is also likely to be a low-level of competition between the services/goods, e.g. a pet owner may buy an over-the-counter veterinary product from a pet shop as an alternative to visiting a vet. I therefore find that the services and goods are similar to a medium degree. The same applies to *healthcare... for human beings and animals* in class 44 and *dietary supplements for humans and animals* in class 3.

129. I have not heard arguments as to why *beauty care for human beings and animals* should be considered similar to any of the goods in classes 3 or 5 for which I have found that IR626 is validly protected.⁵⁵ I see no obvious similarity.

Average consumer of the selection process

130. I adopt my finding in paragraphs 66 – 68 above. So far as the services in class 44 are concerned, I find that similar considerations apply. An average consumer of medical/healthcare/veterinary services will pay an above-average degree of attention when selecting those services.

Distinctive character of the earlier trade mark

131. I adopt my findings at paragraph 72 above in relation to IR626. The earlier mark has an above-average degree of inherent distinctive character.

Identity of marks

132. As before, it is common ground that the marks are to be considered to be identical.

⁵⁵ Mr Guise did present an argument based on *cosmetics*, but I have found that IR 626 is not validly protected in relation to cosmetics.

Relevant date

133. The relevant date for assessing the s.5(1) and (2) grounds of opposition is 9th November 2017.

Global assessment of the likelihood of confusion

134. Taking all of the above into account, I find that there was a likelihood of confusion with IR626 at the relevant date, if IR271 was used in relation to:

Class 3: Laundry soap [and soaps, perfumed soaps and liquid soaps to the extent that these could be laundry soaps].

Class 44: Medical services, veterinary services, healthcare for human beings and animals.

135. The opposition under these provisions therefore succeeds in respect of these goods/services. The opposition under s.5(1) and (2) fails in respect of:

Class 3: Cosmetic for eyebrows; cosmetic; cosmetic pencil; cosmetic for eyelashes; deodorant soaps; soaps, liquid soaps, perfumed soaps, all being personal care products; shaving soaps; hair rinses [shampoo-conditioner]; depilatories; depilatory waxes; hair dyes; hair conditioner; bleaching products for hair; hair gel; hair lacquer; hair care products; shampoo; styling foam for hair; hair spray; hair tonic; hair shampoo; hair lotion; cosmetic oils.

Class 44: Beauty care for human beings and animals.

The section 5(3) ground of opposition to IR271

136. At the date the opposition was filed, section 5(3) of the Act was as follows:

“(3) A trade mark which-

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a European Union trade mark or international

trade mark (EC), in the European Union) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

137. For the purpose of its s.5(3) case, KVIC relies on the reputation of IR626 in relation to goods in classes 3, 5, 16 and 27.

138. The relevant date for assessing the s.5(3) ground of opposition is 9th November 2017. I have already found that there is no evidence of any use of IR626 in the UK in relation to goods in classes 5, 16 or 27. There was no reputation either.

139. In assessing whether IR626 had a qualifying reputation for class 3 goods at the relevant date, I bear in mind the guidance of the CJEU in *General Motors*,⁵⁶ as follows:

“25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.

26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.

28. Territorially, the condition is fulfilled when, in the terms of Article 5(2) of the Directive, the trade mark has a reputation ‘in the Member State’. In the absence of any definition of the Community provision in this respect, a trade

⁵⁶ Case C-375/97

mark cannot be required to have a reputation 'throughout' the territory of the Member State. It is sufficient for it to exist in a substantial part of it."

140. KVIC has not provided:

- UK-specific sales figures for any class 3 Khadi goods;
- The UK market share held by the mark at the relevant date;
- The amount spent promoting the mark in the UK.

141. In my view, the evidence comes nowhere near supporting KVIC's case that the Khadi mark protected under IR626 was known at the relevant date to "*a significant part of the [UK] public concerned by [any goods in class 3]*". At most, it shows that there may have been sporadic sales of Khadi hair and body products in the UK since around 2010. And I have found that IR626 is not validly protected in relation to these goods. Therefore, the s.5(3) ground falls at the first hurdle.

The section 3(6) ground of opposition to IR271

142. 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."

143. Mr Guruprasanna's account of the dispute between the parties over BNP's EU Khadi trade marks is largely based on submissions recorded as having been made by Khadi Naturprodukte GbR in the proceedings before the EUIPO started in 2014 and/or in subsequent appeal proceedings. However, the basic facts are not disputed. They are that:

- Mr Oliver Giese lived in India prior to 2007 and became familiar with products marketed there under the name Khadi;
- He approached KVIC about the possibility of importing Khadi products into the EU;

- In December 2007 a KVIC-authorized manufacturer called Rockside Research Laboratory exported 923 herbal products to Mr Heinrich Jacob, Mr Giese's business partner;
- Mr Giese and Mr Jacob formed Khadi Naturprodukte GbR and went on to sell natural personal care products under the mark Khadi in (at least) Germany through Naturprodukte GmbH & Co KG;
- Khadi Naturprodukte GbR registered a figurative mark including the word Khadi in classes 3 and 5, in Germany, in 2008;
- In 2009, an application was made to register the same mark as an EU trademark in class 3;
- In 2011, further applications were made to register the word mark Khadi in Germany, the EU and elsewhere.

144. In the EUIPO proceedings, Khadi Naturprodukte GbR took the position that when it adopted the Khadi trade mark it had no knowledge of any existing trade in Khadi products in the EU or outside of India. It claimed to have approached KVIC because it saw the potential to develop an international market for Khadi products. However, the products supplied by Rockside Research Laboratory were not suitable for its purpose because they did not meet the requirements under German law to be marketed as 'natural' or 'organic' products. Discussions with KVIC did not resolve the issue or lead to a collaboration. This was taken to mean that KVIC was not interested in developing the idea. Khadi Naturprodukte GbR subsequently came up with its own product formulas and arranged for such goods to be made in India for sale in the EU.

145. KVIC claimed that there was an existing trade in Khadi products in the EU and elsewhere. It further claimed that Khadi Naturprodukte GbR was aware of KVIC's role as a regulator of Khadi products and that, after initially seeking a collaboration, it then went off and registered Khadi as its own trade mark. In doing so, KVIC accused Khadi Naturprodukte GbR of having acted in bad faith.

146. On 26 September 2016, the EUIPO's Cancellation Division rejected the bad faith claim brought against Khadi Naturprodukte GbR first-filed figurative Khadi mark.

That decision was upheld by the EUIPO Board of Appeal on 30th June 2017. It was further upheld by the General Court of the EU on 29th November 2018. The reasons for rejecting KVIC's case were essentially that:

- KVIC had not provided evidence of significant use or even awareness of the term Khadi in the EU when the application was made to register the EU mark;
- Mere knowledge on the applicant's part about use of the term in India did not establish bad faith;
- The communications between the parties about the delivery of goods supervised by KVIC into the EU was not sufficient to establish that the trademark applicant had a dishonest intention or acted in bad faith.

147. KVIC submits that the evidence before me is different to the evidence filed in the EUIPO proceedings and it invites me to come to a different conclusion.

148. BNP takes the position that, apart from purchasing its assets, it is not connected to Khadi Naturprodukte GbR, and did not even exist when the events about which KVIC complains occurred. It therefore denies that it is responsible for the actions of Khadi Naturprodukte GbR. In any event, it points out that the EUIPO and the General Court have already rejected KVIC's case against Khadi Naturprodukte GbR. In those circumstances, it cannot be accused of acting in bad faith by continuing the business it purchased from that company in 2016 and/or in seeking to protect its trade marks in relevant markets, one of which is the UK.

Bad faith: the relevant case-law

149. The relevant case-law covering trade mark applications made in bad faith can be found in the following cases: *Chocoladefabriken Lindt & Sprüngli*, CJEU, Case C-529/07, *Malaysia Dairy Industries*, CJEU, Case C-320/12, *Koton*, CJEU, Case C-104/18P, *Sky v Skykick*, CJEU, Case C-371/18, *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), *Trump International Limited v DDTM Operations LLC*, [2019] EWHC 769 (Ch), *Copernicus-Trademarks v EUIPO*,

General Court of the EU, Case T-82/14, *Daawat* Trade Mark, The Appointed Person, [2003] RPC 11, *Saxon Trade Mark*, [2003] EWHC 295 (Ch), *Mouldpro ApS v EUIPO*, General Court of the EU, Case T-796/17, *Alexander Trade Mark*, The Appointed Person, BL O/036/18, *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch).

150. The law appears to be as follows:

- (a) While in everyday language the concept of 'bad faith' involves a dishonest state of mind or intention, the concept of bad faith in trade mark law must be understood in the context of trade: *Sky* CJEU.
- (b) Although it may be a relevant factor, the mere fact that the applicant knew that another party was using the trade mark in another territory does not establish bad faith: *Malaysia Dairy Industries*.
- (c) Similarly, the mere fact that the applicant knew that another party used the trade mark in the UK does not establish bad faith: *Lindt, Koton* (paragraph 55). The applicant may have reasonably believed that it was entitled to apply to register the mark, e.g. where there had been honest concurrent use of the marks: *Hotel Cipriani*.
- (d) However, an application to register a mark is likely to have been filed in bad faith where the applicant knew that a third party used the mark in the UK, or had reason to believe that it may wish to do so in future, and intended to use the trade mark registration to extract payment/consideration from the third party, e.g. to lever a UK licence from an overseas trader: *Daawat*, or to gain an unfair advantage by exploiting the reputation of a well-known name: *Trump International Limited*.
- (e) An application may also have been filed in bad faith where the applicant acted in breach of a general duty of trust as regards the interests of another party, including his or her own (ex) company or (ex) partners, or a party with whom there is, or had recently been, a contractual or pre-contractual relationship, such as a licensor, prospective licensor or overseas principal: *Saxon, Mouldpro*; or where a legal agreement prohibits such a filing.

151. The correct approach to the assessment of bad faith claims is as follows. According to *Alexander Trade Mark*, the key questions for determination in such a case 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?

152. The applicant's intention (i.e. objective) is a subjective factor which must be determined objectively by the competent authority. An overall assessment is required, which must take account of all the factual circumstances relevant to the particular case: *Lindt*.

153. The matter must be judged at the relevant date, which is the date of the application for registration: *Lindt*.

154. It is necessary to ascertain what the applicant knew at the relevant date: *Red Bull*. Evidence about subsequent events may be relevant, if it casts light backwards on the position at the relevant date: *Hotel Cipriani*.

155. An allegation of bad faith is a serious allegation which must be distinctly proved, but in deciding whether it has been proved, the usual civil evidence standard applies (i.e. balance of probability). This means that it is not enough to establish facts which are as consistent with good faith as bad faith: *Red Bull*.

Discussion

156. The question before me is whether BNP acted in bad faith when it designated the UK for protection of IR271 on 9th November 2017.

157. I accept that BNP is not responsible for the actions of Khadi Naturprodukte GbR prior to 2016. However, BNP can only claim to have acted in good faith in applying to protect its Khadi trade mark in the UK on the basis of the rights it acquired from Khadi Naturprodukte GbR, if it undertook due diligence to ensure that the Khadi trade mark rights it acquired were generated through honest commercial practices.

158. I am not bound by the decisions of the EUIPO and the General Court of the EU. These are decisions of fact based on the evidence filed in those proceedings. However, it is appropriate to give those decisions a high degree of respect. Where the same facts are concerned, I should not differ from their assessment of those facts without a good reason.

159. I attach importance to the following facts:

- (1) At the relevant date, the EUIPO had rejected KVIC's case that the EU trade mark had been applied-for in bad faith.
- (2) That decision had been upheld by the EUIPO Board of Appeal.
- (3) BNP had acquired the assets of Khadi Naturprodukte GbR and thereby had a claim to the goodwill generated by Naturprodukte GmbH & Co KG's UK trade in Khadi personal care products since April 2014.

160. In my view, these facts show that BNP's intention in designating the UK for protection of IR271 was to protect the trade mark used by its on-going business in the UK. In my view, BNP was entitled to test its claim to the Khadi trade mark in the UK by seeking protection for IR271 in relation to goods in class 3. Further, there was nothing to prevent BNP from seeking, in good faith, to protect the mark in class 44.

161. Mr Guise drew my attention to *Ajit Weekly*⁵⁷, which is a decision of Professor Ruth Annand as the Appointed Person in which she upheld the registrar's refusal to register a trade mark on grounds of bad faith. *Ajit Weekly* was a well-known regional newspaper in India that had a small direct circulation amongst the Punjabi-speaking community in the UK. The trade mark applicant knew of the reputation of the mark in

⁵⁷ [2006] RPC 25

India and sought to exploit it in the UK. Mr Guise relied on this case to show that there is no need for a large established reputation in the UK in order to found a case of bad faith. I accept that. However, claims of bad faith are highly dependant on their own individual facts. The main differences between the facts in this case and *Ajit Weekly* are:

- (1) The applicant in *Ajit Weekly* had no use of the mark of its own in the UK that it could rely on, whereas BNP can rely on use of Khadi in the UK in relation to personal care products over a period of 3.5 years prior to the relevant date.
- (2) In *Ajit Weekly* it was held that there was a likelihood of confusion about the source of the applicant's newspaper amongst a significant proportion of the Punjabi-speaking community in the UK.
- (3) By contrast, I have rejected KVIC's passing-off case.

162. I also note that *Ajit Weekly* was decided prior to *Malaysia Dairy Industries*. Therefore, although it may not have affected the outcome, the case-law on bad faith has moved on since *Ajit Weekly*.

Finding

163. Taking all the above into account, I find that KVIC has failed to establish that BNP designation of the UK for protection of IR271 was an act of bad faith. The section 3(6) ground of opposition therefore fails.

Overall Outcome

164. The application for invalidation of IR626 based on sections 47(2) and 5(1)/(2) of the Act succeeds in class 3, except in respect of:

Cleaning, polishing, scouring and abrasive preparations, none being personal care products, bleaching preparations and other substances for laundry use: dentifrices.

165. The application for invalidation of IR626 based on sections 47(2) and 5(1)/(2) of the Act succeeds in class 5, except in respect of:

Pharmaceutical preparations, none being medicated preparations for application to the hair or skin; veterinary preparations; dietetic substances adapted for medical or veterinary use; food for babies; dietary supplements for humans and animals, plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides.

166. The application for invalidation of IR626 fails in respect of goods/services in classes 1, 21, 29, 30 and 35.

167. The opposition to IR271 under sections 5(1) and 5(2) succeeds in relation to:

Class 3: Laundry soap [and soaps, perfumed soaps and liquid soaps to the extent that these could be laundry soaps].

Class 44: Medical services, veterinary services, healthcare for human beings and animals.

168. The opposition under these provisions fails in respect of:

Class 3: Cosmetic for eyebrows; cosmetic; cosmetic pencil; cosmetic for eyelashes; deodorant soaps; soaps, liquid soaps, perfumed soaps, all being personal care products; shaving soaps; hair rinses [shampoo-conditioner]; depilatories; depilatory waxes; hair dyes; hair conditioner; bleaching products for hair; hair gel; hair lacquer; hair care products; shampoo; styling foam for hair; hair spray; hair tonic; hair shampoo; hair lotion; cosmetic oils.

Class 44: Beauty care for human beings and animals.

169. The grounds of opposition to IR271 under sections 3(3)(b), 3(6), 5(3) and 5(4)(a) of the Act all fail.

170. IR271 will, therefore, be protected in the UK in relation to the goods/services specified in paragraph 168.

Costs

171. BNP has been more successful than KVIC and is entitled to a contribution towards its costs. I assess these as follows:

- (i) £100 towards the official fee for filing the application (TM26I) to invalidate IR626;
- (ii) £300 towards the cost of preparing the TM26I and considering KVIC's counterstatement;
- (iii) £400 towards the cost of considering KVIC's notice of opposition and filing a counterstatement and TM8;
- (iv) £1800 towards the cost of filing evidence and considering KVIC's evidence;
- (v) £1400 towards the cost of the hearing and preparing a skeleton argument.

172. I therefore order Khadi and Village Industries Commission to pay BNP Best Natural Products GmbH the sum of £4000. The above sum should be paid within twenty-one days of the expiry of the appeal period or, if there is an appeal, within twenty-one days of the conclusion of the appeal proceedings.

Dated 13th November 2020

**Allan James
For the Registrar**

Annex A

IR1272626

Class 1

Unprocessed artificial resins, unprocessed plastics, manures, cultures of microorganisms other than for medical and veterinary use, compost, bio-manures, adhesives used in industry.

Class 3

Hair oil, soaps, incense sticks (agarbatti), bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; perfumery, essential oils, cosmetics, hair lotions; dentifrices.

Class 5

Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic substances adapted for medical or veterinary use; food for babies; dietary supplements for humans and animals, plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides.

Class 16

Paper (hand made); printed matter; menu cards; magazines; brochures; stationery; pamphlets; visiting cards; carry bags of paper; catalogues; books, bookbinding material, photographs, adhesives for stationery or household purposes; artists' materials, paint brushes; typewriters and office requisites (except furniture); instructional and teaching materials (except apparatus); plastic materials for packaging (not included in other classes), printers' type, printing blocks.

Class 18

Leather and imitations of leather, animal skins, hides; trunks and travelling bags; umbrellas, parasols and walking sticks; whips, harness and saddlery.

Class 20

Furniture, mirrors, picture frames.

Class 21

Potteries; household or kitchen utensils and containers; combs and sponges; brushes (except paint brushes); brush-making materials; articles for cleaning purposes; steelwool; unworked or semi-worked glass (except glass used in building); glassware, porcelain and earthenware not included in other classes.

Class 23

Yarns and threads, for textile use.

Class 26

Lace and embroidery, ribbons and braid; buttons, hooks and eyes, pins and needles; artificial flowers.

Class 27

Carpets, rugs, mats and matting, linoleum and other materials for covering existing floors; wall hangings (non-textile).

Class 29

Preserved, frozen, dried and cooked fruits and vegetables; meat, fish, poultry and game; meat extracts; jellies, jams, compotes, eggs, milk and milk products; edible oils and fats; processed pulses.

Class 30

Honey, processed cereals, jaggery (gur khandsari), coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice.

Class 32

Mineral and aerated waters and other non-alcoholic beverages; fruit drinks and fruit juices; syrups and other preparations for making beverages.

Class 35

Import, export, marketing, advertising, sales promotion, organizing shows, exhibitions and trade fairs for commercial purpose, business promotion by means of electronic media concerned to processed fruits and vegetable products, hand made paper, fibre, honey, leather products, pottery, palm gur & palm products, village oil, agarbatti, soap, matches, jaggery (gur khandsari), processed cereals & pulses, textile & textile goods (bed covers, table covers, table napkin, cloth, covers for cushion), footwear, headgear, coffee, tea, spices.