

O-052-21

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. 417180 BY
COFCO (UK)LTD**

Background and pleadings

1. Ms 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 China Processed Food Import and Export Co. Ltd. (“China Food”), under opposition no. 417179, and this opposition by COFCO (UK) Ltd. In view of the 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 need to be kept in mind in these proceedings. China Food 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. COFCO (UK) Ltd. was its appointed UK distributor for goods bearing this mark.

3. This decision is in respect only of the opposition by COFCO (UK) Ltd (“the opponent”). However, this opposition incorporates a pleaded bad faith ground that is also the same, in some respects, to that pleaded by China Food, in opposition no. 417179.

4. In these proceedings, the trade mark is opposed on the basis of section 5(4)(a) and section 3(6) of the Trade Marks Act 1994 (“the Act”).

5. In respect of the section 3(6) ground, the opponent asserts that the applicant has copied its sign and was aware of the goodwill identified by the sign 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 IR 874745 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. In respect of the section 5(4)(a) ground, the opponent relies upon its claimed authorised use and reputation throughout the UK since 2008 in respect of the following sign used in respect of *prawn crackers*:



7. It claims that UK sales figures for the “last 10 years” total nearly £3 million. It asserts that it sells products bearing the sign to distributors in the UK who subsequently sell the products on to end customers either in supermarkets and shops or via the Internet. It claims that the similarities between the challenged mark and its sign are such as to lead to misrepresentation and it will suffer damage as a result.

8. The applicant filed a counterstatement denying that the opponent has the requisite goodwill in respect of *prawn crackers* (the only goods relied upon by the opponent). It asserts that even if it does have the requisite goodwill, with the exception of *prawn flavoured crackers made of starches*, none of the applicant’s goods are similar to *prawn crackers*. It concludes that there can be no damage and the ground based upon section 5(4)(a) must fail.

9. It asserts that the opponent’s claim that the making of an application for the same mark and for the same goods as a registration of a third party 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.

10. The parties both filed evidence in these proceedings. This will be summarised to the extent that I consider it necessary. Further, both sides 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.

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

Opponent's Evidence

12. The opponent's evidence takes the form of a witness statement from Chen Yunnu, President of the opponent, a position he has held since 2011. The witness statement is headed up as relating to non-use revocation case no. 502503 in respect of International Registration no. 874745 (in respect of a mark that is the same as the sign relied upon by the opponent in the current proceedings and for a list of goods that includes *prawn-flavored crackers made of starches*). I refer to this as "the IR". It was provided under cover of a letter correctly marked up as relating to the current proceedings. No issue has been taken by the other side regarding this procedural irregularity and neither did the Registry take issue with it. I will refer to this evidence where relevant.

13. Mr Yunnu sets out the following:

- China National Cereals, Oils & Foodstuffs Corporation appointed Top Glory (London) Limited as its exclusive distributor of food products bearing the mark in the UK by way of an authorisation letter dated 26 August 2008¹;
- China National Cereals, Oils & Foodstuffs Corporation "subsequently" (on 2 March 2007² - earlier than when it appointed Top Glory (London) Limited) changed its name to COFCO Corporation³;

¹ Mr Yunnu's witness statement, para 6 and page 1 of Exhibit CY1

² See certificate of change of name of this date, pages 2 & 3 of Exhibit CY1

³ Ditto, para 7 and the certificate of the change of name at pages 2 - 3 of the exhibit

- COFCO Corporation subsequently assigned the IR to China Food by way of assignment⁴. A copy of a letter, dated 25 December 2017, from the WIPO confirming recordal of the change of ownership is provided⁵;
- Top Glory (London) Limited changed its name to COFCO (UK) Ltd⁶ (the opponent);
- Despite identifying the opponent as being the exclusive distributor for China Food, Mr Yunnu also states that the opponent purchases goods bearing the HONG MEI mark from Dalian Yuming Food Co. Ltd (“Dalian”)⁷.

Applicant’s Evidence

14. The applicant has provided a witness statement where she sets out the circumstances why the opponent has no goodwill it can rely upon, and why its claim of bad faith cannot succeed. Her witness statement was provided in support of her case in this opposition and also in opposition 417179.

DECISION

Section 3(6)

15. 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.”

16. 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.

⁴ Ditto, para 8

⁵ At page 4 of the exhibit

⁶ Ditto para 9 and pages 5 – 7 of the exhibit

⁷ Ditto, para 16

17. 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).

18. 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*.

19. 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?

20. 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*.

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

22. 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*.

23. 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*.

24. I also keep in mind that bad faith is an absolute, hence free-standing, ground for refusal of registration⁸. 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.

25. 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 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."

⁸ *Fianna Fail and Fine Gael v Patrick Melly* [2008] ETMR 41

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

- the applicant has copied its sign and is using it on the same or similar goods;
- the applicant's lists of goods are identical to the lists of goods in China Food'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 had knowledge of a third party goodwill identified by the sign;
- the applicant's attempt to register the mark is an attempt to dishonestly acquire the opponent's property and to interfere with its legitimate business and falls short of the proper standard of commercial behaviour.

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

- Ms Zhang was employed by Dalian between 2009 and 2014, a Chinese food company⁹. She had no direct contact with the opponent but it is her understanding that it was a distributor of Dalian's goods (under the HOING MEI logo) in the UK¹⁰;
- Dalian owns a number of Chinese trade mark registrations for the HONG MEI logo¹¹. Ms Zhang explains that the mark consists of a five-lobed plum flower containing Chinese characters (that translate from Mandarin into English as "red plum") and the words HONG MEI underneath (being a transliteration of the Chinese characters)¹²;
- 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 mark¹³;
- 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 [the opponent]"¹⁴;

⁹ Ms Zhang's witness statement, para 4

¹⁰ Ditto

¹¹ Ditto, para 5

¹² Ditto and Exhibit YZ1, pages 1 to 4

¹³ Ditto, para 7

¹⁴ Ditto, paras 8 and 9 and Exhibit YZ1, pages 5 to 8

- On the same day, Dalian sent a notification to the opponent stating that it was terminating its business cooperation with the opponent and that matters would be resolved before the end of July 2019. The notification also states that the opponent 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 ensue¹⁵;
- In January 2019, the applicant entered into talks with Dalian with a view to selling its HONG MEI goods in the UK¹⁶;
- Around the same time, the applicant checked the UK register and found a registration for the HONG MEI logo mark in the name of China Food. The applicant instigated revocation proceedings that resulted in that mark being revoked on 18 March 2019¹⁷;
- “[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 mark¹⁸;
- Dalian has confirmed this sequence of events and it has also given permission for the applicant to make the contested application¹⁹.

28. The applicant draws attention to the comments of Simon Thorley in *Royal Enfield Trade Mark*²⁰ 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 22, above) that a person is presumed to have acted in good faith unless the contrary is proved and that cogent evidence is required.

29. 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.

¹⁵ Ditto, para 10 and Exhibit YZ1, pages 7 - 8

¹⁶ Ditto, para 11

¹⁷ Ditto, para 12

¹⁸ Ditto, para 13 and 14

¹⁹ Ditto, para 15 and Exhibit YZ1, page 9

²⁰ [2002] R.P.C. 24

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

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

31. In addition, the opponent relied upon the finding in *Jules Rimet Cup Ltd v The Football Association Ltd* [2007] EWHC 2376 (Ch) that knowledge of a third party goodwill was enough to constitute bad faith.

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

32. 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?

33. The applicant has not denied that the contested application was copied from China Food'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 China Food's 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.

34. In respect of the *Jules Rimet Cup* judgement, the relevant comment of Roger Wyand Q.C. (sitting as a deputy High Court judge) was:

96. ... Bad faith can only arise if one knows that there is a residual reputation that belongs to someone else. ...

35. I don't understand this to be setting out a rule that knowledge of a third party goodwill was enough to constitute bad faith but, rather, that bad faith (in the circumstances of that case) cannot exist in the absence of such knowledge. In the current proceedings, the applicant's position is that the usual rule is that any goodwill generated in the UK from the sale of its goods by a local distributor will vest in the foreign owner and not the distributor. To whom the goodwill accrues is a matter of fact and I will explore this issue further when considering the opponent's case based upon section 5(4)(a). However, for the purposes of considering bad faith it is sufficient to note the belief of the applicant because it casts light on her intentions when filing the contested application.

36. The applicant has provided evidence that she was:

- aware that Dalian had issued notice of its intention to terminate its relationship with the opponent 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 opponent's business.

37. 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 the opponent 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.

38. Whilst the contested application was made after the applicant became aware that the Dalian's agreement with the opponent 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 the opponent'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 the opponent's agreement with Dalian does not amount to bad faith.

39. The filing of the contested application was also made at a time that China Food'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 opponent'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.

40. 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 opponent partly relies on its claim that the applicant knew about its goodwill but it is clear that the applicant believed that the goodwill was vested with Dalian and not the opponent. The applicant was in negotiations to take over from the opponent 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 insofar as it is based upon a claim of bad faith under section 3(6).

Section 5(4)(a)

41. Section 5(4)(a) states:

“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, or

(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.”

42. 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.”

43. 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)."

44. 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.”

45. In *SWORDERS TM* O-212-06, Mr Allan James acting for the Registrar summarised the position regarding the relevant date for the purposes of section 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.’ ”

46. In the current case, the applicant’s mark was applied for on 17 April 2019. No claim has been made by the applicant to an earlier date and, consequently, I only need to consider the position as of the filing date.

47. The opponent must, therefore, demonstrate that it had the requisite goodwill at the relevant date. The applicant submits that the goodwill resides with Dalian and not the opponent. In circumstances where a foreign business is represented by a legally distinct person, the goodwill will in general belong to the foreign business rather than its local representative provided that the foreign business is recognised as the ultimate source of the goods²¹. As recognised in “The Law of Passing Off”, Fifth Edition:

“The normal rule is that the goodwill belongs to the foreign business as the ultimate recognised source of the goods unless there are circumstances to dispute this presumption.”²²

48. The evidence sheds little objective light on who is identified as the source of the goods. There is only one exhibit showing the packaging used in the UK²³. This is an extract from the *Amazon* online retailer showing a packet of prawn crackers bearing the contested sign. It is not possible to ascertain the detail of the packaging because of the size and clarity of the image. Therefore, I am unable to ascertain if the packaging includes an indication that would lead the consumer to perceive who was responsible for the goods (and, therefore, the owner of the goodwill associated with the sign).

49. The opponent provides evidence in the form of turnover figures, invoices and other documents to show activity in the UK in respect of prawn crackers bearing the sign but of course, these are of little assistance if it has or cannot provide evidence that the goodwill arising from these sales was attributed to it rather than Dalian. In his witness statement, Mr Yunnu states the

“[The opponent] purchases the branded products bearing the Mark from Dalian ..., it then ships the products to the UK and subsequently sells them to

²¹ See *MedGen Inc v Passion for Life* [2001] F.S.R. 30

²² Chapter 3, para 151

²³ Exhibit CY1, page 68

distributors ... Dalian... is the manufacturer of prawn crackers bearing the Mark for the [applicant] in China.”²⁴

50. This confirms Dalian’s role in the manufacture and supply of the goods bearing the HONG MEI logo mark to the opponent but falls short of demonstrating that the goodwill generated from the sale of Dalian’s goods in the UK is associated with the opponent.

51. Taking all of the above into account, there are no circumstances relied upon by the opponent, or otherwise obvious in the evidence before me, that illustrates it has the requisite goodwill arising from the sale of Dalian’s goods in the UK. Consequently, its opposition based upon section 5(4)(a) must fail.

Summary

52. The opposition has failed in its entirety and the application may proceed to registration.

COSTS

53. The applicant has been successful and is entitled to a contribution towards her costs. In the circumstances I award the applicant the sum of £1400 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

Considering statement and preparing counterstatement	£400
Considering other side’s evidence & preparing own evidence	£700
Preparing written submissions	£300
TOTAL	£1400

54. I therefore order COFCO (UK) Ltd to pay Ms Yan Zhang the sum of £1400. The above sum should be paid within twenty-one days of the expiry of the appeal period

²⁴ At para 16

or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 20th day of January 2021

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