

O-228-15

TRADE MARKS ACT 1994

**TRADE MARK REGISTRATION 2655460
IN THE NAME OF QINHUANGDAO TIANMA WINE CO.,LTD**

AND

**APPLICATION 500251
BY JIANGSU YANGHE BREWERY JOINT-STOCK CO., LTD
FOR A DECLARATION THAT THE TRADE MARK IS INVALID**

Background and pleadings

1. This case concerns an application by a Chinese company, Jiangsu Yanghe Brewery Joint-Stock Co., Ltd (“the applicant”), to invalidate the registration of a trade mark by another Chinese company, Qinhuangdao Tianma Wine Co.,Ltd (“the proprietor”). The registered trade mark is shown below.



2. I understand that it transliterates as ‘Yang He’, which appears to be the name of a river in China and also the name of the town in the Jiangsu province of China where the applicant’s business is based.

3. The application to register the trade mark was filed on 7th March 2013 and the mark was entered in the register on 28th June 2013.

4. The mark is registered in class 33 for:

‘Fruit extracts, alcoholic; Arrack; clear wine; Sake; Cocktails; Wine; Brandy; Vodka; Liqueurs; alcoholic beverages, except beer.’

5. The applicant claims to be the owner of a number of marks in China which include the Chinese characters making up the contested UK mark. The main marks transliterate as YANGHE BREWERY, YANGHE DAQU, YANGHE DUNHUANG, YANGHE LAOZHAO and YANGHE CHUNJIANG. The last four are the names of wines, spirits and liqueurs produced by the Yanghe Brewery.

6. According to the applicant, it is one of the most famous liquor producers in China. The Chinese authorities have recognised the Chinese characters corresponding to YANGHE (and to the proprietor’s UK mark) as a well known mark in China.

7. The applicant exports its goods to, inter alia, Australia, New Zealand, Hong Kong, Japan, South Korea and the United States. There is no specific claim that it exports its products to Europe, including the UK.

8. The applicant and the chairman of the UK proprietor have been engaged in opposition proceedings in China concerning the same marks. The applicant was

successful in China. The UK proprietors's appeal against the refusal of its Chinese trade mark application was rejected in 2012 on the grounds that there was a likelihood of confusion in China.

9. The applicant claims that it is the owner of well known marks entitled to protection under article *6bis* of the Paris Convention which are either identical or similar to the proprietor's mark and used in relation to identical or similar goods. These marks are earlier trade marks for the purposes of s.6(1) of the Act. Consequently, the proprietor's mark should be declared invalid under s.47(2) of the Act because it was registered in breach of s.5(1), s.5(2)(a) or s. 5(2)(b).

10. Further, given the proprietor's knowledge of the applicant's well known marks, the application to register the proprietor's mark was made in bad faith. Therefore the registration should also be declared invalid under s.47(1) of the Act because the mark was registered contrary to s.3(6).

11. The proprietor filed a counterstatement in which it denied the grounds of opposition. I note, in particular, that the proprietor denies that the applicant's marks are well known in the UK.

12. Both sides seek an award of costs.

Representation

13. The applicant is represented by Mei-Leng Fong who has an address in Hampshire. The proprietor is represented by Lane IP Limited. Only the applicant filed evidence. However, I have also had the benefit of written submissions filed on behalf of the proprietor. Neither side asked to be heard.

The applicant's evidence

14. The applicant's evidence consists of a witness statement by Zhang Yu Bo, who is a Director of the applicant. He sets out the history of the applicant company which dates back to 1949 when the business was established with support from the Chinese government. The statement sets out details of the applicant's various trade mark registrations in China. Exhibit ZYB-3 shows pictures of containers and packaging for alcoholic beverages some of which bear the Chinese characters making up the contested UK mark (amongst other such characters) and others bear characters which resemble these characters but are rather stylised.

15. I note that the applicant's products have won awards in China and that versions of the Chinese characters at issue have been registered by the applicant in the countries listed in paragraph 7 above. I further note that the registration in the USA took place in 2000 and New Zealand and Australia in 1997 and 1998, respectively.

16. Exhibit ZYB-6 consists of promotional material and pages from the applicant's website. The products on the website are described in Chinese. Some of the promotional material is in English, but there is nothing to show that it was distributed in the UK. I note that a print out from the applicant's website (in English) states that the applicant targets duty free sales at airports and mentions Kong Kong International. The applicant is also recorded as having promoted its goods at the Hong Kong International Wine and Spirits Fair in Hong Kong, but this was in November 2013, after the proprietor had applied to register its mark in the UK. I also note a report from around the same time that BrandZ listed YANGHE as amongst the top 100 Chinese brands.

17. Exhibit ZYB-7 consists of certificates from the Chinese authorities showing that a mark including the Chinese characters at issue (amongst various other such characters) is certified as a well known mark in China.

18. Zhang Yu Bo also provides an uncertified English translation of the decision of the Trademark Review and Adjudication Board in its favour in the Chinese opposition proceedings referred to earlier. This dates from 2012.

The well known mark claim

19. The relevant parts of Section 47(2) of the Act are as follows:

“(2) The registration of a trade mark may be declared invalid on the ground-

a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

b) –

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

(2A) But the registration of a trade mark may not be declared invalid on the ground that there is an earlier trade mark unless -

(a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration,

(b) the registration procedure for the earlier trade mark was not completed before that date, or

(c) the use conditions are met.

(2F) Subsection (2A) does not apply where the earlier trade mark is a trade mark within section 6(1)(c).”

20. The relevant part of s.6 is as follows:

6. - (1) In this Act an “earlier trade mark” means -

(c) a trade mark which, at the date of application for registration of the trade mark in question or (where appropriate) of the priority claimed in respect of the application, was entitled to protection under the Paris Convention or the WTO agreement as a well known trade mark.

21. It is clear from this that the relevant date for assessing the applicant’s claim to be the owner of an earlier well known mark is the date of the application to register the contested mark, i.e. 7th March 2013.

22. I can deal with this ground quite briefly. I reject it. In *Alfredo Nieto Nuño V Leonci Monlleó Franquet*¹ the CJEU found that:

“Article 4(2)(d) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks is to be interpreted as meaning that the earlier trade mark must be well known throughout the territory of the Member State of registration or in a substantial part of it.”

23. Section 6(1)(c) implements this article of the Directive in the UK and must be construed consistently with EU law. Indeed I believe that the judgment of the CJEU reflects an international understanding of the meaning of article *6bis* of the Paris Convention and is applied in the same way in China. Consequently, being well known in China is not sufficient to qualify for protection under this provision in the UK. There is no evidence that the applicant’s mark was well known in the UK at the relevant date. The high point of the applicant’s evidence is that its mark appears in a couple of English language publications and goods bearing the mark are sold at Hong Kong International airport. However, the English language publications in question could easily have been directed at the US, Australian or New Zealand markets where the applicant’s mark is registered. There is no evidence that these publications were made available in the UK. The availability of the applicant’s products in Hong Kong International airport is insufficient to show that the mark is well known in the UK and, in any event, it is not clear whether the goods were marketed there prior to the relevant date.

The bad faith ground

24. The relevant part of s.47 is as follows.

“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

¹ Case C-328/06

registration).”

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.”

25. 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):

“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 Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)."

26. The applicant's complaint in this case is that the proprietor knew about the reputation of the applicant's mark in China when making the application to register the contested mark in the UK. The applicant submits that this shows that the application was made in bad faith.

27. The proprietor's response to this is essentially that:

- Trade mark law in the UK means that priority is normally afforded on the first-to-file principle.
- The proprietor is entitled to apply the rules of substantive and procedural law in the way that is most to his advantage without laying himself open to a claim of bad faith².
- Knowledge of the applicant's use of its mark in China is insufficient to establish that the applicant made its application in bad faith.
- That is particularly the case where the applicant has failed to establish that its mark had any reputation, let alone goodwill, in the UK.
- The proprietor believes that it has a good claim to ownership of the mark because the mark is the name of a river in China and the proprietor has acquired legitimate ownership rights from predecessors in business in China.

28. Apart from noting that the contested mark is the name of a river (and town) in China the last point can be given no weight because the proprietor has filed no evidence of fact to support it. I don't think that it would have been relevant anyway.

29. However, I accept the other points made on behalf of the proprietor. In doing so I note that in *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*³ the CJEU held that a trade mark is not necessarily applied for in bad faith even where the applicant knows that another undertaking is using the same mark in a Member State of the EU. The court found that:

"In order to determine whether the applicant is acting in bad faith within the meaning of Article 51(1)(b) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, the national court must take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration of the sign as a Community trade mark, in particular:

- the fact that the applicant knows or must know that a third party is using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought;
- the applicant's intention to prevent that third party from continuing to use such a sign; and

² As per paragraph 121 of the Opinion of the Advocate General in Case C-482/09, *Budejovicky Budvar NP v Anheuser-Busch Inc.*

³ Case C-529/07

– the degree of legal protection enjoyed by the third party’s sign and by the sign for which registration is sought.”

30. In this case the proprietor cannot be taken to have known of any use of the applicant’s mark in the UK, or even in the EU, because no such use is claimed or shown. Further, I have found that the applicant’s mark is not well known in the UK. These points mean that the applicant’s mark is not entitled to any legal protection in the UK. Finally, there is no reason to doubt that the proprietor’s motive in registering its mark was to protect its intended trade under the mark in the UK rather than to prevent the applicant from using its mark here. Although it is apparent that the applicant exports goods to other countries, it is noteworthy that the registrations of its marks in the USA, Australia, New Zealand and other places are not recent registrations, but were made 13-15 years before the relevant date. This suggests that the applicant’s export markets are relatively stable. There is therefore absolutely nothing to suggest that the proprietor had knowledge at the time of filing the application to register its mark that the applicant intended to trade in the UK under a similar mark.

31. I therefore reject the applicant’s bad faith ground for invalidation.

Outcome

32. The application for invalidation has failed.

Costs

33. The proprietor has been successful and is entitled to a contribution towards its costs. In the circumstances I order Jiangsu Yanghe Brewery Joint-Stock Co., Ltd to pay Qinhuangdao Tianma Wine Co.,Ltd the sum of £750 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

£300 for considering the application for invalidation and filing a counterstatement.

£200 for considering the applicant’s evidence.

£250 for filing written submissions.

34. Subject to an appeal, the above sum must be paid within 14 days of the end of the period allowed for appeal or, in the event of an appeal, within 14 days of the conclusion of these proceedings.

Dated this 21st day of May 2015

**Allan James
For the Registrar**