

O/350/21

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO. UK00003447909

BY GUANGXING LUO

TO REGISTER:

SINLAND

AS A TRADE MARK IN CLASS 24

AND

IN THE MATTER OF THE OPPOSITION THERETO

UNDER NO. 420230 BY

JING LI

BACKGROUND AND PLEADINGS

1. On 29 November 2019, Guangxing Luo (“the applicant”) applied to register the trade mark shown on the cover of this decision (“the applicant’s mark”) in the UK for the following services:

Class 24: Textile material; towels; felt; bath linen, except clothing; wash cloths; household linen; bed covers; quilts; bath mitts; towels of textile; table napkins of textile; face towels of textile; cloths for removing make-up; duvet covers; bed linen; bed blankets; tablecloths, not of paper; Children's towels; sleeping bags; place mats of textile.

2. The applicant’s mark was published for opposition purposes on 7 February 2020 and, on 12 May 2020, it was opposed by Jing Li (“the opponent”). The opposition is based on section 5(4)(a) of the Trade Marks Act 1994 (“the Act”). The opponent alleges that they have been using the mark ‘SINLAND’ throughout the whole of the UK since 23 January 2013 in respect of the following goods:

“Towels, pet feeding mats, chamois leathers, dish drying mats, dish cloths, vehicle cleaning cloths, vehicle drying towels, polishing towels, personal cleaning cloths, lens cloths, gym towels.”

3. The opponent claims that they have acquired a substantial goodwill and reputation in the UK in relation to these goods and use of the applicant’s mark would constitute a misrepresentation that is likely to damage the opponent’s established goodwill. As a result, the opponent claims that they are likely to suffer damage and loss meaning that the applicant’s mark is liable to be prevented in the UK by the law of passing off.
4. The applicant filed a counterstatement denying the claims made.
5. The opponent is represented by The Trade Marks Bureau and the applicant is represented by London IP Ltd. Both parties filed evidence in chief with the applicant

also filing written submissions during the evidence rounds. No hearing was requested and only the opponent filed written submissions in lieu. This decision is taken following a careful perusal of the papers.

6. 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. The provisions of the 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.

EVIDENCE

The Opponent's Evidence

The Witness Statement of Jing Li dated 29 September 2020

7. The opponent states that they are the proprietor of the unregistered trade mark 'SINLAND' which has been in use since 23 January 2013. The opponent claims that the mark has accrued an established goodwill and reputation within the UK since that date in respect of the goods listed in paragraph 2 above. Use of the 'SINLAND' brand is then discussed. I will refer to it below where necessary.

The Applicant's Evidence

The Witness Statement of Ms Ada Lin dated 1 December 2020

8. The purpose of the applicant's evidence is to cast doubt on the validity of the evidence filed by the opponent. I will refer to it below where necessary.

DECISION

Section 5(4)(a)

9. Section 5(4)(a) of the Act reads as follows:

“(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.”

10. 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.”

11. 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).”

12. Halsbury’s Laws of England Vol. 97A (2012 reissue) provides further guidance with regard to establishing the likelihood of deception. In paragraph 309 it is noted (with footnotes omitted) that:

“To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant’s use of a name, mark or other feature which is the same or sufficiently similar that the defendant’s goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

(a) the nature and extent of the reputation relied upon;

(b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.”

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

Relevant Date

13. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC, 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.’ ”

14. As the applicant’s mark does not have a priority date, the relevant date for assessment of the opponent’s claim under section 5(4)(a) of the Act is the date of the application for registration, being 29 November 2019.

Goodwill

15. The first hurdle for the opponent is that they need to show that they had the necessary goodwill in the sign 'SINLAND' at the relevant date. Goodwill was described in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL), in the following terms:

"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."

16. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

"27. There is one major problem in assessing a passing of claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark [1969] R.P.C. 472*). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing

officer that it is not shown on the balance of probabilities that passing off will occur.”

17. However, in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat) Floyd J. (as he then was) stated that:

“[The above] observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. 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.”

18. In *Hart v Relentless Records* [2002] EWHC 1984 (Ch), Jacob J. (as he then was) stated that:

“62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see per Upjohn L.J. in BALI Trade Mark [1969] R.P.C. 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not acquired any significant reputation” (the trial judge's finding). Again that shows one is looking for more than a minimal reputation.”

19. Goodwill arises as a result of trading activities. The evidence provided by the opponent in respect of their trading activities in the UK prior to the relevant date is as follows:

- a. Print outs of product listings from Amazon.co.uk showing fourteen various products for sale.¹ Two of these products are shown as being sold by Amazon US with the remaining products being sold by 'SINLAND'. These print outs are all dated after the relevant date. However, they all show that the products were first made available on various dates between 9 September 2012 and 3 June 2019, being before the relevant date. Some of these product listings show reviews from verified purchasers in the UK and all show a 'global rating'; and
- b. Order details relating to 30 transactions of Amazon.co.uk sales of various items by the opponent to purchasers from across the UK between the dates of 8 June 2011 and 19 October 2019.²

20. I note that some of the product listings referred to above include reviews dated after the relevant date and from verified purchases outside the UK. While it is possible that reviews dated after the relevant date stem from sales prior to it, I have not been provided with any evidence or explanation from the opponent to demonstrate that this is the case here. Therefore, I do not consider these reviews as evidence of sales prior to the relevant date. Further, some order details relate to sales made to customers in Ireland. As the opponent is required to prove it has obtained goodwill throughout the UK prior to the relevant date, any evidence in respect of sales after the relevant date or outside the UK will not assist them. I also note that some of the evidence pre-dates the date from which the opponent claims to have accrued goodwill in the UK, being 23 January 2013.

21. The evidence shows a copy of the opponent's trading account with Amazon.co.uk and a copy of the business licence from the National Enterprise Credit Information Publicity System.³ I note that the Amazon trading account is registered in the name of Shandong aoruo maoyi youxiangongsi, which the opponent states is Pinyin for

¹ Exhibits JL1 – JL14

² Exhibit JL16

³ Exhibit JL15

'Shandong Aoruo Trading Co, Ltd'. The opponent confirms that they are the sole owner of this company. However, the business licence provided shows the opponent as the company's legal representative, not its owner.

22. As I have set out above, the applicant has filed evidence which seeks to question the validity of the opponent's evidence in chief. I will proceed on the basis that I can rely fully upon the opponent's evidence as this represents their best case. However, should it become necessary I will address this issue further below.

23. When assessing goodwill, I am reminded of the fact that absent an agreement to the contrary, the goodwill of a business is owned by the undertaking that the customers perceive as being responsible for the trade.⁴ I note that the applicant raised the issue of ownership of the goodwill in its submissions dated 1 December 2020 and submitted that:

"the Opponent has not provided clear and unequivocal evidence to establish that he is the proprietor of any goodwill that may have been generated in any sales within the UK under the SINLAND mark. Under exhibit JL15 the Opponent has supplied details of the trading account connected to the claimed sales in the UK, the trading name is listed as SINLAND with the business name listed as 'Shandon aoruo maoyi youxiangongsi'.

[...]

The evidence that has been filed does not in any way provide proof that the individual Jing Li is the owner of any goodwill that may have arisen from sales in the UK under the mark SINLAND via the claimed Amazon sales."

24. I note that it is possible for parties to enter into agreements whereby any goodwill in a trade mark generated by one entity may be owned by another entity. It may be that this is the case here. However, the opponent had the opportunity to respond to this issue by way of evidence in reply or address it further in their submissions but chose not to do so.

⁴ *MedGen v Passion For Life* [2001] FSR 30

25. Based on the evidence provided, I do not consider that upon purchasing the opponent's goods from Amazon, the customer would see the opponent as the entity responsible for the goods themselves. Instead, I find that the customer would identify either 'SINLAND' or 'Shandong aoruo maoyi youxiangongsi' as the entities responsible for the goods. My reasons follow.
26. While two of the goods in the product listings are shown as being sold by Amazon US, the majority are shown as being sold by 'SINLAND' and not the opponent. When purchasing the product, I am of the view that this is the entity that the customer would view as being responsible for the goods being sold. There is no evidence to show that the customer would be aware of any connection between 'SINLAND' and the opponent.
27. Even if the customer were to investigate the Amazon listing further, for example, if they were looking to contact the seller or to seek a refund, they would be taken to the seller profile page which shows 'Shandong aoruo maoyi youxiangongsi' as the entity responsible for the goods sold. While the opponent states that they are the sole owner of this company, I do not consider that the customer would be aware of this. Further, I do not consider that a customer would seek to find the individual responsible for that company by undertaking searches on various company databases. Even if the customer was presented with the business licence from the National Enterprise Credit Information Publicity System, they would see the opponent listed as the legal representative, not the owner. Therefore, they would have no reason to consider the opponent as the entity responsible for the goods.
28. For the reasons set out above, the evidence provided does not assist the opponent in establishing goodwill in its mark under the section 5(4)(a) grounds of their opposition. Even if I were to proceed on the basis that any goodwill resides in the opponent, I do not consider that the evidence provided is sufficient in order to demonstrate goodwill in the UK. My reasons follow.
29. I have set out at point a of paragraph 19 above that the Amazon product listings show reviews from verified purchasers within the UK and 'global ratings' of the products listed for sale. Where the verified purchasers' reviews are from customers

within the UK prior to the relevant date, I accept them as evidence of sales. As for the 'global ratings', I note that these are undated and it is not clear whether the customers making the ratings are from within the UK, particularly given the presence of international reviews and the fact that some products are sold by Amazon US. Further, I have not been provided with any evidence or explanation linking any of these ratings to actual sales to UK based customers prior to the relevant date. Therefore, I do not consider the 'global ratings' to be evidence of actual sales in the UK prior to the relevant date I have.

30. Given my findings above, the only evidence I accept as sales in the UK prior to the relevant date are the reviews from verified purchasers shown in the Amazon product listings and the order details of UK sales referred to at point b of paragraph 19 above. When comparing this evidence with the goods for which the opponent claims to have obtained goodwill in the UK, I note the following sales:

- a. four "gym towels" and two "hair wraps" for a total of £114.94. I consider both of these products to fall within the broader category of "towels". However, I also note that "gym towels" is its own category in the list of goods for which the opponent claims goodwill;
- b. There is no evidence in respect of "pet feeding mats";
- c. eight sales of "chamois leathers" for a total amount of £79.92;
- d. eight sales of "dish drying mats" for a total amount of £102.92;
- e. 21 sales of "dish cloths" for a total of £259.79. I note that that the description of these products states that they can also be used as "lens cloths";
- f. 13 sales of "vehicle cleaning cloths" for a total amount of £147.63;
- g. eight sales of "vehicle drying towels" for a total amount of £103.92;
- h. two sales of "polishing towels" for £19.98; and
- i. one sale of 'face wash cloths', which I consider to fall within the category of "personal cleaning cloths", for a total of £11.99.

31. The majority of the reviews from verified purchasers show the purchaser's name or Amazon username and I note that no customer appears twice. While some reviews simply refer to 'Amazon Customer', these are clearly anonymous entries and I do not consider this to be evidence of repeated custom. Further, the

addresses on the order details are partially redacted with only the destination town, city or county shown. For the most part, the shipping addresses are spread across the UK but I do note that there is some overlap in that there are four sales that were shipped to Surrey addresses and four sales to London addresses. Given the size of these respective areas, I do not consider this sufficient to find that these sales relate to repeated customers. As a result, I am of the view that the 67 discussed shown at paragraph 30 above are all to different, one off customers across the UK.

32. The opponent has provided no evidence in respect of any marketing or advertising efforts in relation to their claimed unregistered right.

33. While I note that even a small business which has more than trivial goodwill can protect signs which are distinctive of the business under the law of passing off,⁵ I consider the evidence filed by the opponent to be far from extensive. In total, the evidence shows that the opponent's UK trading activities consist of 67 sales to one off customers for a total revenue of £841.09 in the eight years between 8 June 2011 and the relevant date. While I have no evidence or submissions from either party in respect of the size of the UK markets for towels, vehicle cleaning cloths or dish cloths/drying mats, I would imagine them to be significant with annual turnovers of millions of pounds per annum each. The total sales figures provided represent a tiny proportion of the market and, in my view, fall well short of what I consider to be necessary to establish sufficient goodwill to maintain a claim of passing off. As noted in the case law cited above, the burden is on the opponent to prove goodwill. I am not satisfied, based on the evidence filed, that they have done so.

CONCLUSION

34. The opposition fails in its entirety and the applicant's mark can proceed to registration.

⁵ *Stacey v 2020 Communications* [1991] FSR 49

COSTS

35. The applicant has been successful and is entitled to a contribution towards its costs, based upon the scale published in Tribunal Practice Notice 2/2016. While the evidence submitted by the applicant did not assist these proceedings, the applicant was still required to consider the opponent's evidence. Therefore, I do not consider it appropriate to reduce the costs award in respect of preparing and considering evidence. In the circumstances, I award the applicant the sum of £1,000 as a contribution towards the costs of proceedings. The sum is calculated as follows:

Reviewing the notice of opposition and preparing a counterstatement:	£200
Preparing and considering evidence:	£500
Preparing written submissions:	£300
Total:	£1,000

36. I therefore order Jing Li to pay Guangxing Luo the sum of £1,000. This sum should be paid within 21 days of the expiry of the appeal period or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings.

Dated this 10th day of May 2021

A COOPER
For the Registrar