

O-242-16

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTERED TRADE MARK NO 3 053



**IN THE NAME OF JPS TRADING
LTD**

AND

**IN THE MATTER OF AN APPLICATION FOR INVALIDATION
UNDER NO 500 836 BY GUANGZHOU COCOME
COSMETICS CO LTD**

Background and pleadings

1. This invalidation decision concerns trade mark registration No 3 053 070 in the name of JPS Trading Ltd, the Registered Proprietor (RP). The trade mark was applied for on 27th April 2014, published on 27th May 2014 entered onto the Register on 1st August 2014. The details of which are as follows:



Class 03:

Nail glitter; Nail polish remover; Nail varnish removing preparations; Nail base coat [cosmetics]; Nail hardeners [cosmetics]; Nail polish removers [cosmetics]; Nail tips [cosmetics]; Nail varnish remover [cosmetics]; Nail hardeners; Nail gel; Nail varnish; Nail polish; Nail art stickers; Eyebrow cosmetics; Eyebrow pencils; Body butter; Body cream; Body creams [cosmetics]; Body masks; Body moisturisers; Body oil; Body oil spray; Body paint (cosmetic); Body powder; Body powder (non-medicated-); Body scrub; Body shampoos; Body sprays; Breath freshening strips; Bronzing creams; Bubble bath; Make-up; Make-up pads of cotton wool; Make-up pencils; Make-up powder; Make-up preparations; Make-up removing milk; Make-up removing preparations; Mascara; Masks (Beauty -); Massage creams, not medicated; Massage gels other than for medical purposes; Massage oil; Massage oils, not medicated; Nail art stickers; Nail base coat [cosmetics]; Nail care preparations; Nail cream; Nail gel; Nail glitter; Nail hardeners; Nail hardeners [cosmetics]; Nail polish; Nail polish remover; Nail polish removers [cosmetics]; Nail tips [cosmetics]; Nail varnish; Nail varnish remover [cosmetics]; Nail varnish removing preparations; Nails (False -); Natural oils for cosmetic purposes; Perfumery, essential oils, cosmetics, hair lotions; Cosmetics for personal use; Hair cosmetics; Liners [cosmetics] for the eyes; Nail hardeners [cosmetics]; Non-medicated cosmetics; Oils for the body [cosmetics]; After-sun gels [cosmetics]; After-sun oils [cosmetics]; Cosmetics.

Class 08:

Nail scissors; Electric nail buffers; Nail files, non-electric; Nail nippers [hand tools]; Nail polishers (electric-); Nail polishers (non-electric-); Nail nippers; Nail punches; Nail files, electric; Nail files.

2. Guangzhou Cocome Cosmetics Co Ltd (the applicant) has filed its application on the basis of, amongst others, Section 3(6) of the Trade Marks Act 1994 (the Act). It argues that this is on the basis of its prior relationship with the Registered Proprietor (that of supplier and distributor) and an alleged threat

made by the Registered Proprietor following failed negotiations for exclusive distributorship regarding blocking entry onto the UK market.

3. The registered proprietor filed a counterstatement denying the claims made and claiming that its goods have been used since 2010.
4. Only the applicant filed evidence in these proceedings. This will be summarised to the extent that it is considered necessary. No written submissions were filed and though a hearing was initially requested by the applicant, it informed the Registry that it would not attend. As such, this decision is taken following a careful perusal of the papers.

Evidence filed

5. This takes the form of two witness statements, from Kishore Karamchand Tulsiani and Terry Rundle. The witness statement of Kishore Tulsiani, dated 30th October 2015, explains that in his position as Export Consultant for the applicant, his purpose is to develop and exploit overseas markets for the applicant's nail products. He explains that Ms Cary Zhou, Director of the applicant started the business of manufacturing nail gel polish in early 2011 with the CCO Professional Logo being created under her direction in April/May 2011 by a Mr Frank Zhang in his capacity as an employee of the applicant. This was done in time for a beauty trade show in Autumn 2011 in China. Exhibit KKT-01 includes a selection of photographs taken at the show in September 2011. It is noted that the logo in question is identical to the trade mark which is the subject of these invalidation proceedings.
6. According to Mr Tulsiani, in 2012 CCO Professional products were dispatched to the UK. Exhibit KKT-02 is a selection of photographs showing nail products bearing the CCO Professional logo. During the same year, the applicant began promoting its CCO products on an e-commerce website called Alibaba and by the end of 2013 had amassed around 100 clients in the UK. Following this, some UK clients began to approach the applicant with a view to securing an exclusive distributorship. In the middle of 2013, the applicant was approached by Mrs Jing Peng (JP), of the Registered Proprietor. Negotiations commenced and as a result, initial orders for CCO products were placed by JP. More orders followed in 2014. A selection of these are exhibited in the witness statement of Terry Rundle at TRR-04 and will be listed below. In Autumn of 2014, JP approached the applicant in an attempt to secure exclusive distributorship of the products for the UK market. This was denied by the applicant. Following the failed negotiations, JP threatened the applicant that if JP was not given exclusive distribution rights for the UK market, she would ensure that the applicant's products branded CCO could no longer enter the UK market. It is noted that this threat was made after the trade mark, the subject of these proceedings had been applied for.
7. The second witness statement, dated 2nd September 2015, is from Terry Rundle, the trade mark attorney representing the applicant and outlines a

number of exhibits. Exhibit TRR-01 is an email from the same Kishore Tulsiani as has filed a witness statement in these proceedings and which has already been described above. This is dated 1 September 2015 and is addressed to Terry Rundle. The content of the email corresponds with the information provided in the witness statement.

8. Exhibit TRR-02 contains photographs from the applicant's stand in a trade exhibition in China in or about 2012. It is noted that the stand and associated nail products shown all display the CCO Professional logo.
9. Exhibit TRR-03 is a copy of the applicant's brochure from 2012. Nail products displaying the CCO Professional logo are shown. It is noted that this brochure is in Chinese and aimed therefore at the Chinese market. However it corroborates that the applicant was using the CCO Professional logo in 2012.
10. Exhibit TRR-04 and 05 are copies of packing lists of products supplied to the Proprietor by the applicant in 2014 and they are dated prior to the relevant date: 27th April 2014. It is noted that the lists are addressed to Jing Peng of the RP. Though the address the goods were sent to is different from the current address of the Proprietor as listed on the trade marks Register, but it is in the same city, namely Dundee. Also, the telephone number included in the documentation is a mobile number which corresponds to that listed for the Registered Proprietor on the Register. I am content that this evidence demonstrates that the applicant's products were supplied to the Registered Proprietor.
11. Exhibits TRR-06, 07 and 08 contain documentation relating to the sale of the applicant's CCO products to other UK distributors between August – September 2012. This supports what the applicant has said in respect of its use of the CCO Professional logo: that there were other UK distributors and so there was no exclusive distributorship deal in the UK.

Legislation

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.”

Section 47 of the Act states:

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).

The relevant case law

12. The law in relation to section 3(6) of the Act ("bad faith") was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch):

"130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see *Case C- 529/07 Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. *Case C-259/02 La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and *Case C-192/03 Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but also "some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law

makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, *Joined*

Assessment – Bad Faith

13. It is noted that the witness statement of Mr Tulsiani is mainly comprised of hearsay evidence in that it recounts what Ms Zhou, the founder of the applicant company has outlined. In this respect, I bear in mind the guidance regarding such evidence as outlined in Practice Direction Notice (PDN) 08, the relevant section of which is as follows:

“Considerations relevant to weighing of hearsay evidence

Practitioners are also advised to bear in mind that, pursuant to section 4 of the Act, in estimating the weight (if any) to be given to hearsay evidence in proceedings before the Comptroller, the Comptroller and those acting on his behalf shall have regard to any circumstances from which any inference can reasonably be drawn as to the reliability or otherwise of the evidence. Reference should be made to the factors of which the Comptroller may take account in estimating the weight (if any) to be given to hearsay evidence under section 4(2) of the Act. This states that regard may be had, in particular, to the following:

- a. whether it would have been reasonable and practicable for the party by whom the evidence was adduced to have produced the maker of the original statement as a witness;
 - b. whether the original statement was made contemporaneously with the occurrence or existence of the matters stated;
 - c. whether the evidence involves multiple hearsay;
 - d. whether any person involved had any motive to conceal or misrepresent matters;
 - e. whether the original statement was an edited account, or was made in collaboration with another or for a particular purpose;
 - f. whether the circumstances in which the evidence is adduced as hearsay are such as to suggest an attempt to prevent proper evaluation of its weight”.
14. It is noted that there has been no explanation provided as to why the applicant’s founder and owner, Ms Zhou, was unable to provide a witness

statement. That said, Mr Tulsiani explains that he is authorised to make the statement on the basis of an account from Ms Zhou and information that has been taken from the applicant's records. There is nothing to suggest that there is any attempt here to conceal or misrepresent matters and this view is strengthened by the evidence provided which corroborates at least some of the the content of the witness statement. There is nothing to suggest that this represents an attempt to prevent proper evaluation of its weight and indeed, I am of the view that the content can be accorded the typical degree of weight, particularly in the light of the supporting documentation filed.

15. In considering the bad faith claim, it is the case that since the RP has not filed any evidence, then the applicant need only establish a prima facie case. If I decide that they have done so, then the application for invalidity succeeds¹.
16. In this respect, it is noted that in supporting its claim under Section 3(6), the applicant has provided a detailed account of its dealings with the Registered Proprietor: that of supplier and distributor. It has provided evidence demonstrating its use of the exact CCO Professional logo sign that the Registered Proprietor has registered and this use pre dates (starting in 2011) the application date, namely 27th April 2014, of the registered trade mark, the subject of these proceedings. It has provided evidence to show that it sold nail products bearing the CCO Professional logo sign to the Registered Proprietor in 2014. It has also provided additional evidence to demonstrate that it has been trading under the CCO Professional logo since 2011 and that it has had customers in the UK since 2012 thus corroborating the information contained within the witness statement of Mr Tulsiani. The latter also described the breakdown of negotiations between the parties and provides details of alleged threats made to the applicant by the registered proprietor. It is noted that these alleged threats took place after the trade mark the subject of these proceedings had been applied for. However, it is also noted that the filing date of April 2014 is directly within the time frame when the applicant was supplying nail products under the CCO Professional logo to the RP. The RP is silent on this therefore there is no reasonable explanation as to why it decided to register the CCO Professional logo which clearly was being used by the applicant (and of which it was aware).
17. The overall response from the Registered Proprietor as to these proceedings as a whole is very limited. Indeed it is comprised of a single paragraph in its counterstatement which reads as follows:

“Our company disagree the grounds for cancellation of current trademark UK00003053070.

The mark consists of letters “CCO PROFESSIONAL” and it has been used by JPS Trading since May 2010, relevant logo was designed by 3000RPM and products include nail polishes/nail care products and accessories as well as make up tools, these products have been sold

¹ See for example previous decisions of the Registry in BL O/097/13 (TOMMY NUTTER) and BL O/110/12 (THRILLER)

locally in Dundee United Kingdom at 3000RPM Dundee west port shop and brown street warehouse, also car boot sales during Sundays in Errol, Scotland”.

18. There has been no further comment from the Registered Proprietor at all during the proceedings and there is clearly no explicit comment on the Section 3(6) claim. It has had ample opportunity to present its case and to file evidence both supporting its counterstatement and to counter the claims of the applicant but has not done so.
19. It is considered that the applicant has discharged its duty in establishing a prima facie case to answer. In the absence of any evidence from the RP contradicting that of the applicant, it is concluded that the proceedings based upon Section 3(6) are successful².
20. As such, the Registered trade mark will be declared invalid.

Final Remarks

21. The finding under Section 3(6) leads to the success of the application for invalidation in its entirety. As such, it is considered to be unnecessary to consider the remaining grounds of invalidation³ as they do not improve the applicant’s position.
22. The application for invalidation has succeeded under section 3(6). Therefore, the trade mark registration is invalid and by virtue of section 47(6) of the Act, it shall be deemed never to have been made.

COSTS

23. The applicant has been successful and is entitled to a contribution towards its costs. In the circumstances I award the applicant the sum of £1000 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

Application for invalidation (including official fee) and accompanying statement: £500

Preparing and filing evidence - £500

24. I therefore order JPS Trading Limited to pay Guangzhou Cocome Cosmetics Co Ltd the sum of £1000. The above sum should be paid within fourteen days

² See also *Daawat* Trade Mark [2003] RPC 11

³ The applicant also claimed it had an earlier trade mark under Section 5(2)(b) and an earlier right under Section 5(4)(a) of the Act.

of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 17th day of May 2016

**Louise White
For the Registrar,
The Comptroller-General**