BL O/0364/24

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NO. 3710825

IN THE NAME OF ZIGONG LANTERN GROUP WORLDWIDE, LLC FOR THE TRADE MARK ZIGONG LANTERN GROUP

IN CLASSES 35 AND 41

AND THE OPPOSITION THERETO UNDER NO. 430319

BY ZIGONG LANTERN CULTURE INDUSTRY CO. LTD

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF ALLAN JAMES (O/1028/23) DATED 1 NOVEMBER 2023.

DECISION

Introduction

1. This is an appeal by Zigong Lantern Group Worldwide, LLC ("**Appellant**") from decision O/1028/23 of Mr A. James ("**Decision**") concerning the opposition by Zigong Lantern Culture Industry Co. Ltd ("**Respondent**") to the Applicant's application[1] for the mark ZIGONG LANTERN GROUP ("**Application**"), filed on 16 October 2021, in respect of the services listed below.

   Class 35

   Organisation of exhibitions and events for commercial or advertising purposes; Planning and conducting of trade fairs, exhibitions and presentations for commercial or advertising purposes; Advertising and promotion services; Promotion of special events; Planning and conducting of trade fairs, exhibitions and presentations for commercial or advertising purposes.

   Class 41

   Special event planning; Special event planning consultation; Staging of light entertainment productions; Entertainment in the nature of light shows; Entertainment services in the nature of arranging social entertainment events; Entertainment services in the nature of organizing social entertainment events; Planning and conducting of parties [entertainment]; Organizing cultural and arts events; Organization of shows for cultural purposes; Organising of shows for educational purposes.

2. The Respondent opposed the Application under sections 5(4)(a) and 3(6) of the Trade Marks Act 1994. In respect of the 5(4)(a) grounds, the Respondent claimed to have established goodwill in the UK under the sign "Zigong Lantern Culture Industry Group" ("**Earlier Sign**") as a result of the use of that sign in trade since July 2017 in relation to, inter alia, *planning and*

[1] The Application was originally filed by China Lantern International LLC, dba Zigong Lantern Group, and was subsequently assigned to the Appellant, but nothing turns on this.

conducting of exhibitions and staging of light entertainment productions, particularly the organisation of lantern festivals. It contended that use of the contested trade mark by the Appellant would amount to a misrepresentation that they are, or are connected to, the Respondent, and that that would damage the Respondent's goodwill and amount to passing off.

3. In respect of the s. 3(6) grounds, the Respondent contended that the parties were previously in a business relationship, pursuant to which the Appellant (or, rather, the original applicant) provided business services to the Respondent, and that the Application was filed in bad faith.

4. A remote hearing took place on 3 October 2023, and in the Decision, A. James for the Registrar held that the opposition was successful.

5. On 30 November 2023 the Appellant filed a Notice to Appeal to the Appointed Person against the Decision under Section 76 of the Trade Marks Act 1994.

The Hearing Officer's decision

6. The Hearing Officer held as follows (in summary, and insofar as is relevant to this appeal):

   a. The Respondent had established protectable goodwill in relation to a business including planning, staging and conducting lantern festivals, conducted under the Earlier Sign;

   b. By April 2020 (which was the earliest date that the Appellant first began to use the name Zigong Lantern Group purely on its own account) the Earlier Sign had become distinctive of the Respondent to, at least, a small number of trade customers in the UK;

   c. Accordingly, when the Appellant first began to use the name Zigong Lantern Group, such use would have been a misrepresentation to the public that the Appellant was, or was connected with, the Respondent;

   d. Such misrepresentation would have damaged the Respondent's goodwill, by *inter alia* diverting trade from the Respondent to the Appellant;

   e. The s. 5(4)(a) opposition therefore succeeded in full;

   f. Prior to filing the Application, the parties had been in a contractual relationship pursuant to which the original applicant was paid to promote the Respondent's lanterns and related services. Subsequently, the original applicant changed its business role from that of promoting the Respondent's services for lantern events, to providing its own such services. It did so under a name it must have known was an obvious shortening of the Earlier Sign;

   g. The objective circumstances behind the filing of the Application raised a strong-but-rebuttable presumption of a lack of good faith. That prima facie case was not rebutted by the Appellant's evidence;

   h. The s. 3(6) opposition therefore also succeeded in full.

Grounds of Appeal

7. In the Grounds of Appeal the Appellant contended that the Decision contained the following errors of principle (the grouping and numbering is mine rather than the Appellant's):

   <u>Section 5(4)(a) opposition</u>

a. **Ground 1:** the Hearing Officer failed to identify the scope of any goodwill – whilst the Respondent claimed goodwill in relation to an extended list of the services, the Decision fails to consider at all for what services the claim to goodwill could be maintained. Further, the Hearing Officer made an error of appreciation in deciding that the fact that there was an element of profit share in an agreement between the Respondent and a third party, provided evidence that the Respondent provided services above and beyond the supply and installation of lanterns.

b. **Ground 2:** the Hearing Officer incorrectly attributed to the Respondent use of the Earlier Sign by a separate company, VYA Creative Lantern Company. More generally, the Hearing Officer failed to distinguish which acts were done by the Respondent under the Earlier Sign, which were done by other companies within the Respondent's group under the Earlier Sign, and which were done by the Respondent or others under different signs.

c. **Ground 3:** the Hearing Officer made an error of law as to the relevant date for the purposes of s. 5(4)(a). He took the date as being the filing date – 16 October 2021 – but should have used the date of first use by the Appellant of the sign which is the subject of the Application, which was earlier than the filing date. In that regard, the Hearing Officer should have made a finding that the first use by the Appellant was 29 July 2019. The Hearing Officer wrongly concluded that the fact that the banner at a show said "the only American owned Lantern Arts Company in the entire world" meant that the Appellant was mainly pitching to US participants.

d. **Ground 4:** the Hearing Officer erred in concluding that the use of shorter names, such as Zigong Lantern Group, was synonymous with the Earlier Sign. Such an assertion was never pleaded, nor was it the subject of evidence or submissions. Additionally, the Hearing Officer wrongly permitted oral evidence to be given at the hearing as to the meaning of Chinese characters in one of the signs used by the Respondent.

<u>Section 3(6) opposition</u>

e. **Ground 5:** the case of the Respondent in relation to s. 3(6) was vague and contained grounds which were properly ones which should be brought under s. 5 of the 1994 Act. Furthermore, the Hearing Officer made an error of principle in constructing an arguable case of bad faith in the absence of any detail from the Respondent, and then finding that the Appellant had not rebutted such a case in evidence.

f. **Ground 6:** Paragraph 55 of the Decision appears to suggest that the Hearing Officer permitted the Respondent to run an unpleaded argument, namely that the Application functioned as an instrument of fraud.

g. **Ground 7:** The finding of bad faith was reached on the basis of a conclusion by the Hearing Officer that was not itself put to the Appellant, namely that there was an intention on the part of the Appellant to take advantage, whereas the pleaded case relied upon an objective effect.

h. **Ground 8:** As a matter of law, the mere fact that a party may be aware of the business of another and the potential for confusion or misrepresentation is not enough (of itself) to make an application in bad faith.

8. The Appellant's Trade Mark Attorney, Mr Wood, expanded upon the above in his skeleton argument and orally at the hearing, and I set out below further details as are necessary to understand my overall conclusions. The Respondent filed a skeleton argument and its Trade Mark Attorney, Mr Hands, expanded on those arguments in the hearing. I am grateful to both advocates for their clear and detailed written and oral submissions, which I found very helpful.

Standard of review

9. The approach to be adopted in an appeal hearing has been laid down a number of times in case law. It was recently summarised in *Axogen v Aviv* [2022] EWHC 95 (Ch) at §24-25:

> **"Appellate Function**
>
> 24. Although I was referred to numerous cases on the subject (including *English v Emery Demibold & Struck Ltd* [2002] 1 WLR 2409, *REEF Trade Mark* [2003] RPC 5, *Fine & Country Ltd v Okotoks Ltd* [2014] FSR 11, *Fage UK Ltd v Chobani UK Ltd* [2014] EWCA Civ 5, *Shanks v Unilever Plc* [2014] RPC 29, *TT Education Ltd v Pie Corbett Consultancy* [2017] RPC 17, *Apple Inc v Arcadia Trading Limited* [2017] EWHC 440 (Ch), *Actavis Group PTC v ICOS Corporation* [2019] UKSC 1671 and *NINEPLUS* O/039/21), the approach of the appeal court to a statutory appeal under section 76(1) of the TMA is uncontroversial. I bear the following principles, relevant to the issues before me, firmly in mind:
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> i) The appeal is by way of a review, not a rehearing (see *TT Education Ltd v Pie Corbett Consultancy Ltd* (O/017/17) at [52(i)]);
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> ii) The appeal court will allow an appeal where the decision of the lower court was "wrong" (see CPR 52.11). Neither surprise at a Hearing Officer's conclusion, nor a belief that he or she has reached the wrong decision suffices to justify interference (*NINEPLUS* O/039/21 at [14]);
>
> iii) The decision of the lower court will be "wrong" if the judge makes an error of law, which might involve asking the wrong question, failing to take account of relevant matters or taking into account irrelevant matters. Absent an error of law, the appellate court would be justified in concluding that the decision of the lower court was wrong if the judge's conclusion was "outside the bounds within which reasonable disagreement is possible" (*Actavis Group* at [81]);
>
> iv) The approach required by the appeal court depends on a number of variables including the nature of the evaluation in question (*REEF Trade Mark* [2003] RPC per at [26]). There is a "spectrum of appropriate respect for the Registrar's determination depending on the nature of the decision" (*TT Education* at [52(ii)]), with decisions of primary fact at one end of the spectrum and multi-factorial decisions (of the type which the parties agree were made in this case by the Hearing Officer) being further along the spectrum.
>
> v) In the case of a multifactorial assessment or evaluation, involving the weighing of different factors against each other, the appeal court should show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle. Special caution is required before overturning such decisions (*TT Education* at [52(iv)], *REEF* at [28] and *Fine & Country* at [50]-[51]).

vi) An error of principle is not confined to an error as to the law but extends to certain types of error in the application of a legal standard to the facts in an evaluation of those facts. The evaluative process is often a matter of degree upon which different judges can legitimately differ and an appellate court ought not to interfere unless it is satisfied that the judge's conclusion is outside the bounds within which reasonable disagreement is possible (*Actavis Group* at [80]).

vii) Another variable to be taken into account will be "the standing and experience of the fact-finding judge or tribunal" (*REEF* at [26], *Actavis Group* at [78]). Expert tribunals are charged with applying the law in the specialised fields and their decisions should be respected unless it is quite clear that they have misdirected themselves in law. Appellate courts should not rush to find such misdirections simply because they might have reached a different conclusion on the facts (*Shanks* at [28] citing the warning given by Baroness Hale in *AH (Sudan) v Secretary of State for the Home Department* [2007] UKHL 49).

viii) The appellate court should not treat a judgment as containing an error of principle simply because of its belief that the judgment or decision could have been better expressed; "The duty to give reasons must not be turned into an intolerable burden" (see *REEF* at [29]). The reasons need not be elaborate. There is no duty on a judge, in giving her reasons, to deal with every argument presented by counsel in support of his case. It is sufficient if what she says shows the basis on which she has acted (*English* at [17], *Fage* at [115]). The issues the resolution of which were vital to the judge's conclusions should be identified and the manner in which she resolved them explained (*English* at [19]).

ix) In evaluating the evidence, the appellate court is entitled to assume, absent good reason to the contrary, that the first instance judge has taken all of the evidence into account (*TT Education* at [52(vi)]).”

10. I shall bear all the above in mind when reviewing the Decision.

A preliminary issue – challenges to findings of fact

11. The challenges in grounds 1 and 2 are challenges to findings of facts made by the Hearing Officer. That has two consequences. First, it requires me to consider the evidence submitted below in more detail than would normally be required or appropriate in an appeal. Secondly, I am only entitled to intervene in relation to a finding of fact if the finding is rationally insupportable (see e.g. *Lidl Great Britain Limited & Or v Tesco Stores Limited & Or* [2024] EWCA Civ 262 at §110). Therefore, the already high bar for a successful appeal, summarised in the section above, is raised higher still in relation to grounds 1 and 2.

Discussion

12. Looking at each of the grounds in turn, my analysis is as follows.

(1) Failure to identify the scope of the Respondent’s goodwill

13. The Respondent’s evidence submitted below consisted of three witness statements by Xie Yun with a total of 22 exhibits. Mr Yun has been the Respondent’s ‘admin manager’ since December

2018. The main purpose of his first statement was to show that the Respondent had established goodwill in the UK through the provision of services in relation to various lantern displays. The main purpose of his second statement was to document the business relationship between the Respondent and the original applicant. His third statement was filed in reply to the Appellant's evidence.

14. From my reading of the Respondent's evidence, three things were immediately apparent. First, the goodwill contended is almost entirely business goodwill – it is not suggested that the Respondent had gained any substantial goodwill amongst the general public at the relevant date. Secondly, the business giving rise to the contended goodwill is of limited extent. Specifically, the Respondent relies on services provided to only three customers:

- Longleat Safari Park between 2017 – 2019 in connection with an event called 'Festival of Light'. As the Hearing Officer noted at §22, the evidence is not conclusive as to whether these discussions led to actual lantern events;
- Royal Zoological Society of Scotland between November 2017 and February 2018 for a lantern-themed event at Edinburgh Zoo held between December 2017 and February 2018; and
- Wonderland Productions Ltd, in connection with a lantern festival and exhibition planned for Belfast Botanic Gardens. The event itself took place between 13 November 2021 and 9 January 2022, but the agreement governing the provision of the services was entered into in March 2020.

15. Third, the witness statements contained very little narrative evidence in relation to the Respondent's evidence. As the Hearing Officer noted at §18, Mr Yun "does little more than exhibit documents to support the opponent's case. In these circumstances the probative value of his evidence largely depends on the extent to which the documents speak for themselves".

16. Mr Wood submitted, both below and on appeal, that regard should be had to the guidance provided by Mr Daniel Alexander Q.C. as the Appointed Person in *Awareness Limited v Plymouth City Council* in the context of proving use of a registered trade mark. Mr Alexander stated that:

> "*22. The burden lies on the registered proprietor to prove use..... However, it is not strictly necessary to exhibit any particular kind of documentation, but if it is likely that such material would exist and little or none is provided, a tribunal will be justified in rejecting the evidence as insufficiently solid. That is all the more so since the nature and extent of use is likely to be particularly well known to the proprietor itself. A tribunal is entitled to be sceptical of a case of use if, notwithstanding the ease with which it could have been convincingly demonstrated, the material actually provided is inconclusive. By the time the tribunal (which in many cases will be the Hearing Officer in the first instance) comes to take its final decision, the evidence must be sufficiently solid and specific to enable the evaluation of the scope of protection to which the proprietor is legitimately entitled to be properly and fairly undertaken, having regard to the interests of the proprietor, the opponent and, it should be said, the public.*"

17. I agree with the above, and would further add that where the business activities giving rise to the contended goodwill are limited in size, it is even more important that the proprietor submits sufficiently detailed and cogent evidence as to its activities. The Hearing Officer rightly reminded himself, at §30, of the decision in *Lumos Skincare Limited v Sweet Squared Limited*

and others [2013] EWCA Civ 590, which confirmed that even a small amount of trade in the UK (sales to 37 outlets of goods with a total value in the tens of thousands of pounds) is capable of giving rise to actionable goodwill. Nonetheless, in such cases, deficiencies in evidence, of a nature which may be relatively unimportant in cases involving years of trade in the millions of pounds, may become critical when looking at trading activities of very limited size.

18. Looking at the three customers in question, my analysis of the services established by the evidence to have been provided by the Respondent is as follows. For Longleat Safari Park, the documents relied upon by the Respondent are at Exhibits C-E of Mr Yun's statement. At its highest, the documents provide evidence that the Respondent was proposing to provide bespoke lanterns for an event called 'Festival of Light'.

19. For the Royal Zoological Society of Scotland, the documents relied upon by the Respondent are at Exhibits A-B of Mr Yun's statement. At its highest, the documents provide evidence that the Respondent was involved in the design, installation, maintenance and subsequent dismantling of lanterns for an event called 'Giant Lanterns of China' at Edinburgh Zoo.

20. For Wonderland Productions Ltd, the documents relied upon by the Respondent are at Exhibits F-I of Mr Yun's statement. Exhibit F is the agreement between Wonderland and the Respondent, entered into in March 2020. At the appeal hearing, both advocates relied on this document as supportive of their client's case – Mr Wood contended that it clearly showed that the Respondent was involved only in services related to design and installation of lanterns, whereas Mr Hands contended that it clearly demonstrated that the Respondent was organising a lantern display. I reproduce below article 3.1 of the agreement, which sets out the Respondent's (referred to as "Lantern Company") obligations:

> "At its expense, the Lantern Company shall:
> (a) provide lantern Displays for the Event, in accordance with Schedule "A" or as otherwise mutually agreed to by the parties in writing;
> (b) ensure the lantern lights are LED;
> (c) provide WPL with high resolution images of selected lanterns for marketing purposes;
> (d) transport the Display materials to the nearest port to BBG in the City of Belfast;
> (e) subject to The WPL's obligations under 3.3, provide all materials, equipment and labour necessary for installation, maintenance and dismantling of the Displays.
> (f) be fully responsible for the safety and security of the Displays when installing, maintaining, repairing, and dismantling them;
> (g) install, remove and pay for disposal of any footings required for the lantern sets
> (h) effect any repair to the Displays that may be required as the result of shipping;
> (i) maintain the lantern sets for the duration of the Event.
> j) provide the Displays' freight list and cooperate with WPL for the Displays' to clear customs in NL The Lantern Company will be responsible for the total cost of all tariff duties and taxes. The Lantern Company will also be responsible for the custom brokers fees.
> (k) ensure it has all necessary visas, work permits and other permits or approvals necessary for Lantern Company personnel who will work at the Event (approximately 25 lantern company personnel) to enter into and work in UK;
> (l) work cooperatively with WPL to coordinate installation of Displays in order to minimize disruption of regular operation and to ensure the safety of guests and staff in the construction zone; and

(m) work cooperatively with WPL to provide all necessary information regarding the Event required for obtaining all appropriate permits and City approvals required for the Event.

(n) Pay any invoices for goods/services supplied by WPL that resulted from a direct request by the Lantern Company for items not covered by this original Agreement. Such items will be mutually agreed upon and indicated and agreed upon in writing prior to WPL providing these additional resources.

(o) Maintain, at its own cost, an insurance policy or policies indemnifying WPL, its officers, agents and employees from, for and against any loss or liability whatsoever occurring by reason of Lantern Company operations related to the Event, whether such event occurs on or off venue property. WPL, and its officers, agents and employees shall be named as additional insured in said policies. The Lantern Company will provide WPL with a copy of its insurance policies annually by July 31 in each year of the agreement.

(p) Ensure that all materials and equipment are compliant with current UK standards and regulations and warrant that any equipment or materials found to be non-compliant will be replaced with a compliant alternative at the Lantern Company's own expense;

(q) Provide English speaking project manager and a translator onsite during installation period;

(r) Provide translator onsite during festival and for dismantle period

(s) Provide WPL with power requirements for each lantern set.

(t) Pay fifty percent (50%) of the fee payable to Dublin zoo for the right to produce a festival in Belfast of 35,000 euros plus .5 euro for each ticket sold at the festival in Belfast above fifty-thousand tickets (50,000)."

21. In my view, a fair reading of the above supports Mr Wood's contention. The main services (a-i) are the design, supply, importation, installation, maintenance and dismantling of lanterns. The services in j-t are all peripheral to those aforementioned services. For example, whereas Mr Hands pointed to the obligations for the Respondent to supply visas and work permits, these are all in relation to the services in a-i. Sub-clause (m) relates to provision of information for obtaining permits and city approvals, but it is clear that the Respondent is jointly responsible with Wonderland for such permits/approvals. Furthermore, article 3.3, which sets out Wonderland's obligations, refers to matters such as "Host the Event by providing the site, BBG, for the Event and anything reasonably necessary for the Event in connection with the operation of WPL on a nightly basis (such as printing and selling tickets and providing gate staff, security and other event staff" and "Invest $100k GBP to advertise and promote the festival".

22. It is clear to me, therefore, that Wonderland was the organiser, and the Respondent's services were confined to the design, supply, transport to the UK, installation, maintenance and dismantling of lanterns, plus services peripheral to those core services. The Hearing Officer came to the same conclusion at §32 of the Decision, but went on to note that the agreement envisaged the parties sharing the income generated from ticket sales for the event between them and paying rent to Belfast Botanical Gardens for the use of the site. He held that "*This strongly points towards the opponent being a party to the planning, staging and conducting of the event. It was not just a contractor supplying lanterns*". I regard that inference as unwarranted. The agreement is clear as to the division of responsibilities between the parties. The onus was on the Respondent to submit evidence in support of any wider involvement in the event, which it could easily have done. Adopting the approach urged by Daniel Alexander QC in *Awareness Limited* (discussed at §16 above), the Hearing Officer should have rejected the

contention of the Respondent's wider involvement as "insufficiently solid" (indeed, in my view non-existent), rather than drawing an inference from highly equivocal evidence.

23. None of the other documents exhibited to Mr Yun's first statement shed any further light on the Respondent's activities. The Hearing Officer also relied upon the agreements between the Respondent and the original applicant (exhibited to Mr Yun's second statement) in relation to the Respondent's activities in the UK. It is true, as stated by the Hearing Officer at §33, that the agreements envisage the original applicant providing promotion services to the Respondent, specifically finding suitable venues for lantern festivals and facilitating contractual arrangements between the site owners and the Respondent. However, it does not in my view provide evidence that the Respondent ever actually provided any such wider services to customers in the UK. At best, the agreements show a desire on the part of the Respondent to plan, stage and conduct events, but in the absence of evidence of actual provision of such services, the Hearing Officer should not have made the inference that they did so.

24. Accordingly, the Hearing Officer was entitled, on the basis of the evidence submitted by the Respondent, to find that it had provided services in relation to the design, supply, importation, installation, maintenance and dismantling of lanterns, but his finding that it had engaged in wider services, including the planning, staging and conducting of lantern-themed events, was rationally insupportable.

(2) Incorrect attribution of goodwill

25. It is apparent from the Respondent's evidence below that another company, VYA Creative Lantern Company, was involved in the provision of services by the Respondent. The Respondent explained in the third witness statement Mr Yun that VYA Creative Lantern Company is a subsidiary of the Respondent.

26. The Hearing Officer noted that at §35 of the Decision, but went on to conclude that "*the opponent was evidently known to Wonderland Productions as Zigong Lantern Culture Industry Group. Further, the evidence indicates that 'Zigong Lantern Group' was one of the names by which the opponent was known to Longleat, the Royal Zoological Society of Scotland, and readers of the article in the Courier about the event at Edinburgh Zoo*".

27. I agree with the Hearing Officer that it is clear from the evidence that the services related to the design, supply, importation, installation, maintenance and dismantling of lanterns were indeed provided by the Respondent. However, if I am wrong in the first section above in my assessment of the scope of the services undertaken by the Respondent and its group companies, it is entirely unclear to me whether any such wider services were provided by the Respondent, or by VYA Creative Lantern Company. It would have been very straightforward for Mr Yun to explain in his evidence precisely what was done by which company, but no such explanation was provided.

28. Again, adopting the approach in *Awareness Limited*, the Hearing Officer should have rejected the contention of the Respondent's provision of wider services as "insufficiently solid", rather than seeking to elide the activities of different group companies.

(3) Error of law as to date of assessment

29. The Appellant contends that the Hearing Officer wrongly used the filing date – 16 October 2021 – for the assessment of goodwill. It contends that the correct approach is to ask whether the Respondent could have prevented (by way of a passing off action) the Appellant's use of the

sign in the Application as at the filing date. That means, therefore, that it is necessary to identify the date of first use by the Appellant of the sign in the Application, and to assess the Respondent's goodwill as at that date.

30. I agree with the Appellant as to the law, but I do not believe that the Hearing Officer did in fact use the filing date as the date for assessment of goodwill. On the contrary, it is clear that he was well aware of the need to identify the date of first use by the Appellant, and did so. The Appellant contended below that its first use of the sign in the Application was in 2019. The Hearing Officer rejected that, and held at §46 that the Appellant's use of the sign on its own account was no earlier than April 2020. Save in one regard, there is no direct challenge to that finding. The only challenge made is to the hearing Officer's assessment, at §49, of the Appellant's evidence of alleged use of the sign prior to the filing date. He said "*I note that all bar one show a background display promoting Zigong Lantern Group as "the only American Owned Lantern Arts Company in the entire industry." This suggests that the applicants were pitching mainly to US participants. I conclude that the original applicant had not educated the relevant UK public by October 2021 to the perception that it was not, or was no longer, connected with the opponent*".

31. The Appellant contends that the above conclusion is speculative and was never put to the Appellant to address. That may be so, but I do not believe it made any difference to the outcome, because the Hearing Officer had a number of other reasons, summarised at §§46-49, for rejecting the contention that the Appellant used the sign earlier than April 2020, and it was a finding he was entitled to make.

32. Furthermore, it is clear from §29 that the Hearing Officer assessed the goodwill as at March 2020, i.e. shortly before the date of first use. At §35 he says "*I therefore find the evidence establishes to the required standard in civil proceedings (i.e. the balance of probability) that Zigong Lantern Culture Industry Group was distinctive of the opponent by April 2020 to, at least, a small number of trade customers in the UK*" (my underlining).

33. I therefore dismiss this ground of appeal.

(4) Conclusion that the use of shorter names was synonymous with the Earlier Sign

34. The Respondent's pleaded case was that it had goodwill in the name Zigong Lantern Culture Industry Group. The evidence submitted by the Respondent shows it trading under a variety of names, including Zigong Lantern Group, zglanterngroup.com (as a domain name), and the sign shown below.

35. The Hearing Officer records at §20 that he was "*told that the Chinese characters correspond to 'Zigong'*". In fact, the transcript of the hearing shows that this information was imparted to him, for the first time, during the hearing. I regard that as unacceptable – if the Respondent wished to contend that the Chinese characters correspond to 'Zigong', it could and should have included that in its evidence, rather than raising it for the first time at the hearing.

36. During the hearing below, the Hearing Officer noted that Exhibit F to the first statement of Mr Yun was the first instance in the evidence of use by the Appellant of the full name Zigong Lantern Culture Industry Group. As for the evidence showing use of the shorter name Zigong Lantern Group, the Hearing Officer said at §35 "*Anyone in the UK encountering that name would naturally take Zigong Lantern Culture Industry Group to be the longer, formal, version of the name of the same entity*". I suspect that the Hearing Officer is correct in that assertion, although the Appellant is also correct to say that no such assertion was pleaded, nor the subject of evidence or submissions. I would be reluctant to overturn the findings in relation to goodwill solely on such a pleading point, but the discrepancy between the pleadings and the evidence is another example of the inadequacies of the Respondent's evidence in relation to goodwill.

Conclusion in respect of s. 5(4)(a)

37. Given the above, I consider that the Hearing Officer's finding of goodwill in the name Zigong Lantern Culture Industry Group was rationally supportable in relation to the design, supply, importation, installation, maintenance and dismantling of lanterns by the Appellant (albeit that I am not sure I would have reached the same decision myself), but not in relation to any wider services. As such, the Hearing Officer's conclusions in respect of misrepresentation need to be revisited. Whereas it is not necessary for parties to share a common field of activity for a likelihood of misrepresentation to arise, Slade LJ in *Stringfellow v. McCain Foods (G.B.) Ltd.* [1984] R.P.C. 501 said "*the further removed from one another the respective fields of activities, the less likely was it that any member of the public could reasonably be confused into thinking that the one business was connected with the other*".

38. Looking at the list of services in the Application, it is easy to see that business consumers may be deceived into believing that the Appellant's *Staging of light entertainment productions; Entertainment in the nature of light shows* in Class 41 are provided by, or otherwise connected to, the Respondent, given its goodwill in relation the design, supply, importation, installation, maintenance and dismantling of lanterns. I am not persuaded, however, that a significant proportion of the Respondent's business consumers would be deceived in relation to, say *Planning and conducting of trade fairs, exhibitions and presentations for commercial or advertising purposes*, or indeed any of the other services in Classes 35 and 41.

39. As a result of the narrow breadth of the Respondent's goodwill, therefore, I dismiss the appeal in relation to *Staging of light entertainment productions; Entertainment in the nature of light shows* in Class 41, but allow it in relation to all other services.

40. I now turn to the grounds of appeal relating to the issue of bad faith.

(5) Vagueness of bad faith pleading

41. Before looking at the detail of this ground of appeal, it is necessary to consider the scope of bad faith in trade mark law, including the role of the pleadings. This issue was reviewed in some detail by the Court of Appeal in *Lidl Great Britain Limited & Or v Tesco Stores Limited & Or* [2022] EWCA Civ 1433. At §16, Arnold LJ set forth a number of points of principle, including:

- The concept of bad faith relates to a subjective motivation on the part of the trade mark applicant, namely a dishonest intention or other sinister motive. It involves conduct which departs from accepted standards of ethical behaviour or honest commercial and business practices;
- It is for the party alleging bad faith to prove it: good faith is presumed until the contrary is proved;
- However, where the court or tribunal finds that the objective circumstances of a particular case raise a rebuttable presumption of lack of good faith, it is for the applicant to provide a plausible explanation of the objectives and commercial logic pursued by the application;
- Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all the factors relevant to the particular case;
- For that purpose, it is necessary to examine the applicant's intention at the time the mark was filed, which is a subjective factor which must be determined by reference to the objective circumstances of the particular case;
- Even where there exist objective indicia pointing towards bad faith, however, it cannot be excluded that the applicant's objective was in pursuit of a legitimate objective, such as excluding copyists.

42. The Respondent's pleaded case in relation to s. 3(6) in its Amended Form TM7 Notice of opposition and statement of grounds[2] was:

> "The Applicant has had a business relationship with the Opponent for several years. Past agreements relating to the provision of services include the use of the Opponent's use of the mark "Zigong Lantern Culture Industry Group Co., Ltd".
>
> The registration of the mark will result in confusion and deception in the minds of the relevant customers; and/or enable the Applicant to stop the Opponent from using the mark for the relevant services; and/or trigger a connection in the minds of the relevant consumers between the Opponent's services and those of the Applicant to the detriment of the Opponent; and/or utilise the Opponent's reputation for the benefit of the Applicant, by taking unfair advantage of the prestige attached to the mark "Zigong Lantern Culture Industry Group Co., Ltd".
>
> As a consequence of the above knowledge, the Applicant's behaviour in registering the mark falls short of the standards of acceptable commercial behaviour meaning the application to register the mark was filed in bad faith as defined under s. 3(6) of the UK Trade Marks Act 1994".

43. Turning now to the specific criticisms raised by the Appellant in Ground 6, the Hearing Officer said at §5 of the Decision "*The opponent's pleading is not a model of clarity*". I agree. However, at §§52-53 he went on to say:

> "*Mr Wood submitted that it amounted to:*
>
> *a. The original applicant and the opponent had a business relationship;*

[2] The Respondent's original TM7 pleaded only the s. 5(4)(a) grounds, however nothing turns on this.

b. The registration of the mark will cause confusion and deception;

c. The registration of the mark will enable the current applicant to stop the opponent from using the mark for the relevant services;

d. The registration will trigger a connection in the public's mind to the detriment of the opponent;

e. The registration will utilise the opponent's reputation by taking unfair advantage of the prestige attached to the mark ZIGONG LANTERN CULTURE INDUSTRY GROUP CO., LTD.

53. I accept Mr Wood's submission accurately summarises the opponent's case".

44. I agree with both Mr Wood and the Hearing Officer that the above captures the gist of the Respondent's s. 3(6) case.

45. Are the allegations set forth in the Respondent's pleaded case capable of amounting to bad faith? In my view, they are. I point, by way of example, to the decision of Richard Arnold QC (as he then was) sitting as the Appointed Person in *Brutt Trade Marks* [2007] R.P.C. 19. In that case, the parties had been involved in a joint venture to manufacture and market products under various trade marks, all of which reflected the corporate name of the opponent. The opponent did not consent to the proprietor applying to register those marks, and the proprietor gave no explanation of the timing of its applications to register the marks. Richard Arnold QC said at §100:

> "*In short, I consider that this is a case of a party seeking to lay its hands on the trade marks of another party with whom it had contractual or quasi-contractual relations. As at June 29, 2000 the party which could properly have applied to register the Marks was Brutt Helical Kft. As a joint owner of that company through its parent TGH the proprietor would have been entitled to share in the benefit of the registrations, but instead TGH chose to sell its shareholding in Brutt Helical Kft. For the proprietor to attempt to monopolise the trade under the Marks by registering them in its own name was illegitimate*".

46. In my view, the allegations set forth in the Respondent's Amended TM7 are on all fours with those held to amount to bad faith in *Brutt Trade Marks*. Therefore, although the case could have been better pleaded, it is sufficiently clear to raise an arguable case of bad faith.

47. I turn now to the further criticism under this head, i.e. that the Hearing Officer constructed an arguable case of bad faith in the absence of any detail from the Respondent, and then found that the Appellant had not rebutted such a case in evidence. I have explained above that I consider the Respondent's bad faith case to be sufficiently pleaded. I further consider, as did the Hearing Officer, that the pleaded case sufficed to reverse the burden of proof, requiring the Appellant to provide a plausible explanation of the objectives and commercial logic pursued by the Application. The Hearing Officer held at §64 that it had not done so. The Hearing Officer's reasoning was two-fold. First, he rejected the Appellant's contention that the Respondent's business was confined to the supply of lanterns. As I have explained in the section above relating to passing off, I disagree with the Hearing Officer in that regard.

48. However, the Hearing Officer went on to make the following finding at §65:

> "*The current applicant points out that it and its predecessor have been using the contested mark, pre-dating the opponent's claimed first use in the UK according to Mr Corsa. However, the evidence does not bear this out. Further, the use the original applicant made of Zigong Lantern Group up until at least April 2020 was whilst it was promoting the opponent's business. It only started using the mark on its own account at some point after that. The first such documented use I can find is the agreement with Yorkshire Wildlife Park dated 14th August 2021. This is only about two months prior to the date of the trade mark application. But even if this type of use started before then, I do not accept that it was sufficient in nature (it was deceptive use) or length/scale (it was for a relatively short period and small scale) so as to justify the original applicant's application for registration*".

49. Mr Wood confirmed during the appeal hearing that the Appellant's only positive evidence seeking to rebut any inference of bad faith was the evidence relating to the Appellant's business prior to filing the mark, which was rejected by the Hearing Officer at §46 and §65. As I say at §30 above, that finding was not directly challenged on appeal, and is one that the Hearing Officer was entitled to make. Accordingly, the Hearing Officer was entitled to conclude that the Appellant had not rebutted the Respondent's *prima facie* bad faith case. I dismiss this ground of appeal.

(6) Hearing Officer permitted the Respondent to run an unpleaded argument

50. At §55 the Hearing Officer records that "*Mr Hands, for the opponent, submitted the evidence showed the original and current applicants were deliberately seeking to mislead the public. The application to register the contested mark was therefore an instrument of fraud*". It is true that it was nowhere pleaded that the Application was an "instrument of fraud". However, in the paragraphs setting forth his reasoning in relation to bad faith (§§58-67 of the Decision), the Hearing Officer makes no further mention of the concept of "instrument of fraud". Whereas I agree with the Appellant that it would have been illegitimate for the Hearing Officer to decide the case on such an unpleaded point, thereby "hijacking" the Appellant, I do not believe that that is what happened. Rather, it is clear to me that the Hearing Officer accepted the Appellant's summary of the Respondent's case as accurate, and decided it on that basis. I dismiss this ground of appeal.

(7) Hearing Officer made finding on basis of intention on part of Appellant, whereas the pleaded case relied upon an objective effect

51. I disagree with the Appellant's characterisation of the Respondent's pleaded case. It is tolerably clear to me that the wording "*As a consequence of the above knowledge, the Applicant's behaviour in registering the mark …*" is an allegation that the Appellant knew that, by filing the Application, it would cause confusion and deception etc. In my view, such an allegation goes well beyond one of mere objective effects, and amounts to one that the Appellant intended such outcomes, or at least went ahead with the application in the knowledge that it would result in such outcomes. I dismiss this ground of appeal.

(8) Awareness of the business of another and the potential for confusion or misrepresentation is not enough (of itself) to make an application in bad faith

52. I agree with the Appellant that the mere fact that a party may be aware of the business of another and the potential for confusion or misrepresentation is not enough (of itself) to make

an application in bad faith. However, that is not an accurate characterisation of the scenario in this case. It is common ground that, far from merely being aware of the Respondent's business, the Appellant was in a business relationship with it, with agreements relating to use of the Respondent's mark. As is clear from the decision in *Brutt Trade Marks* (discussed above at §45), a decision by a party to seek to "lay its hands on the trade marks of another party with whom it had contractual or quasi-contractual relations" can amount to bad faith, and that is a more accurate characterisation of the Appellant's conduct in this instance. I dismiss this ground of appeal.

Conclusion in respect of bad faith

53. Accordingly, I uphold the Hearing Officer's finding of bad faith in relation to the filing of the Application. However, the fact that a finding of bad faith has been made does not in and of itself mean that each and every one of the services applied for must be refused. The Hearing Officer held that the entire application should be refused, which was unsurprising given his characterisation of the breadth of the Respondent's business. However, as I have reached a different conclusion in that regard, it is necessary to revisit which of the services in the Application should be refused. It is difficult to see, for example, how a filing in relation to *Planning and conducting of trade fairs, exhibitions and presentations for commercial or advertising purposes* could impact upon the Respondent's business of designing, building, supplying, displaying and dismantling lanterns. As I see it, the impact on the Respondent's business will be the same as for the s. 5(4)(a) grounds. Accordingly, I dismiss the appeal in relation to *Staging of light entertainment productions; Entertainment in the nature of light shows* in Class 41, but allow it in relation to all other services.

Conclusion

54. The appeal is dismissed in relation to *Staging of light entertainment productions; Entertainment in the nature of light shows* in Class 41, but allowed in relation to all other services. The Application may proceed to registration for:

Class 35

Organisation of exhibitions and events for commercial or advertising purposes; Planning and conducting of trade fairs, exhibitions and presentations for commercial or advertising purposes; Advertising and promotion services; Promotion of special events; Planning and conducting of trade fairs, exhibitions and presentations for commercial or advertising purposes.

Class 41

Special event planning; Special event planning consultation; Entertainment services in the nature of arranging social entertainment events; Entertainment services in the nature of organizing social entertainment events; Planning and conducting of parties [entertainment]; Organizing cultural and arts events; Organization of shows for cultural purposes; Organising of shows for educational purposes.

Costs

55. Clearly, the Appellant has been the successful party in this appeal, although it did not fully succeed on all issues. I order that the Respondent should pay the Appellant 75% of £1,200 (i.e. £900) by way of costs of this appeal, comprising:

- Preparation of skeleton argument: £600; and

- Attendance at hearing: £600.

56. The Hearing Officer below awarded the Respondent £3,400 costs. I quash that order, and order that the Respondent should pay the Appellant 75% of £3,400, i.e. £2,550. The total costs award to the Appellant is accordingly £3,450, payable within 21 days.

Dr. Brian Whitehead

18 April 2024

Representation

Mr Aaron Wood, instructed by Dynham Ltd. for the Applicant / Appellant

Mr Lewis Hands of Handsome I.P. Ltd for the Opponent / Respondent