

O/720/18

TRADE MARKS ACT 1994

TRADE MARK APPLICATION No. 3219604

BY MR XIAOLONG CHEN

AND

OPPOSITION No. 409806

BY MR KENG SHEN LOU

Background and pleadings

1. This is an opposition by Mr Keng Shen Lou (“the opponent”) to an application filed on 18th March 2017 (“the relevant date”) by Mr Xiaolong Chen (“the applicant”) to register the trade mark shown below.



2. The applicant seeks to register the trade mark in relation to:

“Class 30: Coffee, tea, cocoa and artificial coffee; rice; tapioca and sago; flour and preparations made from cereals; bread, pastries and confectionery; edible ices; sugar, honey, treacle; yeast, baking-powder; salt; mustard; vinegar, sauces(condiments); spices; ice.

Class 32: Beers; mineral and aerated waters and other non-alcoholic beverages; fruit beverages and fruit juices; syrups and other preparations for making beverages.

Class 43: Services for providing food and drink; temporary accommodation.”

3. The grounds of opposition are that:

- (i) The opponent has used the mark shown below since 2012 and has acquired goodwill in the UK under that mark through sales to UK customers.



- (ii) The opponent's sales under the mark have been in relation to tea, coffee and related beverages, ice creams, sorbets and similar goods, soft drinks, and related services such as cafes, snack bar and restaurant services. The similarities between the marks and goods/services are such that use of the contested mark would amount to passing off.
- (iii) Additionally, or alternatively, the opponent's mark is well known in the UK as being the trade mark of a national of a convention country, i.e. the opponent, who is a national of Taiwan, which is a member of the World Trade Organisation. The opponent operates a large number of outlets in China which would be known to people from the UK visiting China as well as Chinese nationals relocating from China to the UK. Therefore, at the relevant date, the opponent's mark qualified as a well known mark, and consequently as an earlier trade mark under s.6(1)(c) of the Trade Marks Act 1994 ("the Act").
- (iv) The contested mark is identical or similar to the earlier trade mark and covers identical or similar goods/services. There is a likelihood of confusion on the part of the public.
- (v) Use of the contested mark would, without due cause, take unfair advantage of, and/or be detrimental to, the reputation or distinctive character of the earlier mark.
- (vi) Use of the contested mark would infringe the opponent's copyright in the original artistic works represented by the logo shown above, which

was created in or around 1st January 2010. The opponent is registered in China as the owner of the copyright work.

- (vii) In the premises, registration of the contested mark would be contrary to section 5(1), (2), (3), (4)(a) and/or 4(b) of the Act and the application should be refused accordingly.

4. The applicant filed a counterstatement. The applicant is not legally represented and English is not his first language. The original counterstatement was deficient in that it did not clearly state which of the opponent's grounds was denied, admitted or not admitted. Therefore, following a case management conference on 2nd February 2018, at which the applicant was represented by his sister, Ms Mika Chen, I directed that the applicant should file a further counterstatement which:

“.... expressly states whether any of the matters set out in the notice of opposition (TM7) are accepted and/or whether any, or all, the opponent's claims are denied (or not admitted).”

5. The applicant filed a further counterstatement on 7th March 2018. It made three points. Firstly, that the opponent has not registered its mark in the UK (the opponent has never claimed that it has). Secondly, that the opponent has no business in the UK. Thirdly, that the opponent's mark is not well known to UK nationals or Chinese nationals in the UK. Nothing was said about the opponent's claim to be the owner of a relevant copyright and the related claim that use of the contested mark would amount to an infringement of that copyright.

Representation

6. As I have already explained, the applicant is not legally represented: he is a litigant in person. The opponent is represented by Marks & Clerk LLP. Neither side requested a hearing. This decision is therefore made after reviewing the parties' pleadings and evidence as well as the opponent's written arguments.

The evidence

7. Both sides filed evidence. The opponent's evidence consists of an affidavit dated 31st January 2018 by Mr Keng Shen Lou with 6 exhibits. These have been translated into English by Gui Ying Lin of Taiwan.

8. The opponent applied on 29th December 2017 for a two-month extension of time to file evidence in support of its case.¹ I allowed the opponent until 2nd February 2018 to file its evidence, but refused the longer extension sought. The reasons for this were set out in my letter to the parties dated 2nd February 2018.

9. The applicant's 'evidence' in response consists of a very short witness statement by Mika Chen, the applicant's sister. For the most part it simply repeats the denials in the amended counterstatement. The only fact offered is that the applicant intends to use the contested mark in the city of London.

10. The opponent's affidavit states that he is a national of Taiwan. He says that he is the founder and proprietor of a successful food and drinks business in China which markets food and drinks under the mark shown at paragraph 3(i) above. The business specialises in 'bubble' tea. The opponent says that he gives evidence on behalf of his company. However, he does not identify the company he refers to or explain what its role is in relation to the business conducted under the mark. On the contrary, the opponent claims that he is the proprietor of 22 registrations of the mark at issue in Taiwan, China, Hong Kong, Thailand, Macau, Malaysia and WIPO.² The opponent exhibits some of the relevant registration certificates.³ I note that in the English translation of each of these documents the proprietor is recorded as 'Gengshen Lou' of Taiwan.

11. The opponent says that he opened the first outlet in China under the mark in Jiangmen (an urban district of Guangdong) in 2012. By the end of 2016, there were 661 such outlets throughout China with an annual turnover of over CNY1.5 billion.

¹ The 2 months allowed ended on 2nd January 2018. The opponent wanted until 2nd March 2018 to file its evidence.

² It is not clear which countries were designated for protection under the international registration.

³ See exhibit KSL1

12. The opponent states that some of the outlets are in tourist hotspots. He mentions outlets in People's Square (a large public square in the Huangpu District of Shanghai), West Lake (a freshwater lake in Hangzhou, the capital of Zhejiang Province), Nanjing Fuzimiao (a Confucian Temple located in southern Nanjing City on the banks of the Qinhuai river), Chunxi Road (a pedestrian shopping street in Chengdu, the capital of Sichuan Province) and Broad and Narrow Alley (one of the popular and significant tourist destinations in Chengdu, China). However, he does not say when these particular outlets were opened. This is potentially significant because the opponent's business in China is expanding rapidly. By the date of the opponent's affidavit on 31st January 2018, there were 985 outlets. Therefore, it is difficult to tell whether all of the outlets mentioned by the opponent were open at the relevant date.

13. The opponent exhibits a copy of the certificate of registration in China of the copyright in the work shown at paragraph 3(i) above. I note that the English translation of the certificate states that the work was completed on 1st February 2010 and first published in Taipei. The certificate is dated 7th June 2012. The proprietor of the copyright is recorded as being Lou Gengshen of Taiwan, China.

14. The opponent exhibits a small number of articles published about the business.⁴ I note that all the original articles were published in Chinese characters. There is nothing to indicate that these articles were published or seen in the UK. The articles contain pictures of the opponent's outlets in China. The mark shown in paragraph 3(i) above appears on the signage above these outlets.

The opponent's ground of opposition under s.5(4)(a) of the Act based on its claimed earlier passing off right in the UK

15. 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 –

⁴ See exhibit KSL5

(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

(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.”

16. In *Discount Outlet v Feel Good UK*,⁵ 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.

17. In *Starbucks (HK) Limited and another v British Sky Broadcasting Group and others (No.2)*⁶ the Supreme Court confirmed that evidence of customers in the UK is required to support a passing off right. Giving judgment for the Supreme Court, Lord Neuberger said:

“47 Although I acknowledge that PCCM's case is not without force (as is well demonstrated by the reasoning in the judgments in *ConAgra*), I have reached the conclusion that this appeal should be dismissed on the same ground on which it was decided in the courts below. In other words, I consider that we should reaffirm that the law is that a claimant in a passing off claim must establish that it has actual goodwill in this jurisdiction, and that such goodwill involves the presence of clients or customers in the jurisdiction for the products or services in question.”

⁵ [2017] EWHC 1400 IPEC

⁶ [2015] UKSC 31

And

“52. As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough, as the cases cited in paras 21-26 and 32-36 above establish. The claimant must show that it has a significant goodwill, in the form of customers, in the jurisdiction, but it is not necessary that the claimant actually has an establishment or office in this country. In order to establish goodwill, the claimant must have customers within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere.”

18. The opponent’s evidence does not establish that the business in China had any customers in the UK at the relevant date. The most that may be inferred from the opponent’s evidence is that some people in the UK may have been customers when in China. That is not enough to support the existence of a relevant UK goodwill.

19. The s.5(4)(a) ground based on passing off rights fails accordingly.

The opponent’s grounds of opposition under s.5(1), 5(2) and 5(4)(a) of the Act based on its earlier mark being a well known mark in the UK under s.56 of the Act.

20. Section 56(1) of the Act states:

“56. - (1) References in this Act to a trade mark which is entitled to protection under the Paris Convention or the WTO agreement as a well known trade mark are to a mark which is well-known in the United Kingdom as being the mark of a person who-

(a) is a national of a Convention country, or

(b) is domiciled in, or has a real and effective industrial or commercial establishment in, a Convention country, whether or not that person carries on business, or has any goodwill, in the United Kingdom.

References to the proprietor of such a mark shall be construed accordingly.”

21. I shall assume that the opponent is the proprietor of the earlier trade mark shown in paragraph 3(i) above. He says he is a national of Taiwan. Taiwan is a party to the World Trade Organisation Agreement. On that basis the opponent would be entitled to assert the earlier mark in these proceedings.

22. Section 6(1)(c) of the Act states that:

“6. - (1) In this Act an “earlier trade mark” means -

(a) -

(b) -

(c) a trade mark which, at the date of application for registration of the trade mark in question or (where appropriate) of the priority claimed in respect of the application, was entitled to protection under the Paris Convention or the WTO agreement as a well known trade mark.”

23. This means that the proprietor of a well known mark is entitled to oppose the registration (and use) of a later conflicting mark in the UK, without having registered the earlier mark in the UK (or EU). A well known mark is one that is known to (at least) a significant proportion of the relevant public in the UK.⁷

24. I find that the opponent’s claim must be rejected because the opponent has not established that, at the relevant date, its mark was well known in the UK. I have taken account of the various registrations of the mark in the Far East. I do not doubt that the mark was well known in (at least) China. And I accept that it would be sufficient, in principle, for the opponent to show that the earlier mark was known to a significant proportion of the relevant public in the UK in consequence of Chinese nationals relocating to the UK and/or UK nationals becoming familiar with the trade mark after visiting China. However, I find that the evidence is too vague to establish that a sufficiently substantial number of Chinese nationals would have relocated to the UK after the opponent’s business became well known in China, but prior to the

⁷ See the Opinion of the Advocate General in *General Motors v Yplon S.A.*, CJEU, Case C-375/97, which is consistent with the judgment of the CJEU in *Alfredo Nieto Nuno v Leonci Monello Franquet*, Case C-238/06

relevant date. Similarly, I find the evidence of exposure of the mark at tourist hotspots in China too vague to establish that (i) a substantial number of UK nationals visited these tourist spots after the opponent's outlets were present, but prior to the relevant date, and (ii) the exposure of the mark in China was sufficient to create a sufficiently lasting impression on enough UK visitors to make the mark well known in the UK at the relevant date. In this connection, I note that there is a complete absence of evidence showing any reference to the mark (or a transliteration of it) in any publication directed at the UK market.

The opponent's ground of opposition under s.5(4)(b) of the Act based on its claim to own the copyright in the artistic work corresponding to its trade mark

25. The opponent claims that it is the owner of the copyright in an original artistic work corresponding to the mark shown in paragraph 3(1) above. I accept the opponent's unchallenged evidence that the work was completed on 1st February 2010 and first published in Taipei. I also accept that, in principle, the work qualifies for copyright protection under the Copyright, Designs and Patents Act 1988 ("CDPA") as a 'graphic work' within the meaning of s.4(1)(a) of the CDPA.

26. Given that the work was only created in 2010, if it qualifies for copyright protection in the UK, the relevant date in these proceedings would fall within the term of copyright protection.

27. The opponent says that he - Keng Shen Lou - is the proprietor of the copyright. I note that the certificate of registration of the copyright work in China identifies the proprietor as being Lou Gengshen of Taiwan, China. As I noted earlier, the applicant has not commented on the copyright aspect of the opponent's case. It follows that the applicant has not challenged the opponent's sworn claim to be the proprietor of the copyright.

28. I note that both names at issue include 'shen' and 'lou' (albeit in different order) and that 'Keng' and 'Geng' are similar. The differences are probably due to the different ways in which that the name has been re-produced in Roman characters, or a simple translation error. I therefore find that both versions of the name are likely to

relate to the same person. I accept that the opponent is the proprietor of the copyright in the work.

29. Section 22 of the Intellectual Property Act 2014 states that s.159 of the CDPA should be read as meaning that:

“(1) Where a country is a party to the Berne Convention or a member of the World Trade Organisation, this Part, so far as it relates to literary, dramatic, musical and artistic works, films and typographical arrangements of published editions—

(a) applies in relation to a citizen or subject of that country or a person domiciled or resident there as it applies in relation to a person who is a British citizen or is domiciled or resident in the United Kingdom”.

30. Chinese Taipei (Taiwan) is a member of the World Trade Organisation. It follows that the opponent has the same rights in the UK as would a British national. A British national would be entitled to protect the copyright in the work by virtue of s.154 of the CDPA. The opponent’s copyright in the work is therefore enforceable in the UK under the CDPA.

31. Section 17 of the CDPA states that:

“(1) The copying of the work is an act restricted by the copyright in every description of copyright work; and references in this Part to copying and copies shall be construed as follows.

(2) Copying in relation to a literary, dramatic, musical or artistic work means reproducing the work in any material form.”

32. The availability of the copyright work in China since 2012 on a substantial scale combined with the virtual identity between the applicant’s mark and the copyright work, present a *prima facie* case of copying. Indeed, although I do not accept that the opponent’s mark is well known in the UK, I find it very likely that it was well known to the applicant at the time of his trade mark application. In this connection, I note that the applicant has offered no explanation for his choice of trade mark. In

these circumstances, I find that the trade mark was copied from the copyright work and represents an unlawful reproduction of that copyright work. It follows that use of the trade mark in the UK would be contrary to the CDPA.

33. The opposition under s.5(4)(b) of the Act therefore succeeds.

Overall outcome

34. It is sufficient that one of the grounds of opposition succeeds. The application will be refused.

Costs

35. The opposition is successful. Therefore, the opponent is entitled to a contribution towards his costs. I assess these as follows:

£300 for filing a notice of opposition;

£200 official fee for TM7;

£600 for filing evidence;

£250 for filing written submissions.

36. I order Mr Xiaolong Chen to pay Mr Keng Shen Lou the sum of £1350. This to be paid within 21 days of the end of the period allowed for appeal or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings (subject to any order of the appellate tribunal).

Dated this day 13th of November 2018

**Allan James
For the Registrar**