

O/1028/23

TRADE MARKS ACT 1994

TRADE MARK APPLICATION 3710825

IN THE NAME OF ZIGONG LANTERN GROUP WORLDWIDE, LLC

AND

OPPOSITION 430319

BY ZIGONG LANTERN CULTURE INDUSTRY CO. LTD

BACKGROUND AND PLEADINGS

1. This is an opposition by Zigong Lantern Culture Industry Co. Ltd (“the opponent”) to an application filed on 16th October 2021 by China Lantern International LLC, dba Zigong Lantern Group (“the original applicant”). The applicant subsequently assigned the trade mark to Zigong Lantern Group Worldwide, LLC (“the current applicant”). Nothing turns on the assignment.

2. The trade mark at issue is ZIGONG LANTERN GROUP. The application for registration covers the following services:

Class 35: Organisation of exhibitions and events for commercial or advertising purposes; Planning and conducting of trade fairs, exhibitions and presentations for commercial or advertising purposes; Advertising and promotion services; Promotion of special events; Planning and conducting of trade fairs, exhibitions and presentations for commercial or advertising purposes.

Class 41: Special event planning; Special event planning consultation; Staging of light entertainment productions; Entertainment in the nature of light shows; Entertainment services in the nature of arranging social entertainment events; Entertainment services in the nature of organizing social entertainment events; Planning and conducting of parties [entertainment]; Organizing cultural and arts events; Organization of shows for cultural purposes; Organising of shows for educational purposes.

3. The opponent claims to have established goodwill in the UK under the sign **Zigong Lantern Culture Industry Group** as a result of the use of that sign in trade since July 2017¹ in relation to, inter alia, *planning and conducting of exhibitions* and *staging of light entertainment productions*, particularly the organisation of lantern festivals.

¹ The opponent originally claimed to have used the earlier sign since March 2020, but the evidence it filed showed earlier use of the sign, and the opponent’s case has relied on that use since the evidence was filed. In these circumstances I allowed an amendment of the opponent’s pleaded case at the hearing mentioned below. This brought the opponent’s pleadings into line with the case it has presented. It was (rightly) not suggested that allowing this amendment this unfairly prejudiced the applicant in any way.

4. According to the opponent, use of the contested trade mark by the original and current applicants would amount to a misrepresentation that they are, or are connected to, the opponent. It is said that this would damage the opponent's goodwill and amount to passing off. Consequently, the opponent claims that registration of the contested trade mark would be contrary to section 5(4)(a) of the Trade Marks Act 1994 ("the Act"), which is as follows:

"(4) A trademark 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) –

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

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

5. The opponent further claims that the original applicant applied to register the trade mark in bad faith. The opponent's pleading is not a model of clarity. The gist of it is:

- (1) The original applicant has had a business relationship with the opponent;
- (2) There are agreements under which the original applicant provided services to the opponent;
- (3) Registration of the contested mark will lead to confusion and/or permit the applicant to unfairly exploit the opponent's reputation;
- (4) Alternatively, it will stop the opponent from continuing to use the earlier sign in relation to relevant services;

(5) This behaviour can properly be characterised as bad faith.

6. Consequently, the opponent claims that registration of the contested mark would be contrary to section 3(6) of the Act, which requires applications made in bad faith to be refused.

7. The original applicant filed a counterstatement denying the grounds of opposition and putting the opponent to proof of its claims.

8. The current applicant took over the defence of the application.

REPRESENTATION

9. The applicant has been represented throughout by Dynham Ltd. The opponent is represented by Handsome I.P. Ltd. A hearing took place (remotely) on 3rd October 2023. Mr Lewis Hands appeared on behalf of the opponent. Mr Aaron Wood represented the applicant.

THE EVIDENCE

10. The opponent's evidence consists of three witness statements by Xie Yun with a total of 22 exhibits. Xie Yun has been the opponent's 'admin manager' since December 2018. The main purpose of his first statement is to show that the opponent has established goodwill in the UK through the provision of services in relation to various lantern displays. The main purpose of Xie Yun's second statement is to document the business relationship between the opponent and the original applicant. Xie Yun's third statement was filed in reply to the applicant's evidence.

11. The applicant's evidence consists of witness statements by Meng Liu (with 11 exhibits) and Justin Corsa (with 12 exhibits). Meng Liu and Justin Corsa are the President and CEO of the current applicant, respectively. The main purpose of their evidence is to show that the original and current applicants have operated under the name Zigong Lantern Group since 2017. Mr Corsa's evidence also goes to the names under which the opponent has traded, which he says includes VYA Creative Lantern Group and Zigong VYA.

THE SECTION 5(4) GROUND OF OPPOSITION

12. It is convenient to start by examining the opponent's passing off right claim.

13. In *Discount Outlet v Feel Good UK*² 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)."

14. In *SWORDERS TM*³ I assessed the relevant date for establishing a passing off right in the context of an action based on section 5(4)(a) of the Act. I found that:

"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."

² [2017] EWHC 1400 IPEC

³ BL O-212-06. This statement was subsequently approved by Mr Daniel Alexander KC as the Appointed Person in *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11

Goodwill

15. The first question is whether the opponent had established goodwill in the UK under the earlier sign by the date of the applicant's application (16th October 2021). In *Minimax GmbH & Co KG v Chubb Fire Limited*,⁴ Floyd J. (as he then was) stated that:

“The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

16. Mr Wood submitted that I should also have regard to the guidance provided by Mr Daniel Alexander Q.C. as the Appointed Person in *Awareness Limited v Plymouth City Council*⁵ in the context of proving use of a registered trade mark. Mr Alexander stated 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.”

⁴ [2008] EWHC 1960 (Pat)

⁵ Case BL O/236/13

17. I accept that submission.

18. Xie Yun has given very limited narrative evidence. He does little more than exhibit documents to support the opponent's case. In these circumstances the probative value of his evidence largely depends on the extent to which the documents speak for themselves.

19. The earliest use claimed relates to the sign 'Zigong Lantern Group'. That sign is shown in a photograph of what Xie Yun says is a signing ceremony that took place in July 2017.⁶ In the absence of cross examination, I accept his evidence about the date. The opponent was present as Zigong Lantern Group. The other parties present were DDM Event and Longleat Enterprises Ltd. DDM Event appears to be an events management business. Longleat's involvement is made clearer by the email exchanges contained in exhibit D to Xie Yun's statement. These show that plans were made in April 2018 to develop a 'Festival of Light' for an event at Longleat Safari Park. It appears that the opponent, described in some of the emails as VYA, was to provide bespoke lanterns for the festival. The project manager was from DDM. I note the emails from the opponent's General Manager Assistant, Nancy Xiang, show use of the domain name zglanterngroup.com as well as the sign shown below.



20. I am told that the Chinese characters correspond to 'Zigong'.

21. Exhibit E to Xie Yun's statement consists of emails dated July 2019 between Nancy Xiang and Longleat about obtaining visas, apparently for VYA employees to visit the UK. I note that an email from Nancy Xiang dated 19th July 2019 identifies her as representing Zigong Lantern Culture Industry Group Co. Ltd and VYA Creative Lantern Co. Ltd.

⁶ See exhibit C to the first statement of Xie Yun

22. It appears from these exhibits, and Xie Yun's first statement, that the opponent participated in providing services to Longleat between 2017 – 2019 in connection with an event called 'Festival of Light'. The evidence is not conclusive as to whether these discussions led to actual lantern events.⁷

23. Xie Yun also exhibits emails dated November 2017 between Nancy Xiang at zglanterngroup.com (which, in context, must have been understood as having come from Zigong Lantern Group) and the Royal Zoological Society of Scotland about an event at Edinburgh Zoo.⁸ An email dated 21st November 2017 records that 18 workers, 6 performers and 5 'merchants' were coming to the UK on 27th and 28th November 2017. The performers would stay for 3 months and the 'merchants' would help with the dismantling work. The significance of these emails is made clearer by the contents of exhibit B. This consists of a copy of an article dated 10th February 2018 on the UK website of a publication called *The Courier* entitled 'The Giant Lanterns of China highlight the bond between two cultures'. It describes illuminations hosted at Edinburgh Zoo running from December 2017 to February 2018. This involved 450 illuminations, including 211 large scale animal themed lanterns "*painstakingly constructed from steel and silk.*" Many of the bigger lanterns were constructed on-site. The article records that 50k tickets had been sold since the event opened. Once it was over, the lanterns would be recycled and re-purposed. The article describes the event as a "*partnership with the VYA Creative Lantern Company Ltd and DDM Entertainment and Events Inc.*" However, it includes an interview with an electrician who I shall call DL. He is described as one of the workers from 'Zigong Lantern Group' working on the event. There is no dispute that DL was an employee of the opponent.

24. Exhibit F to Xie Yun's statement is an agreement dated 20th March 2020 between the opponent (named as Zigong Lantern Culture Industry Group) and Wonderland Productions Ltd. It relates to a lantern festival and exhibition planned for Belfast Botanic Gardens. The opponent's obligations are recorded as including:

⁷ The applicant's evidence includes a copy of an article from Wiltshire Times dated November 2014 about Festival of Light illuminations at Longleat Safari Park arranged by a team of 100 craftsmen from VYA Creative Lantern Company from China, which appears to be a subsidiary of the opponent. Oddly, Xie Yun's narrative statement makes no reference to events at Longleat prior to 2017.

⁸ See exhibit A to Xie Yun's first statement

- (1) Providing lantern displays for the event;
- (2) Transporting the displays to the event;
- (3) Providing the materials, equipment and labour necessary for installation, maintenance, repair and dismantling;
- (4) Ensuring the 25 personnel provided have the right visas, permits etc.;
- (5) Providing an English-speaking project manager during installation;
- (6) Paying 50% of the fee payable to Dublin Zoo for the right to produce a festival in Belfast.

25. I also note that clause 3.8 of the agreement covers tentative ticket prices, which the parties agreed would be around £14 before VAT.

26. Wonderland Productions was responsible for hosting the event, including providing the site, making it suitable, paying any rent required by Belfast Botanical Gardens, and marketing the event.

27. The proceeds of the event were to be divided 50/50 between the opponent and Wonderland Productions. A report in the Daily Mirror of 24th November 2021 indicates that the event subsequently went ahead on 13th November 2021 under the name Bright Lights Botanic. It ran until 9th January 2022.

28. Mr Wood attacked the opponent's evidence of UK goodwill on essentially five grounds. Firstly, that the evidence was so poor that it did not prove anything. Secondly, that any goodwill generated by the activities described in the documents exhibited to Xie Yun's statement was likely to be so trivial that it would not be protected by the law of passing off. Thirdly, that it did not show the opponent trading in the services relied on for the section 5(4)(a) ground, rather it showed a trade in lanterns. Fourthly, it showed the opponent trading under names other than the one relied on in the notice of opposition (Zigong Lantern Culture Industry Group). Fifthly, that the applicant has been using Zigong Lantern Group since at least 2019, and the opponent's use prior to that date is even more flimsy and unclear.

29. I accept that the opponent's evidence could have been fuller and clearer. However, in my view, it establishes that by March 2020 (and therefore prior to 16th October 2021 when the contested application was filed) the opponent had acquired a small number of trade customers in the UK (Longleat, Royal Zoological Society of Scotland and Belfast Botanical Gardens) for its services. Further, the event at Edinburgh Zoo in 2017/2018 would have created a small reputation amongst the general public in the UK.

30. As to the triviality of the goodwill generated, a party with a small business in the UK can protect signs which are distinctive of that business under the law of passing off. In *Lumos Skincare Limited v Sweet Squared Limited and others*,⁹ 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 of them. 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.

31. The trade shown in the opponent's evidence is very small when measured by the number of customers, but the value of the trade is significant. Providing 450 bespoke illuminations together with support staff for an event lasting 2 – 3 months is a significant commercial undertaking. Accordingly, I reject the submission that the level of business shown in the evidence is too trivial to justify protection under the law of passing off.

32. As to the goods/services provided for the events, it is clear from the evidence that the opponent was responsible for providing the illuminated displays, transporting

⁹ [2013] EWCA Civ 590

them to the UK, setting them up at the chosen sites, maintaining them during the events, and dismantling and removing them afterwards. The March 2020 agreement with Wonderland Productions indicates that the parties envisaged sharing the income generated from ticket sales for the event between them and paying rent to Belfast Botanical Gardens for the use of the site. This strongly points towards the opponent being a party to the planning, staging and conducting of the event. It was not just a contractor supplying lanterns.

33. The agreements between the applicant and the opponent exhibited to Xie Yun's second statement paint a similar picture. The first agreement dated 3rd January 2018 is entitled an 'Employment Agreement for Promotion Services'.¹⁰ The second agreement entitled 'Mode Two of the Cooperation Distribution Agreement' is dated 1st May 2019.¹¹ I will return to these agreements below. For present purposes it is sufficient to note that:

- (1) The applicant was contracted to provide promotion services to the opponent, specifically finding suitable venues for lantern festivals and facilitating contractual arrangements between the site owners and the opponent;
- (2) The agreements envisaged the opponent paying the applicant a fee and/or a percentage of the total income received from the lantern festival events, including income generated from ticket sales and sponsorship;
- (3) To this end, the applicant was entitled to be informed about the total income raised by the events;
- (4) The 2018 agreement was not geographically restricted and the 2019 agreement expressly mentions "*the whole world*".

34. I find the evidence sufficient to establish that the services the opponent provided to its UK customers included planning, staging and conducting lantern festivals. The

¹⁰ See exhibit J

¹¹ See exhibit K

fact that the opponent worked with DDM Events and Wonderland Productions to provide these services does not, in my view, undermine its claim to own at least a share in the resulting goodwill.

35. As to the distinctiveness of Zigong Lantern Culture Industry Group, it is true that the opponent's activities were identified by a number of names. These included VYA Creative Lantern Company, which Xie Yun says is a subsidiary of the opponent. However, the opponent was evidently known to Wonderland Productions as Zigong Lantern Culture Industry Group. Further, the evidence indicates that 'Zigong Lantern Group' was one of the names by which the opponent was known to Longleat, the Royal Zoological Society of Scotland, and readers of the article in the *Courier* about the event at Edinburgh Zoo. Anyone in the UK encountering that name would naturally take Zigong Lantern Culture Industry Group to be the longer, formal, version of the name of the same entity. Indeed, there is evidence that the names were used in this way on the opponent's website as long ago as December 2017.¹² I therefore find the evidence establishes to the required standard in civil proceedings (i.e. the balance of probability) that Zigong Lantern Culture Industry Group was distinctive of the opponent by April 2020 to, at least, a small number of trade customers in the UK.

Misrepresentation

36. This brings me to the claim that the original applicant used Zigong Lantern Group in the UK from an earlier date. According to Justin Corsa's statement, the original applicant has been using Zigong Lantern Group/Zigong Lantern Culture Industry Group since 2017. However, the applicant's other witness – Meng Liu – says that the original applicant was only created in 2018.¹³

37. Between those dates the parties signed the 'Employment Agreement for Promotion Services' mentioned above. From January 2018 the original applicant was

¹² See exhibit U

¹³ According to Meng Liu's evidence, the applicant purchased the domain name. zigonglanterngroup.com and created a Facebook account under Zigong Lantern Group in June 2018. There is no evidence of use of either in the UK, or directed at the UK, prior to April 2020.

responsible for finding venues for the opponent to stage lantern festivals, i.e. it was acting as a promoter for the opponent.

38. The first UK public facing reference to Zigong Lantern Group identified by Mr Wood at the hearing as (part of) the name of the original applicant is at exhibit 7 to Meng Liu's statement. It is a letter dated 29th July 2019 from Gulliver's World in Cheshire to the Foreign Office. It appears to be asking for permission for Ms Liu to enter the UK to discuss the possibility of doing business here. She is described as "*an associate partner of China Lantern International, LLC DBA Zigong Lantern Group*" (emphasis added). I understand 'DBA' to mean 'doing business as'.

39. Mr Wood suggested that this was the relevant date for the assessment of the opponent's passing off right claim. I disagree. Firstly, "*the behaviour complained about*" is the applicants' deceptive use of Zigong Lantern Group. The letter to the Foreign Office does not fall within that description for these reasons:

- (1) The use identified is by Gulliver's World, not by the original applicant;
- (2) The use is for the purpose of obtaining a visa for Ms Liu from the Foreign Office, rather than use in the course of trade;
- (3) The use is in relation to a company registered in Florida USA, rather than in relation to any goods/services provided, or to be provided, by that company under that name in the UK.

40. Additionally, the relationship between the parties at the time was such that the original applicant can properly be taken to have been acting as a promoter for the opponent. It was fulfilling its obligations under the Employment Agreement for Promotion Services. In these circumstances, the use of Zigong Lantern Group was not deceptive because it truthfully identified a connection between the original applicant and the party for whom it was seeking venues, i.e. the opponent.¹⁴

¹⁴ Meng Liu complains that the opponent issued a booklet in 2019 wrongly showing the original applicant as a branch of the opponent in the USA. See exhibit 5 to her statement. This inaccurately identified the legal relationship between the parties. However, it shows the opponent perceived the original applicant as an integral part of its business.

41. Meng Liu says that the (original) applicant was hired by Yorkshire Wildlife Park in 2021 to design and supply lanterns. She exhibits the start of a 'letter of intent' to that effect dated 1st July 2021 from the Wildlife Park to Justin Corsa at Zigong Lantern Group in Florida.¹⁵

42. Xie Yun's evidence in reply says that the (original) applicant was the promoter of the projects at Gulliver's and Yorkshire Wildlife Park, but the opponent was the actual organiser. In support of this claim he exhibits emails dated August 2019 and April 2020 between Meng Liu of the applicant and Li Zhongwen of the opponent.¹⁶ These show that the applicant proposed Gulliver's and Yorkshire Wildlife Park to the opponent as potential venues for lantern festivals. The opponent does not appear to have been keen on progressing the Gulliver's venue.¹⁷ However, things do appear to have progressed on the other proposal. An email dated 9th April 2020 from Meng Liu forwarded the opponent a draft contract with Yorkshire Wildlife Park for signature. Unlike the emails from August 2019, which came from Liu Meng at gmail.com, this email came from 'meng.liu@**zigonglanterngroup**' (emphasis added). The email told the opponent the Wildlife Park would sign the contract on return. It is clear from the context that Meng Liu's email address at that time truthfully identified the connection that existed between the original applicant and the opponent.

43. Xie Yun says the opponent signed the contract. However, it never received the returned version signed by Yorkshire Wildlife Park. Mr Corsa exhibits a copy of a contract dated 14th August 2021 between 'Zigong Lantern Group' (this time meaning the original applicant) and Yorkshire Wildlife Park. It was for the provision and design of Chinese lanterns.¹⁸ Therefore, it seems that at some point between April 2020 and July 2021 the original applicant started using Zigong Lantern Group purely on its own account in commercial communications with Yorkshire Wildlife Park and others.

¹⁵ See exhibit 8 to Meng Liu's statement

¹⁶ See exhibit T to Xie Yun's third statement

¹⁷ It appears from exhibit 9 to Mr Corsa's statement that the lantern event with Gulliver's went ahead between November 2022 and January 2023 (both dates after the latest relevant date).

¹⁸ See exhibit 12. It appears from exhibit 10 to Mr Corsa's statement that the event went ahead between December 2021 and 8th January 2022 (both dates after the latest relevant date).

44. In *Lumos Skincare Limited*, Lord Justice Lloyd observed that:

“64. 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.”

45. Accordingly, having found that the opponent had acquired sufficient goodwill by April 2020 to found a passing off claim, the likelihood that only a relatively small number of persons would have been deceived by the applicant’s use of the contested mark, without the opponent’s consent, does not mean that the opposition must fail.

46. I find that when the original applicant started using the contested mark on its own account, sometime between April 2020 and July 2021, it began to represent itself to the opponent’s UK customers and potential customers (such as Gulliver’s and Yorkshire Wildlife Park) as being Zigong Lantern Group.

47. The contract with Yorkshire Wildlife Park was ostensibly for Chinese lanterns. However, it is clear from the evidence as a whole the original applicant was really providing services for the bespoke design, installation and removal of the lanterns. Exhibits 9 and 10 to Mr Corsa’s statement confirm this. They show Zigong Lantern Group (i.e. the original applicant) being publicly promoted as staging, or jointly staging, the lantern events held at Yorkshire Wildlife Park and Gulliver’s. I am satisfied that the opponent’s goodwill extends to all the services covered by the application. If I am wrong about that, they are closely connected services.

48. It is not clear whether, or when, Gulliver’s and Yorkshire Wildlife Park understood that the party they were contracting with had changed. However, in light of the opponent’s pre-existing goodwill under (inter alia) Zigong Lantern Culture Industry

Group, I find that at its inception the original applicant's use of Zigong Lantern Group on its own account amounted to a misrepresentation to the public.

49. Was the position any different as at 16th October 2021? Meng Liu says that “*throughout 2019 to 2022*” the applicants joined “*several*” conferences to “*showcase*” the lantern products. She exhibits pictures of one or other of the applicants using the name Zigong Lantern Group at five conferences.¹⁹ Two of these events were definitely held in places outside the UK. It is not clear where two others (EAZA and AZA) were held. The IAAPA London Conference was obviously held in London. However, Meng Liu provides no dates for any of these events, so it is not possible to know whether the London event took place in 2019, 2020, 2021 or (after the latest relevant date) in 2022. The pictures provided are of no assistance in establishing where or when the events the applicants attended were held. I note that all bar one show a background display promoting Zigong Lantern Group as “*the only American Owned Lantern Arts Company in the entire industry.*” This suggests that the applicants were pitching mainly to US participants. I conclude that the original applicant had not educated the relevant UK public by October 2021 to the perception that it was not, or was no longer, connected with the opponent. I therefore find the original applicant's use of the contested mark in the UK at the date of the trade mark application, in relation to all the services applied for in classes 35 and 41, constituted a misrepresentation to the public.

Damage

50. The applicants misrepresentation was bound to damage the opponent's goodwill. Most obviously by diverting trade from the opponent to themselves.

Conclusion on section 5(4)(a) ground

51. The opponent's opposition under section 5(4)(a) succeeds in full.

¹⁹ See exhibit 10 to Meng Liu's statement

THE BAD FAITH GROUND OF OPPOSITION

52. The opponent's pleaded case under section 3(6) is comprised of a number of points. Mr Wood submitted that it amounted to:

- a. The original applicant and the opponent had a business relationship;
- b. The registration of the mark will cause confusion and deception;
- c. The registration of the mark will enable the current applicant to stop the opponent from using the mark for the relevant services;
- d. The registration will trigger a connection in the public's mind to the detriment of the opponent;
- e. The registration will utilise the opponent's reputation by taking unfair advantage of the prestige attached to the mark ZIGONG LANTERN CULTURE INDUSTRY GROUP CO., LTD.

53. I accept Mr Wood's submission accurately summarises the opponent's case.

54. According to Mr Wood, points (b),(d) and (e) are grounds that properly fall to be raised under sections 5(2) and (3) of the Act, except the opponent cannot do so because it has no earlier registered trade mark. Point (c) is simply the legal result of any trade mark application. As to point (a), Mr Wood submitted that neither the pleading nor the evidence showed why it was bad faith for the applicant to apply to register the mark it was by then using.

55. Mr Hands, for the opponent, submitted the evidence showed the original and current applicants were deliberately seeking to mislead the public. The application to register the contested mark was therefore an instrument of fraud. It is in that context that the opponent complains that registration of the contested mark in the current applicant's name would prevent the opponent from using its own common law mark.

The case law

56. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. Section 3(6) of the Act is derived from an EU Directive. That is why this decision continues to refer to the case law of the EU courts.

57. In *Sky Limited & Ors v Skykick, UK Ltd & Ors*,²⁰ the Court of Appeal considered the EU case law from *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, Case C-529/07, *Malaysia Dairy Industries Pte. Ltd v Ankenævnetfor Patenter Varemærker* Case C-320/12, *Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ*, Case C-104/18 P, *Hasbro, Inc. v EUIPO, Kreativni Dogajji d.o.o. intervening*, Case T-663/19, *pelicantravel.com s.r.o. v OHIM, Pelikan Vertriebsgesellschaft mbH & Co KG (intervening)*, Case T-136/11, and *Psytech International Ltd v OHIM, Institute for Personality & Ability Testing, Inc (intervening)*, Case T-507/08. It summarised the law as follows:

“68. The following points of relevance to this case can be gleaned from these CJEU authorities:

1. The allegation that a trade mark has been applied for in bad faith is one of the absolute grounds for invalidity of an EU trade mark which can be relied on before the EUIPO or by means of a counterclaim in infringement proceedings: Lindt at [34].

2. Bad faith is an autonomous concept of EU trade mark law which must be given a uniform interpretation in the EU: Malaysia Dairy Industries at [29].

3. The concept of bad faith presupposes the existence of a dishonest state of mind or intention, but dishonesty is to be understood in the context of trade mark law, i.e. the course of trade and having regard to the objectives of the law namely the establishment and functioning of the

²⁰ [2021] EWCA Civ 1121

internal market, contributing to the system of undistorted competition in the Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin: Lindt at [45]; Koton Mağazacılık at [45].

4. The concept of bad faith, so understood, relates to a subjective motivation on the part of the trade mark applicant, namely a dishonest intention or other sinister motive. It involves conduct which departs from accepted standards of ethical behaviour or honest commercial and business practices: Hasbro at [41].

5. The date for assessment of bad faith is the time of filing the application: Lindt at [35].

6. It is for the party alleging bad faith to prove it: good faith is presumed until the contrary is proved: Pelikan at [21] and [40].

7. Where the court or tribunal finds that the objective circumstances of a particular case raise a rebuttable presumption of lack of good faith, it is for the applicant to provide a plausible explanation of the objectives and commercial logic pursued by the application: Hasbro at [42].

8. Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all the factors relevant to the particular case: Lindt at [37].

9. For that purpose it is necessary to examine the applicant's intention at the time the mark was filed, which is a subjective factor which must be determined by reference to the objective circumstances of the particular case: Lindt at [41] – [42].

10. *Even where there exist objective indicia pointing towards bad faith, however, it cannot be excluded that the applicant's objective was in pursuit of a legitimate objective, such as excluding copyists: Lindt at [49].*

11. *Bad faith can be established even in cases where no third party is specifically targeted, if the applicant's intention was to obtain the mark for purposes other than those falling within the functions of a trade mark: Koton Mağazacılık at [46].*

12. *It is relevant to consider the extent of the reputation enjoyed by the sign at the time when the application was filed: the extent of that reputation may justify the applicant's interest in seeking wider legal protection for its sign: Lindt at [51] to [52].*

13. *Bad faith cannot be established solely on the basis of the size of the list of goods and services in the application for registration: Psytech at [88], Pelikan at [54]."*

58. The starting point for my analysis of the bad faith claim must be the agreements that existed between the parties. The term of the 2018 agreement was 5 years. It was extended automatically unless one of the parties gave notice of termination. Termination within the initial 5-year term was subject to the consent of the other party. The term of the 2019 agreement mirrored that of the 2018 agreement. There is no evidence that either party gave the other notice of termination.

59. It follows that at the date of the original applicant's application in October 2021, it was subject to the obligations set out in the Employment Agreement for Promotion Services. I have already described the relationship set out in the main 2018/19 agreements. In a nutshell, they meant that the original applicant was contracted to promote the opponent's lanterns and associated services to potential venues and facilitate contractual arrangements between the site owners and the opponent. Xie Yun provides evidence of similar agreements with partners/venues in the USA. I note that a co-operation agreement between the parties and Southwick Zoo in

Massachusetts, USA, dated January 2020, described the original applicant as “*the overseas partner*” of the opponent.

60. The original applicant received payments for its promotional services. The evidence of Xie Yun shows that it was receiving payments from the opponent as late as June 2020.²¹

61. The evidence clearly shows that at the relevant date there was a contractual relationship between the parties under which the original applicant was paid to promote the opponent’s lanterns and related services. This placed under it under a special duty to avoid actions that would harm the opponent’s interests in this field of activity.

62. On the face of things, the original applicant appears to have changed its business role from that of promoting the opponent’s services for lantern events, to providing its own such services. Further, it did so under a name it must have known was an obvious shortening of the opponent’s formal name, and used as such by the opponent itself. This behaviour reeks of an intention to usurp the opponent and unfairly divert whatever reputation it may have had in the original applicant’s favour. In this connection, I reject Mr Wood’s submission that deception is not a matter that can properly be raised as the basis of a bad faith objection. On the contrary, making a trade mark application as part of business activity that deceives the public and deprives another party, whose goods/services the original applicant was contracted to promote, of the value of its goodwill and reputation, is a paradigm example of bad faith.

63. In my judgement, the objective circumstances of this case therefore raise a strong-but-rebuttable presumption of a lack of good faith. It was therefore for the original and current applicants to provide a plausible explanation of the objectives and commercial logic pursued by the application

64. Has the opponent’s *prima facie* case been rebutted? In my view, it has not. The applicants’ response has been to seek to downplay the opponent’s role in lantern events, casting it as a mere contractor for the lanterns. The contractual arrangements

²¹ See exhibit S to the second statement of Xie Yun. These payments do not appear to be linked to promotional services provided in the UK. However, they demonstrate on-going active dealings between the parties during 2020.

between the parties tell a different story. The applicants seeks to excuse the original applicant's use and registration of Zigong Lantern Group by claiming the opponent was known by other names. Whilst there is some truth in this, the evidence shows that Zigong Lantern Group was one of the names associated with the opponent. Further, the original applicant itself had multiple contracts with Zigong Lantern Culture Industry Group Co. Ltd. It must have known that Zigong Lantern Group was bound to be taken as the name of the same, or a related, entity. I also note that no other reason has been put forward as to why the original applicant – a single US corporation - chose a name including 'Zigong' (a medium size city in China) and 'Group'.

65. The current applicant points out that it and its predecessor have been using the contested mark, pre-dating the opponent's claimed first use in the UK according to Mr Corsa. However, the evidence does not bear this out. Further, the use the original applicant made of Zigong Lantern Group up until at least April 2020 was whilst it was promoting the opponent's business. It only started using the mark on its own account at some point after that. The first such documented use I can find is the agreement with Yorkshire Wildlife Park dated 14th August 2021.²² This is only about two months prior to the date of the trade mark application. But even if this type of use started before then, I do not accept that it was sufficient in nature (it was deceptive use) or length/scale (it was for a relatively short period and small scale) so as to justify the original applicant's application for registration.

66. At the hearing, Mr Wood made the point again under this ground, that the application covers services in class 35 and 41 whereas the opponent's business is in supplying lanterns. I have already explained why I regard that as an overly narrow characterisation of the opponent's business. I note that Mr Corsa relies on the agreement with Yorkshire Wildlife Park as showing that the original applicant engaged in lantern festivals and projects in the UK. The 'goods' the applicant was contracted to provide were described in the contract as "*Chinese lanterns as described in Schedule 2, subject to final design annexed to this contract.*" This is clearly part of the same commercial activity conducted by the opponent. Therefore, I again reject the

²² See exhibit 12 to Mr Corsa's statement

submission that there is any meaningful distinction to be drawn between the trade conducted by the opponent and the services covered by the application.

67. The applicant has not rebutted the opponent's *prima facie* bad faith case. In my view, the application was clearly filed in bad faith. The section 3(6) ground of opposition succeeds accordingly.

OVERALL OUTCOME

68. The opposition has succeeded. The application will be refused.

COSTS

69. The opponent has succeeded and is entitled to a contribution towards its costs. I assess these in accordance with the registrar's published scale, as follows:

£200 official filing fee for a Notice of Opposition;

£500 for preparing the notice and considering the applicant's counterstatement;

£1800 for preparing evidence and considering the applicant's evidence;

£900 for preparing a skeleton argument and taking part in the hearing.

70. I therefore order Zigong Lantern Group Worldwide, LLC to pay Zigong Lantern Culture Industry Co. Ltd the sum of £3400. This sum is 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 1st day of November 2023

Allan James

For the Registrar