

**O-0859-25**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF REGISTRATION NOS. 3998940 AND 3998938**

**IN THE NAME OF XGLITCH LTD**

**IN RESPECT OF THE TRADE MARKS**

**Alaplus**

**AND**

**Cholewy**

**IN CLASS 25**

**AND**

**IN THE MATTER OF APPLICATIONS FOR INVALIDATION THERETO**

**UNDER NOS. 507632 AND 507633**

**BY SHENZHEN YUMING TECHNOLOGY CO., LTD.**

## Background and pleadings

1. On 6 January 2024, XGLITCH LTD (hereafter “the proprietor”) applied to register the trade marks no. 3998940 and no. 3998938 in respect of the mark “Alaplus” and “Cholewy”, respectively in the UK (together, “the contested marks”). They were accepted and published in the Trade Marks Journal on 26 January 2024 and 19 January 2024 respectively, and registered on 5 April 2024 and 29 March 2024 respectively.

2. The 3998940 mark was registered in respect of the following goods:

**Class 25:** *Gloves; Socks; Anklets [socks]; Toe socks; Woollen socks; Ankle socks; Footless socks; Trouser socks; Sweat-absorbent socks; Non-slip socks; Anti-perspirant socks; Bed socks; Yoga socks; Thermal socks; Men's socks; Tennis socks; Socks for men; Sports socks; Water socks; Pop socks; Inner socks for footwear; Men's dress socks; Thermal gloves for touchscreen devices.*

3. The 3998938 mark was registered in respect of the following goods:

**Class 25:** *Underwear for women; Underclothing for women; Clothing for men, women and children; Underwear; Maternity underwear; Undergarments; Women's underwear; Underwear (Anti-sweat -);Anti-sweat underwear; Ladies wear.*

4. On 5 August 2024, Shenzhen Yuming Technology Co., Ltd. (“the cancellation applicant”) applied to invalidate both trade marks on the basis of section 47(1) and (2)(b), 3(6) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”).

5. For the purposes of section 5(4)(a), the cancellation applicant relies on its alleged earlier rights in the signs “Alaplus” and “Cholewy”. It claims to have acquired goodwill in its business under these signs in the UK and that the signs have been used since 2020 and 2021, respectively, throughout the UK. In respect of its “Alaplus” sign it’s claim of use is in respect of the following goods:

*“socks, ankle socks, men’s and women’s anklet socks, stockings, sports socks, trainer socks”*

6. In respect of its “Cholewy” sign, it’s claim of use is in respect of the following goods:

*“Underwear”*

7. It claims that use of the contested marks, in relation to the goods as registered, would amount to a misrepresentation, leading to damage. As such, it argues that the marks should be declared invalid.

8. The cancellation applicant claims that the applications to register the contested marks were made in bad faith and therefore contrary to section 3(6) of the Act. It asserts that the proprietor “could not ignore the cancellation applicant’s rights on” the signs “Alaplus” and “Cholewy” and it also asserts that the registered proprietor had no intention to use the marks in respect of Class 25 goods and that they were filed with the intention to disrupt the cancellation applicant’s business or profit from the sale of the marks.

9. The proprietor filed counterstatements denying the claims made and putting the cancellation applicant to proof of its claims.

10. The two applications for invalidation were subsequently consolidated and this decision relates to both of these applications.

11. Only the cancellation applicant filed evidence in these proceedings. This evidence related to both applications for invalidity and it will be summarised to the extent that it is considered necessary. No hearing was requested and neither filed written submissions in lieu. This decision is taken following careful consideration of the papers.

12. The cancellation applicant has been represented by Yayipcom throughout the proceedings and the proprietor has been represented by Wilson Gunn.

## **Legislation**

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

“(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented-

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, where the condition in subsection (4A) is met,

(aa) [...]

(b) [...]

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark.”

14. Subsection (4A) of Section 5 states:

“(4A) The condition mentioned in subsection (4)(a) is that the rights to the unregistered trade mark or other sign were acquired prior to the date of application for registration of the trade mark or date of the priority claimed for that application.”

15. Section 3(6) of the Act states:

“A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

16. Section 3(6) and section 5(4)(a) are relevant in invalidation proceedings because of the following parts of section 47 of the Act:

“47. (1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration). [...]

(2) Subject to subsections (2A) and (2G), the registration of a trade mark may be declared invalid on the ground-

(a) [...]

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

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

[...]

(5) Where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(5A) An application for a declaration of invalidity may be filed on the basis of one or more earlier trade marks or other earlier rights provided they all belong to the same proprietor.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made:

Provided that this shall not affect transactions past and closed.”

## **Evidence**

17. The cancellation applicant's evidence is in the form of two witness statements of its president, Mr Mengqi Yao, both dated 24 November 2024. Each of Mr Yao's statements are focussed on just one of the cancellation applicant's two signs. The two witness statements are both accompanied by two exhibits, identified in each case as Exhibit A and Exhibit B. He provides evidence of claimed use of the signs and the implied "widespread knowledge" of the cancellation applicant's signs.

## DECISION

### Section 5(4)(a)

18. In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court, conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56. In relation to deception, the court must assess whether “a substantial number” of the Claimants’ customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

19. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC (as he then was), as the Appointed Person, endorsed the registrar’s assessment of the relevant date for the purposes of section 5(4)(a) of the Act, as follows:

“43. In *SWORDERS TM O-212-06* Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

‘Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.’”

20. In this case, the contested marks were both filed on 6 January 2024. The proprietor has filed no evidence of use in these proceedings and there is no claim to earlier use. I, therefore, only have the position at the relevant date of 6 January 2024 to consider in this instance.

### **Goodwill**

21. *Inland Revenue Commissioners v Muller & Co's Margarine Ltd [1901] AC 217 (HOL)* defines goodwill as follows:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

22. The relevant evidence supporting the cancellation applicant's claim to goodwill identified by the sign ALAPLUS can be summarised as follows:

- The cancellation applicant's sign has been used on [www.amazon.co.uk](http://www.amazon.co.uk) since 3 August 2020;<sup>1</sup>
- Nineteen screenshots, all obtained on 26 November 2024, of this website are provided<sup>2</sup> showing various socks for sale under the name ALAPLUS. They are variously described as “outdoor ...performance hiking trekking walking athletic socks”, “multi performance athletic socks”, “performance socks”, “running socks”, “cushioned sports socks”, “ankle socks” and “trainer socks”. These screen shots also include a number of pages of reviews;
- Screenshots of the cancellation applicant's Amazon account listing fulfilled orders between January 2023 and June 2023. The search generated 9600 orders. Approximately a 100 of these are shown on the first page of 96 pages generated by the search, all dated in the last couple of days of June 2023 and

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<sup>1</sup> Mr Yao's witness statement relating to the “Alapulus” sign (hereafter “WS1”) at [2]

<sup>2</sup> At pages 2 – 19 of Exhibit A to WS1 (hereafter “Exhibit A(1)”)

showing orders for ALAPLUS sports socks with multi-packs selling at between £12 and £20.<sup>3</sup>

- Screenshots from a second search generating 5046 order details received and fulfilled between the date range 1 July 2023 to 2 July 2024 in respect of ALAPLUS branded socks. All the displayed orders are from April 2024 (i.e. after the relevant date in these proceedings);<sup>4</sup>
- Screenshots from a third search generating 8424 order details received and fulfilled between the date range 1 December 2023 to 31 March 2024 and a fourth search generating in excess of 10,000 orders for the date range 1 April 2024 to 2 July 2024. Both searches show fulfilled orders for ALAPLUS branded socks. All the displayed orders are from after the relevant date in these proceedings;<sup>5</sup>
- Screenshots of seven “customer says” (customer reviews) are provided relating to ALAPLUS branded socks and all dated in June 2021.<sup>6</sup>
- Screenshots of a list of the first 50 of 2332 returned items between 1 November 2020 and 31 December 2022. The returns shown are dated between 11 November 2020 and 11 December 2020. Most but not all are in English and most (but not all) relate to ALAPLUS branded socks;<sup>7</sup>
- A screenshot of the ninth and most recent version (as of 7 January 2021) of an advertisement for ALAPLUS socks is provided.<sup>8</sup> A graph relating to the advertising campaign between 1 November 2020 and 1 January 2021 shows that the spend was £2,245.52. It is indicated that the graph relates to “Sponsored ads, multiple counties”.<sup>9</sup>

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<sup>3</sup> At pages [2] to [26] of Exhibit B(1)

<sup>4</sup> Exhibit B(1) at [27] – [51]

<sup>5</sup> Exhibit B(1) at [52] – [98]

<sup>6</sup> Exhibit B(1) at [127] – [129]

<sup>7</sup> Exhibit B(1) at [127] – [130]

<sup>8</sup> Exhibit B(1) at [132]

<sup>9</sup> Exhibit B(1) at [132] – [133]

- It is claimed that there has been long-standing continuous use of the name ALAPLUS and, as a result, the sign “has acquired distinctiveness and become synonymous with [the cancellation applicant]”.<sup>10</sup>

23. The relevant evidence supporting the cancellation applicant’s claim to goodwill identified by the sign CHOLEWY can be summarised as follows:

- The cancellation applicant has been using its CHOLEWY sign on www.amazon.co.uk since June 2022 in respect of underwear;<sup>11</sup>
- The cancellation applicant’s mark CHOLEWY has “been enjoying substantial sales in the UK for a very long time and [has] become a trustworthy name in the underwear products.”<sup>12</sup>
- A screenshot of Amazon UK web pages is provided showing “Cholewy Women’s Underwear Multipack” for sale at a discounted price of £14.40. The screenshot was printed on 28 November 2024 (i.e. after the relevant date in these proceedings). Under the heading “Product details” it states that the product was first available on “20 Oct 2024” (also after the relevant date);<sup>13</sup>
- Screenshots are also provided of customer orders.<sup>14</sup> Approximately 100 of these orders for multipacks of women’s underwear are dated between 23 February 2023 to 27 March 2023<sup>15</sup> (i.e. before the relevant date in these proceedings). Most were purchased for £16.85 (i.e. about £169 per 100 orders)
- Approximately 170 orders are shown as being received after April 2024 (i.e. after the relevant date).<sup>16</sup>
- These screenshots were extracted from the result of three separate searches:
  - the first of these searches records 393 orders within the date range 1 June 2022 and 30 April 2023;<sup>17</sup>

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<sup>10</sup> WS1 at [5]

<sup>11</sup> Mr Yao’s witness statement relating to the “Cholewy” sign (hereafter “WS2”) at [2]

<sup>12</sup> WS2 at [4]

<sup>13</sup> Exhibit A to WS2

<sup>14</sup> Exhibit B to WS2 (hereafter “Exhibit B(2)”)

<sup>15</sup> Exhibit B(2) at [10] – [29]

<sup>16</sup> Exhibit B(2) at [31] – [79]

<sup>17</sup> Exhibit B(2) at [8]

- the second search records 6477 orders between 1 February 2023 and 1 July 2024 (this period spans 11 months before the relevant date and 6 months after);<sup>18</sup>
- the third search records 8915 orders between 1 December 2023 and 2 July 2024 (mostly after the relevant date);<sup>19</sup>
- Screenshots of six “customer says” (customer reviews) are provided relating to CHOLEWY underwear and all dated in January 2023.<sup>20</sup>
- Screenshots of a partial list of returns all dated in 2021. Not all are in English suggesting they are not returns from the UK. The sign shown is either ALAPLUS or CHOLEWY but in respect of socks and not underwear;<sup>21</sup>
- Two screenshots from an unnamed Amazon account showing a graph and a still of a video promoting CHOLEWY women’s underwear. The page references “Sponsored ads, multiple countries”. The graph shows a five month period between 1 March 2023 to 1 August 2023 and records a spend of \$984.52 and sales of \$1,937.81.<sup>22</sup>

24. Taking all this evidence together, it is clear that the cancellation applicant has been selling goods into the UK market since some point in 2020. The evidence could have been better marshalled with:

- (i) the exhibits including references to fulfilled orders and returns related to sales both inside and outside the UK;
- (ii) some of the exhibits showing use of the CHOLEWY sign in respect of goods (socks) not relied upon;
- (iii) some parts of the evidence showing use after the relevant date or spanning periods that cover both before and after the relevant date, making it difficult to ascertain the use that related to before the relevant date, and;

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<sup>18</sup> Exhibit B(2) at [31]

<sup>19</sup> Exhibit B(2) at [57]

<sup>20</sup> Exhibit B(2), at [81] – [83]

<sup>21</sup> Exhibit B(2) at [84]

<sup>22</sup> Exhibit B(2) at [86] and [87]

(iv) there being an absence of UK revenues (something that should have been easy for the cancellation applicant to provide).

25. Despite these shortcomings, the evidence does illustrate sales to UK customers using the Amazon online retail platform and that this trade has been regular (and possibly continuous) for a number of years prior to the relevant date in these proceedings (6 January 2024). Sales have been through Amazon's UK facing .co.uk website and the fulfilled orders information provided show sales of both ALAPLUS branded socks and CHOLEWY branded underwear priced in pounds sterling.

26. The size of the cancellation applicant's business in the UK in respect of its ALAPLUS and CHOLEWY products is not always clear from the evidence for the reasons I identified earlier, but the fulfilled order information illustrates that, for example, 9600 orders for ALAPLUS socks were fulfilled in the six-month period between January 2023 and June 2023. Whilst it is not clear that all of these relate to UK orders, the first page of individual orders (showing approximately 100) are all priced in pounds sterling and I consider that it is reasonable to assume that a good proportion of the 9600 orders were from the UK. A further search provided finds 5046 orders over a 12-month period, half of which was before the relevant date. From this alone, it is not possible to say with any certainty how many UK orders were fulfilled prior to the relevant date. However, when considered together with the other evidence, I infer that a reasonable proportion of the 5046 orders were from the UK and related to a period prior to the relevant date.

27. In respect of UK trade of underwear under the CHOLEWY brand, online advertisements were run between March and August 2023 and there is evidence that approximately 100 orders were fulfilled for CHOLEWY branded multipacks of women's underwear in just over a month in February/March 2023. Other evidence demonstrates that there were 393 fulfilled orders between June 2022 and April 2023. Greater numbers of sales are disclosed for periods bridging the relevant date. In particular, I take note that 6477 orders were received during a period that included 11 months before the relevant period and 6 months after. I keep in mind that this evidence creates a less certain picture and possible lower volume of orders in the UK compared to activity in respect of the ALAPLUS sign, nevertheless, it is sufficient to contribute to the generation of goodwill in the cancellation applicant's business.

28. I consider that, when the evidence is taken as a whole, the use shown of the cancellation applicant's two signs is sufficient to demonstrate that the cancellation applicant has sufficient, if still relatively small, goodwill in the UK as at the relevant date of 6 January 2024.<sup>23</sup> The evidence illustrates that the cancellation applicant has been selling to UK customers through the amazon.co.uk platform since at least November 2020 (where there is evidence of returns of ALAPLUS socks being received and the cancellation applicant spending several thousand pounds on "sponsored ads"). The evidence supports the claim that CHOLEWY underwear was sold on the amazon.co.uk platform from June 2022. The sales under both signs were to individuals and, whilst I don't rule out that some of these would be return customers, it would appear that the size of the cancellation applicant's customer base will be similar in number to the number of sales.

29. A small business which has more than a trivial goodwill can protect signs which are distinctive of that business under the law of passing off even though its goodwill and reputation may be small. In *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590, the Court of Appeal in England and Wales held that the defendant had passed off its LUMOS nail care products as the claimant's goods. The claimant had been selling LUMOS anti-ageing products since 2007. The goods retailed at prices between £40 and £100 per bottle. The Claimant's sales were small, of the order of £2,000 per quarter from early 2008 to September 2009, rising to £10,000 per quarter by September 2010. The vast majority of these sales were to the trade, including salons, clinics and a market. As at the relevant date (October 2010) the Claimant had sold to 37 outlets and by that date it was still selling to 25 outlets. There was evidence of repeat purchases. Although the number of customers was small, or, as the judge at first instance put it, "*very limited*", the claimant's goodwill was found to be sufficient to entitle it to restrain the defendant's trade under LUMOS.

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<sup>23</sup> See *Smart Planet Technologies, Inc. v Rajinda Sharma* (BL O/304/20) where Mr Thomas Mitcheson QC, sitting as the Appointed Person commented that "... a successful claimant in a passing off claim needs to demonstrate more than nominal goodwill. It needs to demonstrate significant or substantial goodwill and at the very least sufficient goodwill to be able to conclude that there would be substantial damage on the basis of the misrepresentation relied upon."

30. I conclude that in the current case, the cancellation applicant has demonstrated that it had the requisite goodwill as of the relevant date of 6 January 2024 resulting from its trading since at least June 2021 on the amazon.co.uk platform and that both the signs relied upon were distinctive of that goodwill.

### ***Misrepresentation***

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

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

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

The same proposition is stated in Halsbury's Laws of England 4th Edition Vol.48 para 148. The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd.* (1941) 58 R.P.C. 147 at page 175; and *Re Smith Hayden's Application* (1945) 63 R.P.C. 97 at page 101.”

And later in the same judgment:

“... for my part, I think that references, in this context, to “more than *de minimis*” and “above a trivial level” are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993) . It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion.”

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

“64. One point which emerges clearly from what was said in that case, both by Jacob J and by the Court of Appeal, is that the “substantial number” of people who have been or would be misled by the Defendant's use of the mark, if the Claimant is to succeed, is not to be assessed in absolute numbers, nor is it applied to the public in general. It is a substantial number of the Claimant's actual or potential customers. If those customers, actual or potential, are small in number, because of the nature or extent of the Claimant's business, then the substantial number will also be proportionately small.”

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

34. I keep in mind that the test is whether a substantial number of the proprietor's customers or potential customers had been deceived for there to be a real effect on the cancellation applicant's trade or goodwill.<sup>24</sup> In the current case the contested marks are identical to the cancellation applicant's two signs, and they are in respect of identical goods to some of those for which the contested marks are registered. Therefore, use of the contested marks will clearly lead to a strong likelihood that a substantial number of customers or potential customers will be deceived into believing that use of the contested marks is use by the cancellation applicant.

35. In *Office Cleaning Services Limited v Westminster Window & General Cleaners Limited* [1946] RPC 39 (HOL), Lord Simonds stated that:

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<sup>24</sup> *Neutrogena Corporation and Another v Golden Limited and Another*, 1996] RPC 473

“Confusion innocently caused will yet be restrained. But, if the intention to deceive is found, it will be readily inferred that deception will result. Who knows better than the trader the mysteries of his trade.”

36. In the current case, the proprietor has registered two marks that are identical to those of the cancellation applicant’s signs and are in respect of identical goods. The signs themselves present as invented words with no common element or any other similarity to each other. In these circumstances, it is very unlikely that the proprietor independently alighted upon both marks without prior knowledge of the cancellation applicant’s activities and without an intention to deceive or to unfairly benefit in some other way. As stated in the above guidance, in such a circumstance, it can be readily inferred that deception will occur.

### ***Damage***

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

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

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

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

39. In the current circumstances where the contested marks are the same as the signs that identify the cancellation applicant's goodwill and are in respect of identical or similar goods, it is very easy to infer that use of the contested marks will result in damage to the cancellation applicant's business in any or all of the ways envisaged in *Ewing v Buttercup*.

40. In summary, I find that the cancellation applicant's applications for invalidation based upon its claims of passing off succeed in their totality.

### **Section 3(6)**

41. In *SkyKick UK Ltd & Anor v Sky Ltd & Ors (Rev1)* [2024] UKSC 36, Lord Kitchin summarised the general principles applicable to bad faith at [240] as follows:

“(i) [...]

(ii) The date for assessing whether an application to register [a] trade mark was made in bad faith is the date the application for registration was made (Lindt, para 35).

(iii) Bad faith in this context is an autonomous concept of EU law which must be given a uniform interpretation [...], and must be interpreted in the context of Directive 89/104 in the same manner as in the context of Regulation 40/94 ([*Malaysia Dairy Industries Pte Ltd v Ankenaevnet for Patenter og Varemaerker* (C-320/12) EU:C:2013:435 (“Malaysia Dairy”), para 29; [*Sky plc v SkyKick UK Ltd* (C-371/18) EU:C:2020:45 (“Sky CJEU”), para 73]).

(iv) While, in accordance with its usual meaning in everyday language, the concept of bad faith presupposes the presence of a dishonest state of mind or

intention, the concept must also be understood in the context of trade mark law, which involves the use of marks in the course of trade. Further, it must have regard to the objectives of the [...] law of trade marks, namely the establishment and functioning of [...] a system of undistorted competition in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable consumers, without any possibility of confusion, to distinguish those goods or services from those which have a different origin (Lindt, para 45; [Koton Mağazacılık Tekstil Sanayi ve Ticaret AS v European Union Intellectual Property Office (EUIPO) (C-104/18) EU:C:2019:724 (“Koton”)], para 45).

(v) Consequently, the objection will be made out where the proprietor made the application for registration, not with the aim of engaging fairly in competition but either (a) with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties; or (b) with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, and in particular the essential function of indicating origin (Koton, para 46; Sky CJEU, para 75).

(vi) The intention of the applicant is a subjective matter, but it must be capable of being established objectively by the competent administrative or judicial authorities having regard to the objective circumstances of the case ([Hasbro Inc v EUIPO, Kreativni Dogaaji d.o.o. (intervening) (Case T-663/19) EU:T:2021:211 (“Hasbro”)], paras 39 and 40; Koton, para 47).

(vii) The burden of proving that an application for a registered mark was made in bad faith lies on the party making the allegation. But where the circumstances of the case may lead to a rebuttal of the presumption of good faith, it is for the proprietor of the mark to explain and provide a plausible explanation of the objectives and commercial logic pursued by the application for registration (Hasbro, paras 42 and 43).

(viii) Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all of the factors relevant to the particular case (Lindt, para 37).

(ix) The applicant for a trade mark is not required to indicate or to know precisely when the application is filed or examined, the use that will be made of it (Sky CJEU, para 76; [AS v Deutsches Patent-und Markenamt (C-541/18) EU:C:2019:725], para 22).

(x) Nevertheless, the registration by an applicant of a mark without any intention to use it in relation to the goods and services covered by the registration may constitute bad faith where there is no rationale for the application in the light of the aims referred to in Regulation 40/94 and Directive 89/104 (Sky CJEU, para 77).

(xi) Such bad faith may, however, be established only where there are objective, relevant and consistent indicia tending to show that, when the application was filed, the applicant for registration had the intention either of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark (Sky CJEU, para 77).

(xii) It follows that the bad faith of the applicant cannot be presumed on the basis of a mere finding that, at the time of filing the application, the applicant had no economic activity corresponding to the goods and services referred to in the application (Sky CJEU, para 78).

(xiii) When the absence of an intention to use the mark in accordance with the essential functions of a trade mark concerns only certain goods or services referred to in the application for registration, that constitutes making the application in bad faith only in so far as it relates to those goods or services (Sky CJEU, para 81).

(xiv) If, at the end of the day, the court concludes that, despite formal observance of the relevant rules and conditions for obtaining registration, the purpose of the rules has not been achieved, and that there was an intention to take advantage of the rules by creating artificially the conditions laid down for

obtaining the registration, this may amount to an abuse sufficient to find that the application was made in bad faith (see, for example, *Hasbro*, para 72).

(xv) Directive 89/104 does not preclude a provision of national law under which an applicant for registration must state that the mark is being used in relation to the goods or services in relation to which it is sought to register the mark, or that the applicant has a bona fide intention that it should be used, provided that infringement of such an obligation cannot constitute a ground for invalidity. It may, however, constitute evidence for the purposes of establishing possible bad faith on the part of the applicant when the application was filed (*Sky* CJEU, paras 86 and 87).”

42. In *SkyKick*, Lord Kitchin also considered the question of what amounts to bad faith. He underlined that the categories of bad faith and the circumstances which may constitute bad faith are not closed, and continued:

“152. In seeking to identify the relevant principles, it is necessary to have in mind two fundamental aspects of trade mark law to which I have already referred: first, it is concerned with the use of marks in trade to denote the origin of goods and services. Secondly, the aim of the trade mark regime is to contribute to a system of undistorted competition in which businesses are able to attract and retain customers by the quality of their goods and services, and for that purpose are able to have registered signs which enable consumers to distinguish the goods and services of one undertaking from those of another. Such a system must also provide an incentive and protection for the investment by a brand owner in the quality and other beneficial aspects of its goods and services, and so allow it to develop a goodwill in its business relating to their sale and supply.

153. Against this background, the essence of the objection that an application to register a mark was made in bad faith may be understood: it is that the motive or intention of the applicant was to engage in conduct that departed from accepted principles of ethical behaviour or honest commercial practices having regard to the purposes of the trade mark system which I have described. Whether the conduct was undertaken with that motive or intention and did

indeed depart from such ethical behaviour or honest commercial practices must be assessed having regard to all the objective circumstances of the case: see, for example, *Koton Mağazacılık Tekstil Sanayi ve Ticaret AS v European Union Intellectual Property Office (EUIPO)* (C-104/18) EU:C:2019:724 ("Koton"), paras 46 and 47 [...]."

43. According to *Alexander Trade Mark*, BL O/036/18, the key questions for determination in a claim of bad faith are:

(a) What, in concrete terms, was the objective that the 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?

44. It is necessary to ascertain what the applicant knew at the relevant date: *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch). Evidence about subsequent events may be relevant, if it casts light backwards on the position at the relevant date: *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others*, [2009] RPC 9 (approved by the Court of Appeal in England and Wales: [2010] RPC 16).

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

45. The Cancellation Applicant asserts that the proprietor "could not ignore the cancellation applicant's rights on" the signs "Alaplus" and "Cholewy" and it also asserts that the registered proprietor had no intention to use the contested marks in respect of Class 25 goods and that they were filed with the intention to disrupt the cancellation applicant's business or profit from the sale of the mark.

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

46. These are objectives that, if substantiated, would result in a finding that the contested marks were not properly filed.

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

47. The cancellation applicant points to its use demonstrated in the evidence detailed at paragraphs 22 and 23, above and, what it asserts, amounts to “long-standing continuous use” and the widespread knowledge of its mark that results from this. It claims that there is no doubt that at the time of adoption of the contested marks, the proprietor being in the same trade, was well aware of the cancellation applicant’s marks.<sup>25</sup>

48. It could conceivably be coincidence if one of the cancellation applicant’s marks is replicated by the proprietor, but the chances that it is coincidence that two of its marks have been replicated by a single business in the same field is vanishingly small. The proprietor has had an opportunity to explain its reasons for applying to register the contested marks but has chosen not to file evidence or submissions in its defence. Rather, it has merely chosen to put the cancellation applicant to proof of its allegations rather than rebut the allegations by way of submissions and/or evidence.

49. Taking account of the points noted in the previous paragraph, the factual situation before me leads to a conclusion that the proprietor was aware of the cancellation applicant’s activities in the UK (and possible elsewhere) and it has attempted to pre-empt the cancellation applicant’s filing of trade marks in the UK with a view of using the contested marks as leverage against the cancellation applicant. Alternatively, the purpose could equally have been to benefit from any perceived goodwill of the cancellation applicant’s business in the UK. Either of these motives are not proper reasons for obtaining trade mark registrations and their filing amounts to an act of bad faith.

50. I recognise that the mere fact that the proprietor is likely to have known that the cancellation applicant’s use of its signs in the UK, this alone is not sufficient to establish

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<sup>25</sup> Mr Yao’s witness statement at [5] and [6]

bad faith.<sup>26</sup> There must be something else involved before this can justify a finding of bad faith.<sup>27</sup> For example, the proprietor may have reasonably believed that it was entitled to apply to register the mark because there had been honest concurrent use of the marks. 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 Trade Mark*, [2003] RPC 11, or to gain an unfair advantage by exploiting the reputation of a well-known name: *Trump International Limited v DDTM Operations LLC*, [2019] EWHC 769 (Ch).

51. In *Sivaratnam v Maya Appliances PVT. Ltd*, BL O/0052/25, Iain Purvis KC, as the Appointed Person, cautioned that although the burden of showing bad faith is on a cancellation applicant, in the majority of cases all a cancellation applicant can do is make inferences from the objective facts and invite the other party to respond. In the current case, the cancellation applicant has provided evidence of its own goodwill in the UK (and also shows that it trades outside the UK too). The fact that the proprietor has replicated both of the cancellation applicant's marks illustrates that it was likely to be aware of the cancellation applicant's activities. The adoption of identical marks, which are invented words, for identical goods is unlikely to be coincidental and the only obvious reason why the proprietor would have applied for the marks for the particular goods is to frustrate the cancellation applicant's business activities in the UK. I find that the facts of this case establish a *prima facie* case of bad faith and that, in the absence of any explanation from the proprietor for his conduct, strengthens this view and the *prima facie* case has not been rebutted.

52. In summary the applications for invalidation based upon claims of bad faith succeed in their totality.

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<sup>26</sup> *Malaysia Dairy Industries Pte Ltd v Ankenævnet for Patenter og Varemærker* Case C-320/12.

<sup>27</sup> *Wright v Dell Enterprises Inc. (HOGS AND HEFFERS)*, BL O/580/16.

## **Conclusion**

53. The cancellation applicant has been successful and subject to any successful appeal, registration nos. 3998940 and 3998938 will be treated as though they were never registered.

## **COSTS**

54 The cancellation applicant has been successful in respect of both of its applications for invalidation and is entitled to a contribution towards its costs. The sum is calculated as follows:

|  |              |
|--|--------------|
| Official fees x 2:   | £400         |
| Preparing and filing TM26(l)s x 2 and considering the counterstatements: | £600         |
| Preparing and filing evidence:   | £1200        |
| <b>Total:</b>  | <b>£2200</b> |

55. I therefore order XGLITCH LTD to pay Shenzhen Yuming Technology Co., Ltd. the sum of £2200. The above sum should be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this day of 18th September 2025**

**Mark Bryant**  
**For the Registrar,**  
**The Comptroller-General**