

**O-051-21**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF TRADE MARK APPLICATION NO. 3393020  
BY YAN ZHANG IN RESPECT OF THE TRADE MARK**



**IN CLASSES 29, 30, 31**

**AND IN THE MATTER OF OPPOSITION THERETO UNDER NO. 417179 BY  
CHINA PROCESSED FOOD IMPORT AND EXPORT CO. LTD.**

## Background and pleadings

1. Yan Zhang (“the applicant”) applied to register the trade mark no. 3393020 in the UK, the relevant details of which are:

3393020



Filing Date: 17 April 2019

Publication Date: 3 May 2019

In respect of the following list of goods:

**Class 29:** *Canned meat, poultry and eggs; canned fish and shellfish; canned fruit and vegetables; canned tomato puree; dried meat floss; broth concentrates; bouillon concentrates; eggs; white of eggs; yolk of eggs; salted eggs; preserved eggs; processed fish; sea-cucumbers; shark's fin; maw; dried shellfish; kelp; sleeve-fish; laver; shrimps; frozen shrimp meat; caviar; fish fillets; clam (not live); dried shrimps; dried shrimp floss; edible fats; jams; raisins; preserved vegetables; crustaceans, not live; milk; meat; ham; shellfish, not live; nuts, prepared; powdered eggs; sausages; tomato juice for cooking; tofu; powdered milk.*

**Class 30:** *Tea and tea substitute; sugar; honey; syrup; rice (including cereals and coarse food grains); popcorn; prawn-flavored crackers made of starches; prawn crackers; crust of cooked rice; dilated potato chips; dilated fruit chips; dilated vegetable chips; bean products; cooking salt; essences for foodstuffs (except etheric essences and essential oils); frozen dumpling; frozen steamed stuffed buns; wheat flour; lotus root flour; prepared foods (steamed stuffed buns, dumpling; spring rolls; hamburger buns; fried*

*rice; porridge); seasonings for soup; sweetmeats (candy); biscuits; coffee; cereal preparations; chocolate; condiments; ice cream; meal; flour; mustard meal; starch for food; bread; noodles; ribbon vermicelli; tapioca flour; peanut confectionery; relish [condiment]; royal jelly; sushi; soya sauce; breadcrumbs; cereal-based snack food; rice-based snack food; baking powder; ramen [Japanese noodle-based dish]; instant rice; udon noodles; soba noodles; shrimp sauce.*

**Class 31:** *Nuts [fruits]; cereal seeds, unprocessed; shellfish, live; vegetables, fresh; fodder; cattle food; forage; fruit [fresh]; grains [cereals]; seeds for planting; plant seeds; maize; malt for brewing and distilling; barley; rye.*

2. The application is subject to two oppositions, one by COFCO (UK) Ltd (“COFCO”), under opposition no. 417180, and this opposition by China Processed Food Import and Export Co. Ltd. In view of the respective opponents being different legal entities no attempt has been made, either by the parties or the Registry, to consolidate proceedings. Nevertheless, there is a close relationship between these two entities that needs to be kept in mind in these proceedings. China Processed Food Import and Export Co. Ltd. was, at the filing date of the application, the proprietor of International Registration no. 874745 designating the UK (“the IR”), in respect of the same mark and same goods as the contested application.

3. This decision is in respect only of the opposition by China Processed Food Import and Export Co. Ltd. (“the opponent”). However, this opposition falls to be decided on section 3(6) grounds only. The pleading here is wholly contained within the broader bad faith pleading made by COFCO in opposition 417180.

4. This opposition was based upon sections 5(2), 5(3) and 3(6) of the Trade Marks Act 1994 (“the Act”). The section 5(2) and section 5(3) grounds were based upon the IR. This was subject to revocation proceedings (based on a claim of non-use) brought by the current applicant. The revocation succeeded for want of a Form TM8 and defence. The current opponent was the proprietor in those proceedings. It

attempted to file a late defence but failed<sup>1</sup> and, therefore, the revocation proceedings succeeded by default. The IR is no longer a valid earlier mark and, as a consequence, the grounds based upon section 5(2) and section 5(3) were struck out.

5. The opponent asserts that the applicant has copied its previously registered IR 874745 and is using it on the same or similar goods. It points to the specification used in the applicant's Class 29 and Class 30 being identical to the list of goods in its IR with the same terms appearing, in the same order and to the American spelling of "flavored" being used in both specifications. It concludes that the applicant's attempt to register the mark falls short of the proper standard of commercial behaviour.

6. The applicant filed a counterstatement where it asserts that the opponent's claim of bad faith based on making an application for the same IR and for the same goods is an attempt to run a section 5(2) case under section 3(6). It asserts that this is not appropriate and insufficient to make out a claim of bad faith.

7. Only the applicant filed evidence in these proceedings. This will be summarised to the extent that I consider it necessary. The parties both filed written submissions. I will not summarise these but I will keep them in mind and refer to them as I consider appropriate. No hearing was requested and so this decision is taken following careful consideration of the papers.

8. The opponent was represented in these proceedings by Clarion Solicitors Limited and the applicant by Humphreys & Co.

### **Applicant's Evidence**

9. The applicant has provided a witness statement where she sets out the circumstances why the opponent's claim of bad faith should fail. The same witness statement was also provided in support of her case in opposition 417180.

---

<sup>1</sup> See Registry decision O/510/19 issued on 2 September 2019

10. The applicant explains that she believes that COFCO was the UK distributor of HONG MEI branded goods for a Chinese food company called Dalian Yuming Food Co., Ltd. (“Dalian”). The interconnection between this opposition and opposition no. 417180 (brought in the name of COFCO) illustrates that there is a close relationship between the opponent and COFCO but the exact nature of this remains unexplained in this opposition (but is explained in opposition 417180). The opponent’s case based on bad faith relies upon the applicant’s knowledge of COFCO’s use in the UK of the opponent’s IR and the applicant’s defence involves, what she asserts, is COFCO’s relationship with Dalian as its distributor.

## DECISION

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

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

12. Although the UK has left the EU, section 6(3)(a) of the European (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. The provisions of the Trade Marks Act relied on in these proceedings are derived from an EU Directive. This is why this decision continues to make reference to the trade mark case-law of EU courts.

13. The relevant case-law covering trade mark applications made in bad faith can be found in the following cases: *Chocoladefabriken Lindt & Sprüngli*, CJEU, Case C-529/07, *Malaysia Dairy Industries*, CJEU, Case C-320/12, *Koton*, CJEU, Case C-104/18P, *Sky v Skykick*, CJEU, Case C-371/18, *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others*, [2009] RPC 9 (approved by the Court of Appeal in England and Wales: [2010] RPC 16), *Trump International Limited v DDTM Operations LLC*, [2019] EWHC 769 (Ch), *Copernicus-Trademarks v EUIPO*, General Court of the EU, Case T-82/14, *Daawat Trade Mark, The Appointed Person*, [2003] RPC 11, *Saxon Trade Mark*, [2003] EWHC 295 (Ch), *Mouldpro ApS v EUIPO*, General Court of the EU, Case T-796/17, *Alexander Trade Mark, The Appointed Person*, BL O/036/18, *Red Bull GmbH v Sun Mark Limited and Sea Air & Land*

*Forwarding Limited* [2012] EWHC 1929 (Ch) and *Sky v Skykick* [2020] EWHC, 990 (Ch).

14. The law, relevant to these proceedings, appears to be as follows:

- (a) While in everyday language the concept of 'bad faith' involves a dishonest state of mind or intention, the concept of bad faith in trade mark law must be understood in the context of trade: *Sky* CJEU.
- (b) Although it may be a relevant factor, the mere fact that the applicant knew that another party was using the trade mark in another territory does not establish bad faith: *Malaysia Dairy Industries*.
- (c) Similarly, the mere fact that the applicant knew that another party used the trade mark in the UK does not establish bad faith: *Lindt, Koton* (paragraph 55). The applicant may have reasonably believed that it was entitled to apply to register the mark, e.g. where there had been honest concurrent use of the marks: *Hotel Cipriani*.
- (d) However, an application to register a mark is likely to have been filed in bad faith where the applicant knew that a third party used the mark in the UK, or had reason to believe that it may wish to do so in future, and intended to use the trade mark registration to extract payment/consideration from the third party, e.g. to lever a UK licence from an overseas trader: *Daawat*, or to gain an unfair advantage by exploiting the reputation of a well-known name: *Trump international Limited*.

15. The correct approach to the assessment of bad faith claims is as follows.

According to *Alexander Trade Mark*, the key questions for determination in such a case are:

- (a) What, in concrete terms, was the objective that the applicant has been accused of pursuing?

- (b) Was that an objective for the purposes of which the contested application could not be properly filed? and
- (c) Was it established that the contested application was filed in pursuit of that objective?

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

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

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

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

20. I also keep in mind that bad faith is an absolute, hence free-standing, ground for refusal of registration<sup>2</sup>. Consequently, the applicant's defence that the opponent's claim is an attempt to run a section 5(2) case under section 3(6) is, in itself, not fatal to the opponent's claim of bad faith. I must consider the pleaded case within the framework of the guidance set out above.

21. When considering the opponent's case I also note that merely because the applicant is applying to register a mark consisting of the same distinctive features as used by the opponent is not necessarily an act of bad faith. In *Hotel Cipriani SRL*

---

<sup>2</sup> *Fianna Fail and Fine Gael v Patrick Melly* [2008] ETMR 41

*and others v Cipriani (Grosvenor Street) Limited* and others [2009] RPC 9 (approved by the CoA in [2010] RPC 16), Arnold J. (as he then was) stated that:

“189. In my judgment it follows from the foregoing considerations that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Article 107 can hardly be said to be abusing the Community trade mark system.”

22. The opponent has not provided any evidence to support its assertions of bad faith that are:

- the applicant has copied its IR and is using it on the same or similar goods;
- the applicant’s lists of goods are identical to the lists of goods in the opponent’s IR with the same terms appearing, in the same order and with the American spelling of “flavored” being used in both specifications;
- the applicant’s attempt to register the mark falls short of the proper standard of commercial behaviour.

23. As a defence, the applicant provides the following evidence:



- Ms Zhang was employed by Dalian Yuming Food Co., Ltd. (“Dalian”) between 2009 and 2014, a Chinese food company<sup>3</sup>. She states that it is her understanding that COFCO was a distributor of Dalian’s goods (under the HOING MEI logo) in the UK<sup>4</sup>;
- Dalian owns a number of Chinese trade mark registrations for the HONG MEI logo<sup>5</sup>. Ms Zhang explains that the mark consists of a five-lobed plum flower containing Chinese characters (that translate from Madarin into English as “red plum”) and the words HONG MEI underneath (being a transliteration of the Chinese characters)<sup>6</sup>;
- Dalian has been manufacturing, selling and exporting, from China, foodstuffs including prawn crackers, since at least as early as the early 1990s, under the marks HONG MEI and HONG MEI logo mark<sup>7</sup>;
- Papers provided to Ms Zhang by Dalian include a Board Resolution indicating that on 30 December 2018, Dalian decided to “Terminate the business cooperation with COFCO (UK) Ltd”<sup>8</sup>;
- On the same day, Dalian sent a notification to COFCO stating that it was terminating its business cooperation with it and that matters would be resolved before the end of July 2019. The notification also states that COFCO is not permitted to continue purchasing goods branded with the HONG MEI mark, and that if the opponent did purchase such goods that legal action would ensue<sup>9</sup>;
- In January 2019, the applicant entered into talks with Dalian with a view to selling its HONG MEI goods in the UK<sup>10</sup>;
- Around the same time, the applicant checked the UK register and found a registration for the HONG MEI logo mark in the name of the opponent. The

---

<sup>3</sup> Ms Zhang’s witness statement, para 4

<sup>4</sup> Ditto

<sup>5</sup> Ditto, para 5

<sup>6</sup> Ditto and Exhibit YZ1, pages 1 to 4

<sup>7</sup> Ditto, para 7

<sup>8</sup> Ditto, paras 8 and 9 and Exhibit YZ1, pages 5 to 8

<sup>9</sup> Ditto, para 10 and Exhibit YZ1, pages 7 - 8

<sup>10</sup> Ditto, para 11

applicant instigated revocation proceedings that resulted in that mark being revoked on 18 March 2019<sup>11</sup>;

- “[T]o further protect [her] position” the applicant also filed the contested application on 17 April 2019 and in November 2019, the applicant finally signed an agreement with Dalian to sell their goods in the UK under the HONG MEI logo mark<sup>12</sup>;
- Dalian has confirmed this sequence of events and it has also given permission for the applicant to make the contested application<sup>13</sup>.

24. The applicant draws attention to the comments of Simon Thorley in *Royal Enfield Trade Mark*<sup>14</sup> and his comments that in order to establish bad faith it must be distinctly alleged and proved. Further, the applicant relies on the principle, set out in *Red Bull* (and referred to in paragraph 19, above) that a person is presumed to have acted in good faith unless the contrary is proved and that cogent evidence is required.

25. I now turn to consider the questions set out in paragraph 17 above, the answers to which will be determinative of the opponent’s claim to bad faith.

*What, in concrete terms, was the objective that the applicant has been accused of pursuing?*

26. The opponent’s pleaded case is that the applicant copied its now revoked IR with the objective of dishonestly acquiring the opponent’s property and to interfere with its legitimate business.

---

<sup>11</sup> Ditto, para 12

<sup>12</sup> Ditto, para 13 and 14

<sup>13</sup> Ditto, para 15 and Exhibit YZ1, page 9

<sup>14</sup> [2002] R.P.C. 24

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

27. Such an objective may, depending on the circumstances, constitute bad faith. However, I keep in mind that merely because the applicant is applying to register a mark consisting of the same distinctive features as used by the opponent, this is not necessarily an act of bad faith (see *Hotel Cipriani*). Therefore, it is still necessary that I look at the circumstances surrounding the making of the application.

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

28. The applicant has not denied that the contested application was copied from the opponent's IR. The opponent submits that the applicant's intention must have been to take advantage of the opponent's mark and that the application was blatantly made in bad faith. It submits that there can be no other possible explanation. It further submits that although its IR has been revoked, it still provides important context. The contested application is in respect of essentially an identical mark and an identical list of goods as were contained in the IR. The opponent submits that this demonstrates that the application was made in bad faith. It points out that the applicant knew of the IR at the relevant date (17 April 2019) as demonstrated by the fact that she filed a revocation action against the IR before that date.

29. The applicant has provided evidence that she was:

- aware that Dalian had issued notice of its intention to terminate its relationship with the COFCO and cease to supply it with goods bearing the contested mark;
- in discussions with Dalian to become its UK distributor of the goods, and;
- acting to protect her position as the future distributor for Dalian rather than to interfere with the COFCO's business.

30. Therefore, as the applicant submits, it is clear from her evidence that she understood Dalian to be the ultimate owner of the mark the subject of the contested application and that she entered into talks with Dalian about selling their goods in the UK under the contested mark only after it had informed COFCO that it intended to terminate the commercial agreement between them to sell goods under the HONG MEI logo mark. The applicant submits that this illustrates she acted in good faith at all times.

31. Whilst the contested application was made after the applicant became aware that the Dalian's agreement with COFCO was to be terminated, she nevertheless made the application before the termination of the agreement came into effect. This may be seen as a factor supporting a case for bad faith. However, being aware that COFCO's relationship with Dalian was nearing its end and that she was in negotiations with it to take over as its UK distributor of HONG MEI branded goods provides the applicant with a legitimate reason to protect her position. I find that the timing of making the application relative to the time frame for the ending of COFCO's agreement with Dalian does not amount to bad faith.

32. The filing of the contested application was also made at a time that the opponent's IR was still registered. However, the applicant had commenced ultimately successful revocation proceedings against the IR prior to filing the contested application and, further, she believed that she was entitled to file the application in light of the imminent termination of the COFCO's agreement with Dalian and her own negotiations with it to take over as its UK distributor. Therefore, I find that the timing of making the application relative to the date the IR was removed from the register does not amount to bad faith.

33. I agree with the applicant's submissions. She has presented a sequence of events that illustrate that she had a legitimate expectation that she was entitled to apply for the mark. The applicant was in negotiations to take over from COFCO as the UK distributor of Dalian's goods under the contested mark and negates the criticism that the applicant copied China Food's IR because she had the expectation that she would be taking over that business. Taking all of this into account, I

conclude that the factual background supports the applicant's defence that she was acting in good faith. Consequently, I dismiss the opposition.

## **COSTS**

34. The applicant has been successful and is entitled to a contribution towards her costs. I keep in mind that the evidence and submissions filed by both parties were identical to those submitted in opposition 417180 and I have made an award in those proceedings that included the preparation and consideration of these by the applicant. Consequently, it is not appropriate that I award further costs in respect of the evidence and submissions. In the circumstances I award the applicant the sum of £400 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

Considering statement and preparing counterstatement	£400
<b>TOTAL</b>	<b>£400</b>

35. I therefore order China Processed Food Import and Export Co. Ltd to pay Ms Yan Zhang the sum of £400. 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 20<sup>th</sup> day of January 2021**

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