

O/807/21

TRADE MARKS ACT 1994

CONSOLIDATED PROCEEDINGS

IN THE MATTER OF APPLICATIONS NO. 3345085 AND 3345069
BY NANJING LILYSILK TRADING COMPANY LTD.
IN CLASSES 20, 24 AND 25

AND IN THE MATTER OF OPPOSITIONS THERETO
UNDER NOS. 600001039 AND 600001055
BY SHANGHAI SILK GROUP CO. LTD

AND IN THE MATTER OF TRADE MARK REGISTRATION NO. 3177077
IN THE NAME OF SHANGHAI SILK GROUP CO., LTD
IN CLASSES 14, 18 AND 25

AND AN APPLICATION FOR A DECLARATION OF INVALIDITY THERETO
UNDER NO. 503178
BY NANJING LILYSILK TRADING COMPANY LTD.

BACKGROUND AND PLEADINGS

1. There are three actions in these consolidated proceedings. Two oppositions by Shanghai Silk Group Co. Ltd (“Party A”) are directed against trade mark applications in the name of Nanjing LilySilk Trading Company Ltd. (“Party B”). Party B seeks to invalidate the trade mark registration relied upon by Party A in the oppositions.

Opposition nos. 600001039 and 600001055 against trade mark applications nos. 3345085 and 3345069

2. On 12 October 2018, Party B applied to register the following trade marks in the UK under applications nos. 3345085 and 3345069:

3345085:



3345069:

LILYSILK

3. The applications were published on 26 October 2018 for the same list of goods shown below:

Class 20: *Pillows; Cushions; Bolsters; Sleeping pads; Baby changing mats; Mats for infant playpens; Bedding, except linen; Mattresses; Indoor window blinds [shades] [furniture]; Interior textile window blinds; all of the aforesaid goods being made of silk.*

Class 24: *Bed covers; Bedspreads; Mattress covers; Sheets [textile]; Bed linen; Pillowcases; Bed blankets; Eiderdowns [down coverlets]; Door curtains; Handkerchiefs of textile; Ticks [mattress covers]; Sleeping bags for babies;*

Travelling rugs [lap robes]; Velvet; Lingerie fabric; Silk [cloth]; all of the aforesaid goods being made of silk.

Class 25: *Shirts; Short-sleeve shirts; Ready-made clothing; Trousers; Coats; Skirts; Underwear; Dressing gowns; Pyjamas; Underpants; Brassieres; Caps [headwear]; Neckties; Scarves; Sleep masks; Dresses; Tee-shirts; Skorts; Leggings [trousers];¹ sports singlets; knitwear; all of the aforesaid goods being made of silk.*

4. On 22 January 2019, Party A opposed the applications under the fast-track opposition procedure. In each case, the oppositions are brought under Section 5(2)(b) of the Trade Marks Act 1994 (“the Act”) for the purpose of which Party A relies upon UK trade mark registration no. 3177077 (“the earlier mark”) for the following mark in respect of the following goods:

The logo for Lily Studio features the word "Lily" in a stylized, cursive script font, with the word "STUDIO" in a clean, uppercase, sans-serif font positioned directly below it.

Filing date: 28 July 2016; Registration date: 02 December 2016.

Class 14: *Precious metals and their alloys; Jewellery, precious stones; Horological and chronometric instruments; Bracelets [jewellery]; Charms [jewellery]; Brooches [jewellery]; Rings [jewellery]; Necklaces [jewellery]; Key rings [trinkets or fobs]; Earrings; Wristwatches; Ornaments [jewellery].*

Class 18: *Leather and imitations of leather; Animal skins, hides; Trunks and travelling bags; Umbrellas and parasols; Walking sticks; Whips, harness and saddlery; Purses; Backpacks; Briefcases; Valises; Vanity cases [not fitted]; Leather straps; Wallets [Pocket]; Key cases [leatherwear].*

¹ This is the only term which appears in the specification of the 3345069 mark, but is not present in the specification of the 3345085 mark.

Class 25: *Clothing, headgear; Waterproof clothing; Hats; Hosiery; Gloves [clothing]; Neckties; Scarves; Girdles; Children's clothing; Ready-made clothing; Ladies clothing; Blouses; Dresses; Skirts; Shorts; Belts [apparel]; Jackets; Shirts; Suits; Trousers; Overcoats; Jump suits; Down garments; none of the aforesaid goods being bridal goods (namely veils, party hoses, shoes), bridal wear, evening dresses, wedding dresses, bridesmaid dresses or clothing for religious ceremonies.*

5. By virtue of its earlier filing date, Party A's mark is an earlier mark in accordance with Section 6 of the Act. However, as it had not been registered for five years or more at the filing date of the contested applications, it is not subject to the proof of use requirements specified within Section 6A of the Act.

6. Party A argues that the respective goods are identical or highly similar and that the marks are similar, giving rise to a likelihood of confusion.

7. Party B filed two counterstatements. It accepts that the goods in class 25 in the applications are identical to those covered by the terms *clothing* and *headgear* in the earlier mark but denies that the remaining goods in classes 20 and 24 are similar.

Invalidation no. 503178 against UK trade mark no. 3177077

8. On 17 June 2020, Party B applied to invalidate Party A's earlier UK trade mark no. 3177077 pursuant to Section 47 of the Act. The application for invalidation is based upon Sections 5(2)(b) and 5(4)(a) of the Act.

9. Under Section 5(2)(b) of the Act, Party B relies upon its EUTM no. 15140304 for the trade mark shown below:



10. The mark was filed on 24 February 2016 and was registered on 25 July 2016 for the following goods:

Class 24: *Silk [cloth]; Bed covers; Quilts; Mattress covers; Sheets [textile]; Bed linen; Pillowcases; Bed blankets; Bed clothes; Tablecloths, not of paper; Door curtains; Handkerchiefs of textile; Ticks [mattress covers]; Sleeping bag liners; Travelling rugs [lap robes]; Velvet; Lingerie fabric.*

Class 25: *Shirts; Short-sleeve shirts; Ready-made clothing; Trousers; Coats; Skirts; Underwear; Dressing gowns; Pyjamas; Pajamas; Underpants; Brassieres; Layette [clothing]; Caps [headwear]; Neckties; Scarves; Pocket squares; Sleep masks.*

Class 35: *Direct mail advertising; Advertising; Radio advertising; Television advertising; Pay per click advertising; Web site traffic optimization; Search engine optimization; Import-export agency services; Provision of an on-line marketplace for buyers and sellers of goods and services; Marketing.*

11. By virtue of its earlier filing date, Party B's mark also qualifies as an earlier mark in accordance with Section 6 of the Act. As it had not completed its registration process more than five years before the date of the application for invalidation, it is not subject to proof of use.

LILYSILK

Jewellery; hair accessories; bags, travel bags, wash bags, wallets and card cases.

Pillows; Cushions; Bolsters; Sleeping pads; Baby changing mats; Mats for infant playpens; Bedding, except linen; Mattresses; Indoor window blinds [shades] [furniture]; Interior textile window blinds.

Bed covers; Bedspreads; Mattress covers; Sheets [textile]; Bed linen; Pillowcases; Bed blankets; Eiderdowns [down coverlets]; Door curtains; Handkerchiefs of textile; Ticks [mattress covers]; Sleeping bags for babies; Travelling rugs [lap robes]; Velvet; Lingerie fabric; Silk [cloth].

Clothing; Footwear; Headgear; Shirts; Short-sleeve shirts; Ready-made clothing; Trousers; Coats; Skirts; Underwear; Dressing gowns; Pyjamas; Underpants; Brassieres; Caps [headwear]; Neckties; Scarves; Sleep masks; Dresses; Tee-shirts; Skorts; Leggings [trousers]; Sports singlets; Knitwear.

Retail services in relation to all of the above products, including such services provided by means of the internet.

13. Party A filed a counterstatement denying the claims made. It pointed out that Party B's EUTM no. 15140304 had been cancelled in respect of the specification in class 25.

14. On 19 May 2021 the Registry consolidated the opposition and the invalidation proceedings under Rule 62(1)(g) of the Trade Marks Rules 2008 which also meant that the fast track oppositions were converted into normal oppositions.

15. Both parties are professionally represented; Party A by Bailey Walsh & Co LLP and Party B by Haseltine Lake Kempner LLP. Only party B filed evidence during the evidence rounds. The evidence shall be summarised below to the extent that it is considered necessary. Party A filed submissions dated 15 May 2019.

16. A hearing took place on 12 August 2021 with Party B represented by Michael Conway of Haseltine Lake Kempner LLP. Party A elected not to attend but filed written submissions in lieu of attendance at the hearing.

17. 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 upon in these proceedings are derived from an EU Directive. That is why this decision continues to refer to EU trade mark law.

The evidence

18. Party B's evidence takes the form of a witness statement from Minfu Wang together with Exhibits MW1-MW13. Mr Wang is one of Party B's Directors. The main points emerging from Mr Wang's evidence are as follows:

- The LILYSILK brand was developed in January 2010;²
- LILYSILK is an international business specialising in the manufacture and retail of bedding, bed linen, clothing, underclothing, nightwear, jewellery and accessories which are sold to individuals and businesses;³
- The domain name www.lilysilk.com was registered as the company's primary website on 11 November 2011.⁴ Lilysilk uses sub-domains of the www.lilysilk.com website for individual countries. The UK sub-domain (www.lilysilk.com/uk) was launched on 29 June 2013. Lilysilk also owns the UK domain (www.lilysilk.co.uk) which was registered on 29 July 2013 and redirects to the www.lilysilk.com/uk site;
- Party B supplies products to various countries, including the UK. Images showing use of both the EUTM no. 15140304 and the words 'LILYSILK' on labels and goods are provided. The goods include a shirt, a pillowcase, a blanket, a sleeping mask, a boob scrunchie and articles of underwear;
- The LILYSILK name has been protected as a trade mark in a number of countries, including the US, the EU and the UK; a list of LILISILK trade marks is provided;⁵
- LILYSILK products have been available for sale in the UK since as early as 2010. However, Party B's webserver was upgraded in 2014 at which time some of the data for the years 2010-2013 was lost. Although Party B is unable to provide the full data for 2013 (or for earlier years) it exhibits a spreadsheet of

² MW1

³ MW2

⁴ MW3

⁵ MW4

PayPal payment records relating to the shipment of products to the UK during the years 2011-2013.⁶ The list includes 10 items of nightwear sold between 2011 and 2013 with the total value of the sale being £1,080.00;

- The date of the first sale of the following LILYSILK products in the UK was as follows: Men’s underwear: 14 September 2014; Women’s underwear: 20 May 2015; Daywear (silk shirts for women): 25 September 2015;
- Archive webpages from www.lilysilk.com/uk are provided for the period 2013-2020. They show articles of LILYSILK nightwear and bed linen being available for sale as early as 30 December 2013 and on various dates in 2014 and 2015. The prices are given in pound sterling;⁷
- Webpages from www.amazon.co.uk shows articles of LILYSILK nightwear being available for sale, including a women’s nightgown and women’s pyjamas which are detailed as being first available on 12 March 2015 and July 2016 respectively;⁸
- The UK sales volumes for the years 2010-2020 are as follows:⁹

Bedding and bed linen

YEAR	PRODUCTS SOLD	APPROX. QUANTITY OF PRODUCTS SOLD
2010	Silk pillow, silk duvet, silk pillowcase, silk duvet cover, bed cover, silk sheets	50+
2011	Silk pillow, silk duvet, silk pillowcase, silk duvet cover, bed cover, silk sheets	200+
2012	Silk pillow, silk duvet, silk pillowcase, silk duvet cover, bed cover, silk sheets	300+
2013	Silk pillow, silk duvet, silk pillowcase, silk duvet cover, bed cover, silk sheets	1200+
2014	Silk pillow, silk duvet, silk pillowcase, silk duvet cover, bed cover, silk sheets	2500
2015	Silk pillow, silk duvet, silk pillowcase, silk duvet cover, bed cover, silk sheets	6200
2016	Silk pillow, silk duvet, silk pillowcase, silk duvet cover, bed cover, silk sheets	8700
2017	Silk pillow, silk duvet, silk pillowcase, silk duvet cover, bed cover, silk sheets	9900
2018	Silk pillow, silk duvet, silk pillowcase, silk duvet cover, bed cover, silk sheets	17700
2019	Silk pillow, silk duvet, silk pillowcase, silk duvet cover, bed cover, silk sheets	42200
2020	Silk pillow, silk duvet, silk pillowcase, silk duvet cover, bed cover, silk sheets	66500

⁶ MW5

⁷ MW6

⁸ MW7

⁹ MW8

Accessories

YEAR	PRODUCTS SOLD	APPROX. QUANTITY OF PRODUCTS SOLD
2014	Silk eyemask, silk cap, silk scarf	29
2015	Silk eyemask, silk cap, silk scarf	356
2016	Silk eyemask, silk cap, silk scarf	611
2017	Silk eyemask, silk cap, silk scarf	1000
2018	Silk eyemask, silk cap, silk scarf, scrunchy	1000
2019	Silk eyemask, silk cap, silk scarf, scrunchy	14000
2020	Silk eyemask, silk cap, silk scarf, scrunchy	35400

Nightwear and underclothing

YEAR	PRODUCTS SOLD	APPROX. QUANTITY OF PRODUCTS SOLD
2014	Pyjamas, dressing gowns, underwear	1100
2015	Pyjamas, dressing gowns, underwear	2800
2016	Pyjamas, dressing gowns, underwear	4500
2017	Pyjamas, dressing gowns, underwear	4700
2018	Pyjamas, dressing gowns, underwear	1900
2019	Pyjamas, dressing gowns, underwear	3100
2020	Pyjamas, dressing gowns, underwear	5900

Clothing

YEAR	PRODUCTS SOLD	APPROX. QUANTITY OF PRODUCTS SOLD
2015	Silk shirts, blouse, dress, trousers, coats, skirts	12
2016	Silk shirts, blouse, dress, trousers, coats, skirts	28
2017	Silk shirts, blouse, dress, trousers, coats, skirt, Tee, knitwear	1600
2018	Silk shirts, blouse, dress, trousers, coats, skirt, Tee, knitwear	1700
2019	Silk shirts, blouse, dress, trousers, coats, skirt, Tee, knitwear	6900
2020	Silk shirts, blouse, dress, trousers, coats, skirt, Tee, knitwear	10000

In relation to the above figures it is explained that LILYSILK commenced sales of nightwear in the UK in 2011 and that due to the issues relating to the loss of data, no reliable estimates of total sales are available for 2011-2013;

- Sample screenshots of UK order details for orders placed through the website www.lilysilk.com/uk are provided for the period 2013-2020.¹⁰ At the hearing Mr Conway said that pages 1 to 36 are before the relevant date; these include, inter alia, the following sales of articles of nightwear and underwear:
 - 1 x Ladies silk nightgown: £66 (27.06.2013);¹¹
 - 1 x Silk bottom in full length style for men: £52; 1 x Men's silk robe: £98 (22.07.2013);
 - 1 x Silk pajamas: £76; 1 x silk pajamas: £73; 1 x silk robe: £95 (all for women) (01.09.2013);
 - 1 x Short silk slips with high gathered waist: £68; 1 x silk pajamas set : £79 (all for women) (18.11.2013);
 - 1 x Silk pyjamas and silk nightgown set: £236 (22.04.2014);
 - 1 x Long silk pyjamas set: £131 (29.05.2014);
 - 1 x Long silk pyjamas set (for men): £91.7 (08.08.2014);
 - 1 x Silk nightgown: £66 (28.07.2014);
 - 1 x Silk nightgown: £64.8; 1 x silk dressing gown: £129.6 (13.10.2014);
 - 1 x Silk pyjama set: £108 (24.11.2014);
 - 1 x Silk nightgown: £72 (20.12.2014);
 - 5 x Women underwear: £180 (29.01.2016);
 - 1 x Silk camisole: £54.4; 1 x silk camisole and dressing gown set: £166 (11.12.2015);
 - 3 x Women underwear: £31.2 each; 1 x Silk nightdress: £65.6; 1 x Silk dressing gown: £121.2 (16.11.2015);
 - 1 x Silk nightgown: £57.6; 1 x Silk camisole and dressing gown set: £175 (09.02.2015);
 - 1 x Silk pyjamas set: £121.5 (08.03.2015);
 - 1 x Silk nightgown: £84.8 (05.02.2015)
 - 1 x Pyjama set for men: £121.5 (03.03.2015);
 - 1 x Pyjama set for men: £121.5 (27.02.2015);
 - 1 x Camisole set: £99; 1 x Silk nightdress: £73.8 (26.05.2015);
 - 1 x Silk nightdress: £104.4 (15.06.2015);

¹⁰ MW10

¹¹ The date in brackets appears in the order history so I take it as the date the order was placed

1 x Silk pyjamas set for men: £112.8 (13.08.2015);
1 x Silk nightdress: £65.6 (16.09.2015);
1 x Silk nightdress: £65.6 (18.11.2015);
1 x Silk dressing gown: £123.2; 1 x Silk nightdress: £89.6 (19.12.2015);
1 x Silk nightdress: £81.2 (17.01.2016);
1 x Silk dressing gown: £141 (23.02.2016);
1 x Silk pyjamas set: £105.6; 1 x Silk dressing gown: £106.4 (09.04.2016);
1 x Silk camisole: £54 (21.05.2016);
1 x Silk dressing gown: £112.8 (07.06.2016).

19. The samples amount to a total of about 40 articles of nightwear and 8 articles of underwear amounting to £4,266.2.

- LILYSILK products have been advertised online through Google, Bing, Facebook and Amazon. The annual expenditures for advertising and promoting the brand in the UK are as follows:

2013: \$16,000
2014: \$51,000
2015: \$221,000
2016: \$307,000
2017: \$400,000
2018: \$175,000
2019: \$354,000
2020: \$860,000

Examples of online articles published in the UK in 2014, 2015 and 2016 are provided, including an advertisement published on Amazon (carrying only a printing date of 09.12.2020) celebrating the 10th anniversary of LILYSILK;

UK turnover figures are also provided (the figures between 2010 and 2013 are estimated) :

UK Sales Data

YEAR	APPROX. NO. OF GOODS SOLD	APPROX. TURNOVER (£)
2010	150E	20000E
2011	280E	30000E
2012	500E	60000E
2013	1793	120,000
2014	4655	260,000
2015	10544	740,000
2016	33194	1.1 million
2017	44437	1.5 million
2018	26619	940000
2019	91634	1.9 million
2020 (Jan – Oct)	140723	3.7 million

20. That concludes my summary of the evidence filed in so far as I consider it necessary.

DECISION

Application to invalidate Party A's earlier UK trade mark no. 3177077

21. Given the consequences of this invalidation for the oppositions nos. 600001039 and 600001055, it is here that I shall begin my assessment.

22. Party B's application to invalidate Party A's earlier UK trade mark no. 3177077 is based on two different grounds, namely Sections 5(2)(b) and 5(4)(a) of the Act.

23. Sections 5(2)(b) and 5(4)(a) of the Act have application in invalidation proceedings by virtue of Section 47 of the Act, which states 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 registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(2) Subject to subsections (2A) and (2G), 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) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

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

[...]

(5) Where the grounds of invalidity exists in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(5A) An application for a declaration of invalidity may be filed on the basis of one or more earlier trade marks or other earlier rights provided they all belong to the same proprietor.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made: Provided that this shall not affect transactions past and closed.”

My approach

24. At the hearing, Mr Conway confirmed that Party B's earlier EUTM no. 15140304 was itself the subject of cancellation proceedings before the EUIPO and provided an update on the current status of the EUIPO's proceedings. I was told by Mr Conway that there is an appeal pending before the EUIPO and that since the parties have

agreed to mediate, the Board of Appeal proceedings have been suspended temporarily while the parties are using one of the mediators provided by the EUIPO's mediation service.

25. I was surprised to hear that the parties were seeking mediation before the EUIPO and yet they had not requested a suspension of the current proceedings.

26. Mr Conway recognised the potential impact of the outcome of appeal on the proceedings at issue, but said that Party B was prepared to accept a provisional decision and asked me if it would be possible for me *“to resolve this case without needing to rule on that part of the invalidity action”*; that is what I have done.

Section 5(4)(a)

27. I shall begin with the ground of invalidation based on Section 5(4)(a). Section 5(4)(a) of the Act states as follows:

“5(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”.

28. Subsection (4A) of Section 5 of the Act 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.”

29. 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).”

30. 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.”

The Relevant Date

31. The date for assessing a passing off claim in invalidation proceedings is typically the date the registration, the subject of the invalidation action, was applied for, in this

case 28 July 2016. Party A has not filed any evidence, so there is no evidence supporting an earlier relevant date.¹²

Goodwill

32. The House of Lords in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL) provided the following guidance regarding goodwill:

“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.”

33. Goodwill must be of more than trivial in extent. 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.”

¹² *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11

34. In *Smart Planet Technologies, Inc. v Rajinda Sharma* [BL O/304/20], Mr Thomas Mitcheson QC, as the Appointed Person, reviewed the following authorities about the establishment of goodwill for the purposes of passing-off: *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc* [2015] UKSC 31, paragraph 52, *Reckitt & Colman Product v Borden* [1990] RPC 341, HL and *Erven Warnink B.V. v. J. Townend & Sons (Hull) Ltd* [1980] R.P.C. 31. After reviewing these authorities Mr Mitcheson concluded that:

“.. a successful claimant in a passing off claim needs to demonstrate more than nominal goodwill. It needs to demonstrate significant or substantial goodwill and at the very least sufficient goodwill to be able to conclude that there would be substantial damage on the basis of the misrepresentation relied upon.”

35. After reviewing the evidence relied on to establish the existence of a protectable goodwill Mr Mitcheson found as follows:

“The evidence before the Hearing Officer to support a finding of goodwill for Party A prior to 28 January 2018 amounted to 10 invoices issued by Cup Print in Ireland to two customers in the UK. They were exhibited to Mr Lorenzi’s witness statement as exhibit WL-10. The customers were Broderick Group Limited and Vaio Pak.

37. The invoices to Broderick Group Limited dated prior to 28 January 2018 totalled €939 and those to Vaio Pak €2291 for something approaching 40,000 paper cups in total. The invoices referred to the size of “reCUP” ordered in each case. Mr Lorenzi explained that Broderick Group Limited supply coffee vending machines in the UK. Some of the invoices suggested that the cups were further branded for onward customers e.g. Luca’s Kitchen and Bakery.

38. Mr Rousseau urged me not to dismiss the sales figures as low just because the product was cheap. I have not done so, but I must also bear in mind the size of the market as a whole and the likely impact upon it of selling 40,000 cups. Mr Lorenzi explained elsewhere in his statement that the UK market was

some 2.5 billion paper coffee cups per year. That indicates what a tiny proportion of the market the reCUP had achieved by the relevant date.

39. Further, no evidence was adduced from Cup Print to explain how the business in the UK had been won. Mr Rousseau submitted to me that the average consumer in this case was the branded cup supplier company, such as Vaio Pak or Broderick Group. No evidence was adduced from either of those companies or from any other company in their position to explain what goodwill could be attributed to the word reCUP as a result of the activities and sales of Cup Print or Party A prior to 28 January 2018.

40. Various articles from Packaging News in the period 2015-2017 had been exhibited but again no attempt had been made to assess their impact on the average consumer and these all pre-dated the acquisition of the goodwill in the UK. I appreciate that the Registry is meant to be a less formal jurisdiction than, say, the Chancery Division in terms of evidence, but the evidence submitted in this case by Party A as to activities prior to 28 January 2018 fell well short of what I consider would have been necessary to establish sufficient goodwill to maintain a claim of passing off.

41. This conclusion is fortified by the submissions of Party B relating to the distinctiveness of the sign in issue. Recup obviously alludes to a recycled, reusable or recyclable cup, and Party B adduced evidence that other entities around the world had sought to register it for similar goods around the same time. The element of descriptiveness in the sign sought to be used means that it will take longer to carry out sufficient trade with customers to establish sufficient goodwill in that sign so as to make it distinctive of Party A's goods."

36. However, a small business which has more than a trivial goodwill can protect signs which are distinctive of that business under the law of passing off even though its goodwill and reputation may be small. In *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590, the Court of Appeal in England and Wales held that the defendant had passed off its LUMOS nail care products as the claimant's goods. The claimant had been selling LUMOS anti-ageing products since 2007. The

goods retailed at prices between £40 and £100 per bottle. The Claimant's sales were small, of the order of £2,000 per quarter from early 2008 to September 2009, rising to £10,000 per quarter by September 2010. The vast majority of these sales were to the trade, including salons, clinics and a market. As at the relevant date (October 2010) the Claimant had sold to 37 outlets and by that date it was still selling to 25 outlets. There was evidence of repeat purchases. Although the number of customers was small, or, as the judge at first instance put it, “*very limited*”, the claimant’s goodwill was found to be sufficient to entitle it to restrain the defendant’s trade under LUMOS.¹³

37. Admittedly, there are some gaps in Party B’s evidence. Nevertheless, it is relatively clear that although Party B began selling its goods in the UK from early 2011, the trade relating to the clothing line of the LILYSILK business started picking up only in 2017 (after the relevant date) with annual sales increasing from as little as 12 and 28 products sold in 2015 and 2016 to as much as 1,600 in 2017 and 10,000 in 2020. Further, it is not clear how many of the 28 items of clothing sold in 2016 were actually sold before the relevant date of 28 July 2016. Consequently, I have no difficulty in finding that the sale of less than 40 items of clothing is not, by any means, sufficient to show a protectable goodwill in relation to clothing at the relevant date.

38. As regard the other goods in relation to which goodwill is claimed, Party B has supplied sales figures for the UK which, whilst relatively modest, are still substantial enough to provide goodwill for, at least, some of the goods claimed. I refer, in particular, to the evidence that in the two years before the relevant date (2014 and 2015) Party B sold a total of 3,900 items of nightwear and underwear in addition to the 4,500 items sold in 2016. Admittedly, whilst the figures for 2016 do not say how many items were sold before the relevant date, there is nothing to suggest that the sales of these goods were not consistent throughout the year - which means that at least half of the sales achieved in 2016 is likely to have occurred before the relevant date. I also note that although Party B aggregates the figures for nightwear and underwear into one category, the samples of order details exhibited in the evidence show that the sale of nightwear overwhelmingly exceeds that of underwear. Party B’s case on goodwill is

¹³ See also: *Stannard v Reay* [1967] FSR 140 (HC); *Teleworks v Telework Group* [2002] RPC 27 (HC); (COA).

even stronger in relation to goods described as bedding and bed linen, having sold about 10,450 units between 2010 and 2015 and another 8,700 units in 2016, a proportion of which, again, can be ascribed to before the relevant date.

39. Moving on to eye masks, caps and scarves, Party B sold 385 units between 2014 and 2015. Even taking into account that a proportion of the further 611 units sold in 2016 might have been sold prior to the relevant date, the total sales of these goods would amount to, at best, less than 700 units, which in my view is not sufficient to create a goodwill of an extent sufficient to sustain an action for passing off. This is all the more so given 1) the absence of any breakdown of sales and the different nature of eye masks, caps and scarves (which means that it is impossible to know how many goods were sold in the UK under each category) and 2) the relatively low price of the goods concerned. In relation to the latter point, I have concluded that given the low quantity of eye masks, caps, scarves and clothes which were sold prior to the relevant date and the fact that eye masks, caps and scarves are relatively cheap goods (so much so that in some of the orders exhibited eye masks were given out as gifts, free of charge), most of the turnover generated in the UK from 2010 to 2016 (which exceeds £2.3 million) must have derived from the sale of bedding, bed linen and nightwear. Finally, I take into account, as part of the overall picture, that Party B's advertising expenditure is significant and that most of examples of advertising which pre-date the relevant date relate to nightwear and bed linen.

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Misrepresentation and damage

41. In *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, Morritt L.J. stated that:

“There is no dispute as to what the correct legal principle is. As stated by *Lord Oliver of Aylmerton in Reckitt & Colman Products Ltd. v. Borden Inc. [1990] R.P.C. 341 at page 407* the question on the issue of deception or confusion is

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]”

The same proposition is stated in *Halsbury's Laws of England 4th Edition Vol.48 para 148* . The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd. (1941) 58 R.P.C. 147 at page 175* ; and *Re Smith Hayden's Application (1945) 63 R.P.C. 97 at page 101.*”

And later in the same judgment:

“... for my part, I think that references, in this context, to “more than *de minimis*” and “above a trivial level” are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993) . It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion.”



42. In *Lumos Skincare Limited v Sweet Squared Limited and others [2013] EWCA Civ 590*, Lord Justice Lloyd commented on the paragraph above as follows:

“64. One point which emerges clearly from what was said in that case, both by Jacob J and by the Court of Appeal, is that the “substantial number” of people who have been or would be misled by the Defendant's use of the mark, if the Claimant is to succeed, is not to be assessed in absolute numbers, nor is it applied to the public in general. It is a substantial number of the Claimant's actual or potential customers. If those customers, actual or potential, are small

in number, because of the nature or extent of the Claimant's business, then the substantial number will also be proportionately small.”

43. Accordingly, once it has been established that the party relying on the existence of an earlier right under Section 5(4)(a) had sufficient goodwill at the relevant date to found a passing-off claim, the likelihood that only a relatively small number of persons would be likely to be deceived does not mean that the case must fail. There will be a misrepresentation if a substantial number of customers, or potential customers, of the claimant’s actual business would be likely to be deceived.

44. The respective marks are shown below:

Party A’s 3177077 mark	Party B’s unregistered mark
	

45. The first comment I should make is that the comparison of the parties’ marks in the invalidation closely mirrors that of the parties’ marks in the consolidated oppositions.

46. Party A submitted that the word LILY is the dominant word in each mark and that the marks are highly similar. These comments were made in the context of Party A’s oppositions to Party B’s applications nos. 3345085 and 3345069. In the counterstatement filed in response to Party B’s application for a declaration of invalidity, Party A simply stated that there is no likelihood of confusion under Section 5(2)(b) because Party B’s EUTM 15140304 has been cancelled in class 25 and therefore there is no overlap between the respective registrations. Party A also said that it denied Party B’s passing off claim, but it did not state its position in relation to the similarity of the respective marks and the likelihood of misrepresentation.

47. Party B's primary position for the purpose of the oppositions to its trade marks was that the marks are sufficiently different to avoid confusion. However, at the hearing Mr Conway clarified that to the extent that I was prepared to find that the respective marks are sufficiently similar to cause confusion under Section 5(2)(b) for the purpose of the oppositions against his client's trade marks, I should make the same or similar findings in the context of his client's application to invalidate Party A's registration no. 3177077.

48. Whilst both marks contain the word 'LILY/lily', the average consumer is unlikely to overlook the visual differences between the marks, that is to say the word 'SILK' in Party B's mark (which is not contained in Party A's mark) and the word 'STUDIO' and the specific typeface used in Party A's mark (which have no counterpart in Party B's mark). I therefore conclude that there is a low to medium degree of overall visual similarity between these marks. Aurally, the visual impact created by both the positioning of the word 'lily' above the word 'STUDIO' and the typeface must be discounted, which means that the level of aural similarity is slightly more pronounced, i.e. medium. Conceptually, both marks contain the word 'LILY/lily' which is likely to be perceived as a female name or the name of a flower. Although the name Party B's consumers have encountered and will remember is 'LILYSILK' (which they would have apprehended as a whole), the word 'SILK' is non-distinctive in the context of nightwear and bed linen made of silk; consequently, whilst it still contributes to the overall impression, it clearly brings to mind the material of manufacture in the context of the goods concerned. The word 'Studio' in Party A's mark will be perceived as a term designating a place where the goods are designed or made and is less distinctive than the word 'lily' due to its nature and positioning within the mark.

49. When making the required assessment it is necessary to keep in mind that merely reminding the public of a mark or causing some members of the public to wonder whether or not there might be a connection with another mark, does not constitute passing off.

50. The goods for which Party A's mark is registered are as follows:

Class 14: *Precious metals and their alloys; Jewellery, precious stones; Horological and chronometric instruments; Bracelets [jewellery]; Charms*

[jewellery]; Brooches [jewellery]; Rings [jewellery]; Necklaces [jewellery]; Key rings [trinkets or fobs]; Earrings; Wristwatches; Ornaments [jewellery].

Class 18: *Leather and imitations of leather; Animal skins, hides; Trunks and travelling bags; Umbrellas and parasols; Walking sticks; Whips, harness and saddlery; Purses; Backpacks; Briefcases; Valises; Vanity cases [not fitted]; Leather straps; Wallets [Pocket]; Key cases [leatherwear].*

Class 25: *Clothing, headgear; Waterproof clothing; Hats; Hosiery; Gloves [clothing]; Neckties; Scarves; Girdles; Children's clothing; Ready-made clothing; Ladies clothing; Blouses; Dresses; Skirts; Shorts; Belts [apparel]; Jackets; Shirts; Suits; Trousers; Overcoats; Jump suits; Down garments; none of the aforesaid goods being bridal goods (namely veils, panty hoses, shoes), bridal wear, evening dresses, wedding dresses, bridesmaid dresses or clothing for religious ceremonies.*

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53. The claim under Section 5(4)(a) succeeds in relation the registered goods in class 25.

54. As regard the other goods (in class 14 and 18) covered by Party A's mark, I keep in mind that when there is no or only a tenuous degree of overlap between the parties' respective fields of activity the burden of proving the likelihood of misrepresentation and resulting damage is a heavy one.¹⁴ In this case there is no connection between the respective goods and as a result, I find that, at the relevant date none, or only an insubstantial number, of the relevant public was likely to have assumed a connection between Party A's use of its mark in relation to the goods in classes 14 and 18 and Party B's use of 'LILYSILK' for nightwear and bed linen. Those consumers who were aware of Party B's use of the mark are more likely to have assumed that use of a similar name for goods in classes 18 and 14 was coincidental, especially given the fact that the shared element 'LILY/lily' is a common word or, from my experience, a relatively popular female name. It follows that there would be no misrepresentation.

55. The claim under Section 5(4)(a) fails in relation the registered goods in classes 14 and 18.

Section 5(2)(b)

56. Given the following: 1) that Party B's passing off claim has been successful in relation to the contested goods in class 25; 2) the outstanding appeal against the EUIPO's decision to declare invalid Party B's EUTM no. 15140304 in relation to the goods in class 25 and 3) Mr Conway's request to decide the case without ruling on the part of the invalidation proceedings which concerns the validity of the EUTM no. 15140304 in class 25, I will limit my consideration of Party B's claim under Section 5(2)(b) to the goods in relation to which the passing off claim has failed, i.e. the contested goods in class 14 and 18.

57. Section 5(2)(b) of the Act is as follows:

"A trade mark shall not be registered if because-

[...]

¹⁴ Harrods Limited v Harrodian School Limited [1996] RPC 697 (CA)

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark”.

58. The following principles are gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically linked undertakings, there is a likelihood of confusion.

Comparison of goods and services

59. In the judgment of the Court of Justice of the European Union (“CJEU”) in *Canon*, Case C-39/97, the court stated at paragraph 23 of its judgment that:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended

purpose and their method of use and whether they are in competition with each other or are complementary”.

60. The relevant factors identified by Jacob J. (as he then was) in the *Treat* case, [1996] R.P.C. 281, for assessing similarity were:

(a) The respective uses of the respective goods or services;

(b) The respective users of the respective goods or services;

(c) The physical nature of the goods or acts of service;

(d) The respective trade channels through which the goods or services reach the market;

(e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be, found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;

(f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

61. In *Kurt Hesse v OHIM*, Case C-50/15 P, the CJEU stated that complementarity is an autonomous criterion capable of being the sole basis for the existence of similarity between goods. In *Boston Scientific Ltd v OHIM*, Case T-325/06, the General Court (“GC”) stated that “complementary” means:

“...there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking”.

62. The goods and services to be compared are:

Party A's goods (UK TM no. 3177077)	Party B's goods (EUTM no. 15140304)
<p>Class 14: <i>Precious metals and their alloys; Jewellery, precious stones; Horological and chronometric instruments; Bracelets [jewellery]; Charms [jewellery]; Brooches [jewellery]; Rings [jewellery]; Necklaces [jewellery]; Key rings [trinkets or fobs]; Earrings; Wristwatches; Ornaments [jewellery].</i></p>	<p>Class 24: <i>Silk [cloth]; Bed covers; Quilts; Mattress covers; Sheets [textile]; Bed linen; Pillowcases; Bed blankets; Bed clothes; Tablecloths, not of paper; Door curtains; Handkerchiefs of textile; Ticks [mattress covers]; Sleeping bag liners; Travelling rugs [lap robes]; Velvet; Lingerie fabric.</i></p>
<p>Class 18: <i>Leather and imitations of leather; Animal skins, hides; Trunks and travelling bags; Umbrellas and parasols; Walking sticks; Whips, harness and saddlery; Purses; Backpacks; Briefcases; Valises; Vanity cases [not fitted]; Leather straps; Wallets [Pocket]; Key cases [leatherwear].</i></p>	<p>Class 25: <i>Shirts; Short-sleeve shirts; Ready-made clothing; Trousers; Coats; Skirts; Underwear; Dressing gowns; Pyjamas; Pajamas; Underpants; Brassieres; Layettees [clothing]; Caps [headwear]; Neckties; Scarves; Pocket squares; Sleep masks. [SUBJECT TO INVALIDITY PROCEEDINGS]</i></p>
	<p>Class 35: <i>Direct mail advertising; Advertising; Radio advertising; Television advertising; Pay per click advertising; Web site traffic optimization; Search engine optimization; Import-export agency services; Provision of an on-line marketplace for buyers and sellers of goods and services; Marketing.</i></p>

63. There is no obvious similarity in my view between Party A's goods in classes 14 and 18 and Party B's goods in class 24 and services in class 35. Party B did not make any specific submissions on the similarity between these goods and services. As

regards the similarity between Party B's goods in class 25 and Party A's goods in class 18, the only comment Mr Conway made is:

"In principle there are also goods that could be made of silk, particularly in class 18, so purses, backpacks, wallets and things like that. But I think to the extent that those goods in classes 14 and 18 could not be made of silk, I think we would have to accept that Party B's prospects of succeeding on the grounds of passing off were probably low and I will not make any specific further submissions in relation [...]"

64. Although these comments were made in the context of the passing off claim, they are equally applicable to the Section 5(2)(b) claim.

65. While I reject Mr Conway's argument that Party A's goods in classes 14 and 18 are similar to Party B's goods in class 25 because they could be made of silk, I accept that some of Party A's goods in class 18, namely *purses*, might be considered to complement Party B's *Ready-made clothing* in class 25.¹⁵ However, given the different nature and purpose of the goods, they would be similar to, no more than a very low degree. With regard to the remaining goods in classes 18 and 14, I consider them to be dissimilar.

66. In order for there to be confusion, there must be a degree of similarity between the goods.¹⁶ As the following goods are not similar, the opposition under Section 5(2)(b) must fail:

Class 14: *Precious metals and their alloys; Jewellery, precious stones; Horological and chronometric instruments; Bracelets [jewellery]; Charms [jewellery]; Brooches [jewellery]; Rings [jewellery]; Necklaces [jewellery]; Key rings [trinkets or fobs]; Earrings; Wristwatches; Ornaments [jewellery].*

¹⁵ *El Corte Ingles SA v OHIM*, Case T- 443/05

¹⁶ See, for example, *Waterford Wedgwood plc v OHIM* – C-398/07 P (CJEU)

Class 18: *Leather and imitations of leather; Animal skins, hides; Trunks and travelling bags; Umbrellas and parasols; Walking sticks; Whips, harness and saddlery; Backpacks; Briefcases; Valises; Vanity cases [not fitted]; Leather straps; Wallets [Pocket]; Key cases [leatherwear].*

Average consumer

67. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer*, Case C-342/97.

68. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

“60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median.”

69. The average consumer of the parties' goods in class 18 and 25 is a member of the general public. The goods are most likely to be the subject of self-selection from retail outlets, websites or catalogues. Visual considerations are, therefore, likely to dominate the selection process. However, I do not discount an aural element to the purchase, particularly when advice is sought from a sales assistant or a purchase is made further to a word-of-mouth recommendation. The goods are neither an infrequent nor a daily purchase. When making a purchase, the average consumer will pay a medium level of attention to ensure that they select the correct product, taking into account various factors, like colour, size, material, etc.



Comparison of marks

70. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The CJEU stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

“.....it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”

71. It would be wrong, therefore, to artificially dissect the trade marks, although, it is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

72. The marks to be compared are:

Party A's UK trade mark no. 3177077	Party B's EUTM no. 15140304
	

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Distinctive character of earlier mark

74. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 the CJEU stated that:

“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

75. Registered trade marks possess varying degrees of inherent distinctive character, ranging from the very low, because they are suggestive or allusive of a characteristic of the goods and services, to those with high inherent distinctive character, such as invented words which have no allusive qualities. The distinctive character of a mark can be enhanced by virtue of the use that has been made of it.

76. I will begin by assessing the inherent distinctiveness of Party B’s EUTM no. 15140304. The mark as a whole is a complex device mark, of which the word ‘LILY’ is only one element. I recognise that the word ‘SILK’ is descriptive for clothing made of silk, however, it is part of the name ‘LILYSILK’ which will be perceived as a whole, so its contribution to the distinctiveness of the mark is not totally negligible. ‘LILY’ although is the most distinctive element of the mark is a common word indicating a popular flower (a perception which will be reinforced by the figurative element which represents a lily flower); further, it has a symbolic association with the concept of something that is delicate - which is an inherent quality of silk – and, as such, it reinforces the perception of ‘LILYSILK’ as a whole. Although the various elements of the marks are not strikingly distinctive in themselves, the combination of these elements create a mark that is overall distinctive to a medium degree.

77. Whilst Party B has provided some evidence of use of EUTM no. 15140304, there is very little evidence of use in relation to the goods which I found to be similar, i.e. *Ready-made clothing*.

78. Consequently, if the use Party B has made of the mark in relation to silk nightwear and silk bed linen has increased its distinctiveness to any material extent (which I do not think it has, given the modest goodwill which I found Party B enjoyed at the relevant date) the increased distinctiveness would be much less significant in relation to the goods concerned for which the mark has not been used (or if it has been used it is only to a negligible extent).

Likelihood of confusion

79. There is no scientific formula to apply in determining whether there is a likelihood of confusion; rather, it is a global assessment where a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective marks may be offset by a greater degree of similarity between the respective goods and vice versa. As I mentioned above, it is necessary for me to keep in mind the distinctive character of the earlier mark, the average consumer for the goods and the nature of the purchasing process. In doing so, I must be alive to the fact that the average consumer rarely has the opportunity to make direct comparisons between marks and must instead rely upon the imperfect picture of them that they have retained in their mind.

80. Confusion can be direct or indirect. The difference between these two types of confusion was explained in *L.A. Sugar Trade Mark*, BL O/375/10, where Iain Purvis Q.C. as the Appointed Person explained that:

“16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: “The later mark is different from the earlier mark, but also has something in common with it. Taking account of the

common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark.

Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:

- (a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right (“26 RED TESCO” would no doubt be such a case).
- (b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as “LITE”, “EXPRESS”, “WORLDWIDE”, “MINI” etc.).
- (c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension (“FAT FACE” to “BRAT FACE” for example).”

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82. Here the question of the likelihood of confusion must be assessed in the context of 1) goods in class 18 which I found to be similar to only a very low degree to the earlier goods in class 25, i.e. *purses*; 2) marks which are similar to a lesser degree, i.e. visually similar to a low degree, aurally similar to a medium degree and conceptually similar to a degree between low and medium. I also take into account

that Party B's mark has not been used in relation to the goods which I found to be similar, i.e. *Ready-made clothing*, and that, in any event, the use made in relation to silk nightwear and silk bed linen would not have enhanced the distinctiveness of the earlier mark to any material extent.

83. Taking into account the differences between the marks and the goods concerned, I have no hesitation in finding that the relevant public will be able to differentiate between the marks and will not confuse them. Accordingly, it follows that there will be no direct confusion.

84. That leaves indirect confusion to be considered. I have borne in mind that the examples given by Mr Purvis are not exhaustive. Rather, they were intended to be illustrative of the general approach. I also recognise that a finding of indirect confusion should not be made merely because the competing marks share a common element. In this connection, it is not sufficient that a mark merely calls to mind another mark: this is mere association not indirect confusion.¹⁷

85. Having regard to all the above principles, I do not believe that consumers will assume that Party A and Party B are economically linked undertakings on the basis of the competing trade marks, especially given the distance between the goods, which are only similar to a very low degree. I am unconvinced that consumers would assume a commercial association between the parties, merely because the marks include the same word 'LILY/lily' when the overall impression created by the marks is strikingly different. Further, the shared element, although distinctive for the goods concerned, is the name of a popular flower and also a female name, so it is not, in itself, particularly striking or distinctive. Finally, whilst the word 'LILY' clearly conveys the concept of a flower in Party B's mark, that it is not the case in Party A's mark, where the use of cursive script and the word STUDIO are more likely to convey the impression of a signature and support the perception of the element 'lily' as a female name. There is no likelihood of indirect confusion.

86. The invalidation under Section 5(2)(b) fails.

¹⁷ *Duebros Limited v Heirler Cenovis GmbH*, BL O/547/17

Conclusion on the application for invalidation

87. The application for invalidation is upheld under Section 5(4)(a) for the goods in class 25. It is rejected for the goods in classes 14 and 18.

88. The application for invalidation is refused under Section 5(2)(b).

Outcome of the application for invalidation

89. UK trade mark registration no. 3177077 is invalid and deemed never to have been made except in relation to the goods shown below for which it remains registered:

Class 14: *Precious metals and their alloys; Jewellery, precious stones; Horological and chronometric instruments; Bracelets [jewellery]; Charms [jewellery]; Brooches [jewellery]; Rings [jewellery]; Necklaces [jewellery]; Key rings [trinkets or fobs]; Earrings; Wristwatches; Ornaments [jewellery].*

Class 18: *Leather and imitations of leather; Animal skins, hides; Trunks and travelling bags; Umbrellas and parasols; Walking sticks; Whips, harness and saddlery; Purses; Backpacks; Briefcases; Valises; Vanity cases [not fitted]; Leather straps; Wallets [Pocket]; Key cases [leatherwear].*

Oppositions against Part B's trade mark applications nos. 3345085 and 3345069

90. The oppositions against Part B's trade mark applications nos. 3345085 and 3345069 are based on one single ground, namely the likelihood of confusion under Section 5(2)(b) with Party A's earlier UK trade mark no. 3177077. As I have already set out the relevant law and guidance above, there is no need to repeat it here.

Comparison of goods

91. The goods to be compared are:

<p>Party B's goods (applications nos. 3345085 and 3345069)</p>	<p>Party A's goods (UK trade mark no. 3177077 – the specification listed reflects the goods which have survived the successful invalidation action)</p>
<p>Class 20: <i>Pillows; Cushions; Bolsters; Sleeping pads; Baby changing mats; Mats for infant playpens; Bedding, except linen; Mattresses; Indoor window blinds [shades] [furniture]; Interior textile window blinds; all of the aforesaid goods being made of silk.</i></p> <p>Class 24: <i>Bed covers; Bedspreads; Mattress covers; Sheets [textile]; Bed linen; Pillowcases; Bed blankets; Eiderdowns [down coverlets]; Door curtains; Handkerchiefs of textile; Ticks [mattress covers]; Sleeping bags for babies; Travelling rugs [lap robes]; Velvet; Lingerie fabric; Silk [cloth]; all of the aforesaid goods being made of silk.</i></p> <p>Class 25: <i>Shirts; Short-sleeve shirts; Ready-made clothing; Trousers; Coats; Skirts; Underwear; Dressing gowns; Pyjamas; Underpants; Brassieres; Caps [headwear]; Neckties; Scarves; Sleep masks; Dresses; Tee-shirts; Skorts; Leggings [trousers];¹⁸ sports singlets;</i></p>	<p>Class 14: <i>Precious metals and their alloys; Jewellery, precious stones; Horological and chronometric instruments; Bracelets [jewellery]; Charms [jewellery]; Brooches [jewellery]; Rings [jewellery]; Necklaces [jewellery]; Key rings [trinkets or fobs]; Earrings; Wristwatches; Ornaments [jewellery].</i></p> <p>Class 18: <i>Leather and imitations of leather; Animal skins, hides; Trunks and travelling bags; Umbrellas and parasols; Walking sticks; Whips, harness and saddlery; Purses; Backpacks; Briefcases; Valises; Vanity cases [not fitted]; Leather straps; Wallets [Pocket]; Key cases [leatherwear].</i></p>

¹⁸ This is the only terms which appears in the specification of the 3345069 mark, but is not present in the specification of the 3345085 mark.

<i>knitwear; all of the aforesaid goods being made of silk.</i>	
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92. There is no obvious similarity in my view between the contested goods in classes 20 and 24 and the earlier goods in classes 14 and 18. These goods are dissimilar.

93. Moving on to the goods in class 25, applying the same reasoning I have applied above as regard the aesthetic complementarity between clothing and certain goods in class 18 which can be considered to be fashion accessories, i.e. purses, I find that there is a very low degree of similarity between the following contested goods in class 25 and the earlier *Purses*:

Shirts; Short-sleeve shirts; Ready-made clothing; Trousers; Coats; Skirts; Caps [headwear]; Neckties; Scarves; Dresses; Tee-shirts; Skorts; Leggings [trousers]; sports singlets; knitwear; all of the aforesaid goods being made of silk.

94. The aesthetic complementarity does not apply in my view to the following goods which are articles of underwear or nightwear: *Underwear; Dressing gowns; Pyjamas; Underpants; Brassieres; Sleep masks*. Consequently, I find these goods to be dissimilar.

95. In order for there to be confusion, there must be a degree of similarity between the goods. As the following goods are not similar, the opposition under Section 5(2)(b) must fail:

Class 20: *Pillows; Cushions; Bolsters; Sleeping pads; Baby changing mats; Mats for infant playpens; Bedding, except linen; Mattresses; Indoor window blinds [shades] [furniture]; Interior textile window blinds; all of the aforesaid goods being made of silk.*

Class 24: *Bed covers; Bedspreads; Mattress covers; Sheets [textile]; Bed linen; Pillowcases; Bed blankets; Eiderdowns [down coverlets]; Door curtains; Handkerchiefs of textile; Ticks [mattress covers]; Sleeping bags for babies;*

Travelling rugs [lap robes]; Velvet; Lingerie fabric; Silk [cloth]; all of the aforesaid goods being made of silk.

Class 25: *Underwear; Dressing gowns; Pyjamas; Underpants; Brassieres; Sleep masks.*

The average consumer

96. I have set out my findings on the average consumer above.

Comparison of marks

97. The marks to be compared are:

Party B's trade mark application no. 3345085	Party A's UK trade mark no. 3177077
	
Party B's trade mark application no. 3345069	
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98. Taking first the comparison between Party B's trade mark application no. 3345085 and Party A's UK trade mark no. 3177077, I have already carried out the comparison above. The same considerations apply here.

99. Moving on to the comparison between Party B's trade mark application no. 3345069 and Party A's UK trade mark no. 3177077, I have already carried out the comparison above. The same considerations apply here.

Distinctive character of earlier mark

100. Party A has not filed any evidence of use (nor was it required to do so). Consequently, I have only the inherent position to consider.

101. Party A's mark is a composite mark including the word 'lily' written in a cursive script and placed above the word 'STUDIO'. The word 'lily' is a common word which is likely to be perceived as a female name due to the use of the cursive script (which makes the word look like a signature), and is more distinctive than the word 'STUDIO'. Overall, the mark is distinctive to a medium degree.

Likelihood of confusion

102. My finding that there is no likelihood of confusion between Party A's UK trade mark no. 3177077 and Party B's EUTM no. 15140304 in the context of goods which are similar only to a very low degree, also applies to the question of the likelihood of confusion between Party B's trade mark application no. 3345085 (which is identical to Party B's EUTM no. 15140304) and Party A's UK trade mark no. 3177077. The opposition therefore fails in relation to Party B's trade mark application no. 3345085.

103. Moving on to Party B's trade mark application no. 3345069, I remind myself that I found no likelihood of misrepresentation between the same marks in the context of goods which I considered to have no connection or similarity, namely, Party B's nightwear versus Party A's goods in class 18. In this case, although I found that there is a certain degree of similarity between Party B's *Shirts; Short-sleeve shirts; Ready-made clothing; Trousers; Coats; Skirts; Caps [headwear]; Neckties; Scarves; Dresses; Tee-shirts; Skorts; Leggings [trousers]; sports singlets; knitwear; all of the aforesaid goods being made of silk* and Party A's *Purses*, that is very low, and it does not, in my view, warrant a different outcome when all of the other factors are considered. In particular, given the differences between the marks and the fact that the shared

element although distinctive, it is not strikingly so, I have reached the conclusion that it is unlikely that the average consumer will confuse the marks or think that they come from the same or connected undertakings.

104. The oppositions under Section 5(2)(b) of the Act are dismissed.

Overall outcome

105. Trade mark registration number 3177077 is invalid and deemed never to have been made, except in relation to the goods shown below for which it remains registered:

Class 14: *Precious metals and their alloys; Jewellery, precious stones; Horological and chronometric instruments; Bracelets [jewellery]; Charms [jewellery]; Brooches [jewellery]; Rings [jewellery]; Necklaces [jewellery]; Key rings [trinkets or fobs]; Earrings; Wristwatches; Ornaments [jewellery].*

Class 18: *Leather and imitations of leather; Animal skins, hides; Trunks and travelling bags; Umbrellas and parasols; Walking sticks; Whips, harness and saddlery; Purses; Backpacks; Briefcases; Valises; Vanity cases [not fitted]; Leather straps; Wallets [Pocket]; Key cases [leatherwear].*

106. The oppositions against trade mark applications nos. 3345085 and 3345069 have failed. The marks will proceed to registration for all of the goods in their specifications.

Consequences of the invalidation of Party B's EUTM no. 15140304 on the current proceedings

107. As Party B has succeeded in the invalidation proceedings on the basis of its claim under Section 5(4)(a) and has failed on the basis of its claim under Section 5(2)(b) based on its earlier EUTM no. 15140304, the outcome of the appeal against the EUIPO's decision to invalidate Party B's EUTM no. 15140304 for goods in class 25 has no consequences on the outcome of this decision.

Costs

108. Both parties have achieved a measure of success in the invalidation; Party B has successfully defended against the oppositions in full. I consider that Party B is entitled to an award. When making the award, I bear in mind the degree of success overall. I award costs to Party B as follows:

Considering the two notices of opposition and filing the counterstatements:	£200
Filing the application for invalidation and considering the counterstatement:	£200
Filing evidence and submissions:	£500
Attending a hearing:	£500
Official fees:	£200
Total:	£1,600

109. I therefore order Shanghai Silk Group Co. Ltd to pay Nanjing LilySilk Trading Company Ltd. the sum of £1,600. This sum to be paid within 21 days of the end of the period allowed for appeal or, if there is an appeal, within 21 days of the conclusion of any appeal proceedings.

Dated this 1st day of November 2021

Teresa Perks
For the Registrar,
the Comptroller-General