BL O/0534/25

IN THE MATTER OF APPLICATIONS NOS. UK00003602655 AND UK00003602719 BY ACCESSIBLE LABS LTD. FOR THE TRADE MARKS: **CNVRG CNVRG.IO**

AND OPPOSITIONS THERETO UNDER NOS. 600001955 AND 600001956 BY RUI QU (SHANGHAI) ENTERPRISE MANAGEMENT CONSULTING COMPANY LIMITED AND APPLICATION NO. UK00003594251 BY RUI QU (SHANGHAI) ENTERPRISE MANAGEMENT CONSULTING COMPANY LIMITED FOR THE TRADE MARK: **CNVRG** AND OPPOSITION THERETO UNDER NO. 425411 BY ACCESSIBLE LABS LTD

DECISION

INTRODUCTION

1. This is an appeal brought by the appellant (Rui Qu (Shanghai) Enterprise Management Consulting Company Limited) from the decision of the hearing officer dated 22 August 2023 whereby she held that the oppositions against UK trade mark application no. UK00003594251 ("the UK251 application") under section 3(6), section 5(1) and section 5(2)(a) succeeded either in whole or in part.
2. Although the opposition under Section 5(1) and 5(2)(a) was partial, the opposition under Section 3(6) was directed against the entire specification and succeeded in its entirety. As a result, the application was refused altogether. The effect was that the UK251 application was no longer an earlier mark and the appellant could no longer rely on it for the purpose of opposing the respondent's (Accessible Labs Ltd's) applications nos. UK00003602655 and UK00003602719. The overall result was that the respondent's applications could proceed to registration.
3. The UK251 application was filed on 11 February 2021 for the word mark **CNVRG** in respect of the following services:

Class 42: Technical research; quality assessment; chemical research; medical research; material testing; industrial design; interior design; computer software design; computer hardware design and development consulting; platform as a service (PaaS).

4. The proceedings relating to the marks had a complex history, recorded in the hearing officer's lengthy decision. The upshot was that the registration of the appellant's mark and the fate of the respondent's marks (which the appellant had opposed) depended on whether the UK251 application was valid.
5. The UK251 application claimed priority from a Chinese trade mark registration no. 48917642. At an earlier hearing, the Registrar had concluded that the priority date of 13 August 2020 claimed in respect of the UK251 application was only valid in respect of some of the services applied for (namely quality assessment; chemical research; medical research; material testing; industrial design; interior design).
6. In that earlier decision, the Registrar concluded that those services benefitted from a priority date which was earlier than the priority date of 10 December 2020 claimed in respect of the respondent's applications nos. UK00003602655 and UK00003602719. That meant that these were not earlier rights for the purpose of opposing those services in the UK251 application based on Sections 5(1) and 5(2) of the Act.
7. However, as the remaining services, namely technical research; computer software design; computer hardware design and development consulting; platform as a service (PaaS), did not benefit from a valid priority claim, those were objectionable under Sections 5(1) and 5(2), based on the respondent's earlier applications which were held entitled to claim a priority date of 10 December 2020 (earlier that the filing date, 11 February 2021, of the UK251 application).
8. The dispute between the parties therefore resolved into two broad questions. First, whether the UK251 application was objectionable because of the respondent's prior registrations for some of its scope and/or whether use of the mark would constitute passing off and, second, whether that mark would be invalidly registered for all of the services applied for on the grounds that it had been filed in bad faith.
9. In the proceedings before the hearing officer, the respondent was represented by CMS Cameron McKenna Nabarro Olswang LLP and the appellant by Dynham Limited. Both parties filed evidence but no hearing was requested and only the respondent filed written submissions in lieu. The hearing officer was therefore left to address the

evidence and arguments without significant assistance or any discussion of the points from representatives of either side.

10. By the decision under appeal, the hearing officer accepted the respondent's arguments on both sections 5(1) and 5(2). The section 5(4) ground was rejected on the basis that the respondent had not established sufficient goodwill in the UK at the filing date. However, the whole application was nonetheless held to have been filed in bad faith.
11. The appeal was heard online and I gave permission for oral submissions to be made from China by one of the appellant's directors. The respondent indicated that it only had representatives present as observers but did not object to this course. The respondent invited me to take account of the points made in its respondent's notice but, apart from that, made no submissions. The respondent's notice did not, in substance, raise any new or supplementary points but amounted to a summary of the reasons why the respondent contended that the appeal should be dismissed.
12. At the end of the hearing, I indicated that it may be appropriate to await the then anticipated decision of the Supreme Court in *SkyKick* in case the approach taken by the Supreme Court affected the evaluation of the bad faith objection in this case. Having considered the case again after the original hearing, it seemed more appropriate not to issue a decision in advance of the Supreme Court's decision in *SkyKick*. Judgment in *SkyKick* came down in late 2024 and the overarching point in this appeal on the issue of bad faith is now whether the hearing officer's decision is consistent with the law and approach to its application set out in *SkyKick*.
13. The leading judgment of Lord Kitchin in *SkyKick* ranged over a wide area and gave guidance which is not only of relevance to cases in which the allegation of bad faith arises from an overbroad filing. However, neither side submitted any further arguments in the light of that decision and I informed the parties that I would give a decision, unless either side indicated it wished to make any further submissions. No further submissions were made on the impact of *SkyKick* from either side. The consequence of the limited argument on this appeal (from either side) has been that more time has had to be spent considering the principles of bad faith in the light of the *SkyKick* decision.

STANDARD OF REVIEW ON APPEAL

14. This tribunal can only intervene if the hearing officer erred in law or in principle or reached a conclusion outwith a generous margin of factual re-evaluation (see for example: *Actavis Group PTC EHF v ICOS Corp* [2019] UKSC 15, at [78]-[81] and *Lifestyle Equities CV v Amazon UK Services Ltd* [2024] UKSC 8, at [46]-[50]). In particular, it is not sufficient for this tribunal to consider that it might have decided the matter differently. Cases of this kind involve the exercise of judgments on which, sometimes, reasonable people can differ but where the primary decision maker's conclusions are entitled to considerable respect. It is not permissible for this tribunal to overturn them in the absence of an error. I consider below how that approach applies to evaluations of bad faith of the kind in issue here.

THE SECTION 5(1) AND 5(2) OBJECTIONS

15. It is convenient first to address the more straightforward section 5(1) and 5(2)(a) objections and the appeal in relation to it. The opposition under this section was only brought in respect of certain services.

16. The hearing officer compared the goods and services at para. [85] of the decision and held as follows:

> "85. Both specifications contain the term platform as a service (PAAS); these services are self-evidently identical. Rui Qu's [the appellant's] computer software design is identical to Accessible Labs' [the respondents'] providing computer hardware and software design services. Rui Qu's computer hardware design and development consulting is similar to a medium degree to Accessible Labs' providing computer hardware and software design services because the services are provided in the same field, target the same users, have a similar purpose, share trade channels and are complementary. Rui Qu's technical research can include services in the fields of computer programming and development and are at least similar to a medium degree to Accessible Labs' design and development of computer software and systems as they coincide in their distribution channels, relevant public and commercial origin."

17. The appellant contends that this was wrong and that the services of technical research, computer software design, computer hardware design and development consulting and platform as a service "do not necessarily fall similar to those of the Respondent" (in the language of the Grounds of Appeal).

18. The basis for this contention is that the average consumer of the services in issue is the general public and the software services are generally specific with the purchaser being "meticulous enough to distinguish certain business from each other". It is said that, in this case, the intended consumer "can differentiate the Appellant's mark from those of the Respondent".
19. I do not accept those arguments. I cannot detect any error in this evaluation by the hearing officer, which was undertaken by reference to the relevant principles in the case law to which the hearing officer referred at paras. [78]-[83] of the decision. In particular, it seems to me correct that computer hardware design and development consulting services are similar (at least to a medium degree) and in part identical as the hearing officer said to the respondent's services of providing computer hardware and software design services. In so far as not identical, they are, as the hearing officer held, in the same field, target the same users, have a similar purpose, share trade channels and are complementary. There is no issue in this case (which arises in some disputes involving computer software or hardware) of the services in question being different because of the different and very specific categories of software related services provided under respective marks. In each case here, the specification of services is broad and general and, for the purpose of this opposition and appeal, it is necessary to compare the specifications over their whole width.
20. The hearing officer pointed out that the marks in question were identical (CNVRG) in each case and held that there was a likelihood of confusion. The Grounds of Appeal do not identify any other error in this evaluation which seems to me to be right in the result. Accordingly, this ground of appeal is not made out.
21. That is sufficient for the appeal to be dismissed in so far as it relates to the services in respect of which opposition is brought on this ground.

BAD FAITH

22. However, the appellant contends that the more comprehensive decision on bad faith was also wrong. That aspect of the case is more far-reaching and affects the whole of the UK 251 application. The issue of bad faith is more difficult, partly because of the way in which the arguments were developed both below and on appeal. In particular, the appeal raises the issue of how this tribunal should approach an appeal on the evaluation of bad faith (which was conducted by a hearing officer on the basis of limited evidence and materials) where the hearing officer has found that there were *prima facie*

grounds for considering that the application was made in bad faith but where an explanation was provided by the applicant which was found not to be credible. It also raises the issue of the relevance or otherwise of decisions of foreign tribunals addressing similar issues in parallel.

23. The hearing officer set out the law on bad faith as it stood prior to the Supreme Court's decision in *SkyKick* by reference to the formulation of the principles at [67] of the leading judgment of the Court of Appeal in that case. She then said at paras. [49]-[50] of the decision:

> "49. According to *Alexander Trade Mark*, BL O/036/18, the key questions for determination in a claim of bad faith are: (a) What, in concrete terms, was the objective that the applicant has been accused of pursuing? (b) Was that an objective for the purposes of which the contested application could not be properly filed? and (c) Was it established that the contested application was filed in pursuit of that objective?
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> 50. It is necessary to ascertain what the applicant knew at the relevant date: *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch). Evidence about subsequent events may be relevant, if it casts light backwards on the position at the relevant date: *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others*, [2009] RPC 9 (approved by the Court of Appeal in England and Wales: [2010] RPC 16)."

24. As to the standard of proof, the hearing officer reminded herself that an allegation of bad faith was a serious allegation "which must be distinctly proved, but in deciding whether it has been proved, the usual civil evidence standard applies (i.e. balance of probability)". She approached the case on the basis that it was not enough to establish facts which are as consistent with good faith as bad faith: *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch).
25. There was no cross-examination and no disclosure. For the purpose of resolving the good faith objection, the hearing officer had to determine on paper the appellant's intentions without them having been subjected to full challenge. As was said in *MR MIYAGI'S* (BL O/171/22, Geoffrey Hobbs QC, Appointed Person), that involved an acceptance on the part of the parties that the hearing officer was entitled to consider whether or how far the evidence presented on one side of the case had in significant

respects been disproved or displaced or outweighed by evidence presented on the other side of the case: *Williams v Canaries Seaschool SLU* (*CLUB SAIL Trade Marks)* [2010] RPC 32; BL O/074/10; at paras [37] to [41]).

26. The hearing officer undertook a detailed analysis of the history of the applications in the decision referring extensively to the evidence of Ms Young, Ms Smith and Mr Ettun for the respondent and Mr Fang for the appellant. Her evaluation focused on three things: first the timing and presumed knowledge of the respondent's use of the mark in other countries, second, the manner in which the application and parallel rights in other countries had been asserted by the applicant and, third, the findings of the Chinese trade mark authorities.

The Grounds of Appeal

27. The central argument made in this appeal on the issue of bad faith is that the evidential "bar" was set too low for such a finding. This ground is summarized as follows in the Grounds of Appeal:

> 20. The Appellant submits that the evidence filed by the Respondent did not reach the requisite threshold of proving that the filing of the application is made in bad faith.
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> 21. The settled case law determines that bad faith occurs when the applicant's conduct falls short of honest standards of acceptable commercial behaviour observed by reasonable and experienced persons in the particular field. Whether an applicant was acting in bad faith must be the subject of an overall assessment, considering all the factors relevant to the particular case. The intention of the Applicant at the date the application was filed is what is relevant. It will be argued that the intention of the Applicant in applying for the mark was honest and had a genuine plan to commence use.

28. There follow a number of references to the evidence and the points made there as to the appellant's intentions in filing the application.

29. It is, however, noteworthy that the appellant does not dispute the hearing officer's primary or secondary findings of fact in the decision. To the contrary, in paragraph 3 of the Grounds of Appeal (which were professionally drafted), the appellant states that it "does not dispute the Examiner's [sic] findings of fact in the Decision". This is important because, among the findings of fact made by the hearing officer, she held the following, based on her consideration of the evidence as a whole:

> "69. When one pieces all of this evidence together, the only conclusion that can be reached is that Rui Qui had no genuine business and no intention to use the mark CNVRG as a badge of origin in relation to any goods or services. Hence, I find that Rui Qu's UK application no. 3594251 was only an extension of his

malicious Chinese operation, which consisted in obtaining monopoly rights in relation to trade marks by registering them for the only purpose of threatening legitimate users of identical or similar trade marks to sue them in an attempt to extort some payments."

30. It should be emphasised that this finding of a lack of a genuine business and no intention to use the mark CNVRG was a finding with respect to business and intention to use in the United Kingdom.
31. The Grounds of Appeal do not set out any specific respect in which it is said that the hearing officer's decision fell into error, what the threshold should have been or which specific paragraphs of the decision show that the approach had not been properly applied, having regard to that. There is no ground advanced that it was impermissible for the hearing officer to have made the findings she did in the absence of cross-examination or that, in so far as the hearing officer made those findings of fact, they were not open to her on the evidence, taken as a whole. In those circumstances, it seems to me that the scope for an appeal on the footing that a finding of bad faith was not properly open to the hearing officer, is necessarily, limited.
32. However, the thrust of the argument from the Grounds of Appeal as a whole is this: the appellant had provided an explanation, by way of witness evidence, for the filing of the mark which should have been accepted and the hearing officer did not have a sufficient basis for rejecting that explanation. To that extent, it is said that the evidence did not meet the high standard required for a finding of bad faith.
33. An additional point not foreshadowed in the Grounds of Appeal but which appeared from the appellant's brief skeleton argument was that, in this case, it would have been appropriate to await the outcome of proceedings before the Chinese intellectual property authorities or courts on related trade marks and related grounds. This goes well beyond the Grounds of Appeal. However, since the hearing officer referred to these decisions, I deal with this point briefly at the end.

Approach to the appeal on bad faith

34. The general principles governing appeals of this kind are set out above. I further note that, in *SkyKick*, Lord Kitchin said that "any assessment of bad faith must depend very much on the particular facts and circumstances of each individual case" (at [151]).
35. In *SkyKick*, the Supreme Court restored the findings of the trial judge on the issue of bad faith. This tribunal should be cautious in overturning a finding of bad faith which

was made not only after consideration of all the evidence (and is not said to be factually incorrect in any respect) but which also accords with findings of foreign courts or tribunals as to overall result. Although, the hearing officer had to determine the allegation without the assistance of the full forensic arsenal (cross-examination, disclosure, and oral hearing at which arguments and points could be tested), in such circumstances, this tribunal would need to be clear that the hearing officer had approached the evaluation in a sufficiently erroneous way before overturning it.

Evaluation of the Grounds of Appeal - law

36. The starting point for evaluation of this appeal is now Lord Kitchin's judgment in the Supreme Court in *SkyKick*, in particular whether the approach taken by the hearing officer set out above was consistent with *SkyKick*.

37. *SkyKick* provides general and specific guidance. As to general approach, the purpose of the law on bad faith was stated by Lord Kitchin at [4] of *SkyKick:*

> "4. If…a person applies to register a mark without having made any use of it and without intending to use it in the course of trade in relation to the goods or services for which protection is sought, it may leave the trade mark system open to abuse. It may, for example, permit a person to apply to register a mark, not with the intention of using it to indicate the origin of any goods or services for which that person is responsible, but simply to block or undermine the otherwise innocent and unobjectionable activities of third parties."

38. Lord Kitchin explained the bad faith objection in a number of places including at [153]-[156] of *SkyKick* as follows:

> "153. Against this background, the essence of the objection that an application to register a mark was made in bad faith may be understood: it is that the motive or intention of the applicant was to engage in conduct that departed from accepted principles of ethical behaviour or honest commercial practices having regard to the purposes of the trade mark system which I have described. Whether the conduct was undertaken with that motive or intention and did indeed depart from such ethical behaviour or honest commercial practices must be assessed having regard to all the objective circumstances of the case: see, for example, *Koton Mağazacilik Tekstil Sanayi ve Ticaret AS v European Union Intellectual Property Office* (EUIPO) (C-104/18) EU:C:2019:724 ("*Koton*"), paras 46 and 47, to which I will come in a moment."

…

155. The circumstances which may justify a finding that an application to register a sign as a trade mark was made in bad faith have tended to fall into one of two categories (see, for example, *Koton* at para 46):

(i) where the application was made, not with the intention of engaging fairly in competition but with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties; or

(ii) where the application was made with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, in particular the essential function of indicating origin – and so enabling the consumer to distinguish the goods and services of one undertaking from others which have a different origin."

39. So far as relevant to the present appeal, the key parts of the judgment of Lord Kitchin summarizing the effect of the EU case law are at [240]:

"240. The general principles are these:

(i) It is an absolute ground of invalidity of an EU trade mark that the application for that registered mark was made in bad faith, and this ground may be relied upon before OHIM (or, now, the EUIPO) or by means of a counterclaim in infringement proceedings (*Lindt*, para 34).

(ii) The date for assessing whether an application to register an EU trade mark was made in bad faith is the date the application for registration was made (*Lindt*, para 35).

(iii) Bad faith in this context is an autonomous concept of EU law which must be given a uniform interpretation in the European Union, and must be interpreted in the context of Directive 89/104 in the same manner as in the context of Regulation 40/94 (*Malaysia Dairy*, para 29; Sky CJEU, para 73).

(iv) While, in accordance with its usual meaning in everyday language, the concept of bad faith presupposes the presence of a dishonest state of mind or intention, the concept must also be understood in the context of trade mark law, which involves the use of marks in the course of trade. Further, it must have regard to the objectives of the EU law of trade marks, namely the establishment and functioning of the internal market, and a system of undistorted competition

in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable consumers, without any possibility of confusion, to distinguish those goods or services from those which have a different origin (Lindt, para 45; *Koton*, para 45).

(v) Consequently, the objection will be made out where the proprietor made the application for registration, not with the aim of engaging fairly in competition but either (a) with the intention of undermining, in a manner inconsistent with honest practices, the interests of third parties; or (b) with the intention of obtaining, without even targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark, and in particular the essential function of indicating origin (*Koton*, para 46; Sky CJEU, para 75).

(vi) The intention of the applicant is a subjective matter, but it must be capable of being established objectively by the competent administrative or judicial authorities having regard to the objective circumstances of the case (*Hasbro*, paras 39 and 40; *Koton*, para 47).

(vii) The burden of proving that an application for a registered mark was made in bad faith lies on the party making the allegation. But where the circumstances of the case may lead to a rebuttal of the presumption of good faith, it is for the proprietor of the mark to explain and provide a plausible explanation of the objectives and commercial logic pursued by the application for registration (*Hasbro*, paras 42 and 43).

(viii) Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all of the factors relevant to the particular case (*Lindt*, para 37).

(ix) The applicant for a trade mark is not required to indicate or to know precisely when the application is filed or examined, the use that will be made of it (*Sky CJEU*, para 76; *Deutsches Patent-und Markenamt*, para 22).

(x) Nevertheless, the registration by an applicant of a mark without any intention to use it in relation to the goods and services covered by the registration may constitute bad faith where there is no rationale for the application in the light of the aims referred to in Regulation 40/94 and Directive 89/104 (*Sky CJEU*, para 77).

(xi) Such bad faith may, however, be established only where there are objective, relevant and consistent indicia tending to show that, when the application was filed, the applicant for registration had the intention either of undermining, in a manner inconsistent with honest practices, the interests of third parties, or of obtaining, without targeting a specific third party, an exclusive right for purposes other than those falling within the functions of a trade mark (*Sky CJEU*, para 77). (xii) It follows that the bad faith of the applicant cannot be presumed on the basis of a mere finding that, at the time of filing the application, the applicant had no economic activity corresponding to the goods and services referred to in the application (*Sky CJEU*, para 78).

(xiii) When the absence of an intention to use the mark in accordance with the essential functions of a trade mark concerns only certain goods or services referred to in the application for registration, that constitutes making the application in bad faith only in so far as it relates to those goods or services (*Sky CJEU*, para 81).

(xiv) If, at the end of the day, the court concludes that, despite formal observance of the relevant rules and conditions for obtaining registration, the purpose of the rules has not been achieved, and that there was an intention to take advantage of the rules by creating artificially the conditions laid down for obtaining the registration, this may amount to an abuse sufficient to find that the application was made in bad faith (see, for example, *Hasbro*, para 72).

(xv) Directive 89/104 does not preclude a provision of national law under which an applicant for registration must state that the mark is being used in relation to the goods or services in relation to which it is sought to register the mark, or that the applicant has a bona fide intention that it should be used, provided that infringement of such an obligation cannot constitute a ground for invalidity. It may, however, constitute evidence for the purposes of establishing possible bad faith on the part of the applicant when the application was filed (Sky CJEU, paras 86 and 87)".

40. This formulation of these general principles by the Supreme Court differs from the formulation of the Court of Appeal, which the hearing officer applied. However, nothing in the main judgment of the Supreme Court suggests that a situation which had been held to constitute bad faith (applying the Court of Appeal's formulation) should

not be treated as such in the light of the Supreme Court's decision, even for situations which do not involve over-broad specifications. To the contrary, the judgment of the Supreme Court in *SkyKick* indicates that the bar has been raised as to what may reasonably be expected of applicants for trade marks.

41. Lord Kitchin's judgment of the Supreme Court in *SkyKick* highlights that bad faith is an autonomous concept which must be understood in the light of trade mark law. It reinforces the EU case law to the effect that the essential function of a trade mark is to denote the origin of the goods and services to which it is applied or in relation to which it is used (and other legitimate functions of a trade mark such as the quality function, the investment function and the like). A key question is therefore whether the application was made in such a way as to accord with the essential functions or whether it the application amounted, in effect, to a form of abuse of the trade mark system – in this case, in the UK. Both the Supreme Court's and the Court of Appeal's formulations of the principles refer to *Koton* [46] for the proposition that bad faith can be established even in cases where no third party is specifically targeted, if the applicant's intention was to obtain the mark for purposes other than those falling within the functions of a trade mark.

42. As Lord Kitchin said in *SkyKick* at [182]:

> "It is necessary, however, to establish two core elements of the impugned activity to make good this objection to the validity of a registration, one objective and the other subjective. First, despite what may have been formal observance of the relevant trade mark rules, the applicant for the contested registration must have adopted a strategy which meant that the purpose of the rules was not met. Secondly, the applicant must have intended to obtain an advantage from the rules by artificially creating the conditions laid down for securing the registration. Of particular importance here may be whether the application was made with the intention of obtaining an exclusive right for purposes other than those falling within the functions of a trade mark"

43. Third, *SkyKick* notes that the application of the law presents evidential difficulties. It is rare that an opponent to a trade mark application mark will have direct evidence that the applicant intended to do so for reasons which do not accord with the proper objects of securing trade mark registration. Lord Kitchin said in *SkyKick* at [154]:

> "It may be very difficult for a claimant seeking a declaration of invalidity of a registered trade mark to prove the subjective intention or motive of the applicant

in filing the application to register that mark in respect of particular goods and services. Accordingly, from the earliest consideration of this issue by the CJEU, it has been recognised that this subjective aspect of the objection will generally have to be established by reference to what have been described as relevant, consistent and objective criteria."

44. In making the evaluation, a tribunal is bound to take the whole picture into account including not only what the applicant is likely to have known when applying for the mark in question but also what the applicant has later done and said with respect to the mark in question in drawing appropriate inferences. For example, as to post-application conduct, in *SkyKick* the Supreme Court regarded the conduct of Sky in defending the width of its specification and only at a late stage retreating to a narrower one as a relevant consideration. It may therefore be relevant to take into account the nature and manner of the assertion of an application or consequent registration or its equivalents in other jurisdictions. Whether there has been any business conducted under the trade mark in the UK is also a relevant consideration in evaluating the question of whether there was a bona fide intention to use the mark in the UK.

45. Fourth, as Lord Kitchin said in *SkyKick* at [235] and [252]:

> 235. I recognise that an inference that an application to register a trade mark was made in bad faith may be displaced by an explanation of an appropriate commercial rationale for making it. In my opinion, however, a failure to provide any satisfactory explanation may reinforce the inference and provide further support for a finding of bad faith.
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> …
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> 252. I recognise that such an applicant, when given an appropriate opportunity, may provide a reasonable explanation and justification for its actions and in that way answer and dispel any inference that it made the application in bad faith. If, however, it fails to do so, it is in my view open to the tribunal to find that the application was indeed made in bad faith in respect of those goods and services."

46. *SkyKick* therefore reinforced the importance of a satisfactory explanation for making a UK trade mark application in circumstances where an inference that the mark was applied for in bad faith appeared justified, prima facie. Key questions are therefore (a) whether an explanation was provided at all and (b) whether the hearing officer had sufficient basis to find that the explanation provided was unconvincing with respect to

motivation in applying for the mark and in particular intention to use it in the UK, taking the evidential picture as a whole.

47. As to that, the case law from the Court of Appeal prior to *SkyKick* suggests that where, in principle, evidence from those with knowledge of intention is available, it is reasonable to expect it to be adduced to rebut a prima facie case of bad faith. That proposition is supported by *Lidl Great Britain Ltd & Anor v Tesco Stores Ltd & Anor (Rev1)* [2024] EWCA Civ 262, where Arnold LJ said at [180] of one of the grounds of appeal (namely that it was not realistic for the judge to expect that either witness testimony or documentary evidence would be available to explain Lidl's intentions) that despite the passage of time, the applicants for registration were best placed to explain their intentions. The court expected a proper explanation.

48. In the light of these authorities, where there is evidence from which it is proper to infer that an application for registration has been made in bad faith (on the basis that it was not applied for to protect one or more of the legitimate functions of a trade mark) an applicant can reasonably be expected to provide a sufficiently coherent explanation for the application specifically in the UK including as to its scope. An applicant may be able to justify the application (including its scope) on the basis of credible evidence as to its purposes in making it, for example by reference to the width of the underlying business, actual or reasonably contemplated, which the trade mark is intended to protect. If no adequate or sufficiently credible explanation is provided or one which justifies the UK application, there may be a proper basis for a finding of bad faith in whole or in part.

49. Fifth, there is a range of situations in which a finding of bad faith will be appropriate in the light of the guidance in *SkyKick* and earlier case law, provided that the conditions set out there are satisfied. Some situations give rise to particular difficulties of evidential evaluation. Among them are circumstances in which an applicant seeks to register (or has registered) a mark which the applicant knew at the filing date had been adopted by another trader in another jurisdiction. The earlier case law on this subject, which has not been called into question by *SkyKick*, makes clear that mere knowledge of the fact that another undertaking had adopted and was using a mark in another jurisdiction does not automatically form a basis for a bad faith objection. In Case C-320/12 *Malaysia Dairy Industries*, the CJEU said that in order to permit the conclusion that the person making the application for registration of a trade mark was acting in bad faith, it was necessary to take into consideration "all the relevant factors specific to the

particular case which pertained at the time of filing the application for registration". The fact that the person making that application knows or should know that a third party is using a mark abroad at the time of filing his application which is liable to be confused with the mark whose registration has been applied for "is not sufficient, in itself, to permit the conclusion that the person making that application is acting in bad faith within the meaning of that provision" (see also *DAAWAT Trade Mark* [2003] RPC 11; BL O/265/02 (10 June 2002)).

50. It may be regarded as bad faith if a mark is applied for which such knowledge if (for example) that was done in order to secure a commercial advantage in negotiations or to block expansion into the UK market or for other reasons that fall below the standards of acceptable commercial practice.

51. However, where, for example, a business has been trading in a jurisdiction under a mark without registering it and it comes to its attention that another undertaking is trading in another jurisdiction using the same mark, the first trader may be justified in registering its own mark even though it would be doing so in the face of knowledge of a third party using the mark elsewhere and knowing (indeed intending) that doing so may make it harder for the foreign trader to register its own mark in the jurisdiction. In such a situation, there may, in given circumstances, be sufficient commercial justification based on genuine protection of the first trader's existing or reasonably contemplated business. Evaluation of whether the facts show that an applicant had fallen below the standards of acceptable commercial practice may therefore not always be easy to distinguish on the evidence.

Evaluation of the Grounds of Appeal – the hearing officer's decision

52. The hearing officer's decision involved a full analysis in the decision of (a) the appellant's likely knowledge of the use by the respondent of the CNVRG mark (and cnvrg.io) in other countries (b) the conduct of the applicant in approaching the respondent and its representatives (c) the credibility of the explanations provided by the appellant as to the grounds for making the application.

53. Having regard to the approach required on an appeal of this kind, in my view the hearing officer had a proper basis for a finding of bad faith. More specifically, in the light of the hearing officer's unchallenged findings of fact, a conclusion of bad faith was certainly open to her on the evidence.

54. My reasons are as follows, focusing on the key points which were put in various different ways.

55. First, the Grounds of Appeal state, correctly, that whether an applicant was acting in bad faith must be the subject of an overall assessment, considering all the factors relevant to the particular case. Evaluation of intention of the applicant at the date of the application is relevant. However, that is what the hearing officer did.

56. Second, the Grounds of Appeal say that it will be argued that the intention of the applicant in applying for the mark "was honest and had a genuine plan to commence use". In particular, the appellant claims in the Grounds of Appeal that it had legitimate proposed business activities under the mark and that the allegation of bad faith was not made out against that background. The Grounds of Appeal put the matter thus:

> 23. CNVRG®Business Service System" ("睿衢®商业服务系统" in Chinese) was how the Appellant had intended to use the mark with, before the Appellant came to know about the Respondent. The origin of the term "睿衢" corresponds to the English word "converge", because the meaning of the Chinese characters equates to "smooth flow" or "unobstructed flow,". This was the initial driver behind the conception of the name.

and later

> 30. Also, the Appellant submits that since December 2019, there have been delays in the progress of their business progress due to China's COVID-19 regulatory policies and movement restrictions. In December 2022, after the cancellation of China's epidemic regulatory policies, the Appellant immediately resumed the progress of the business which included the use of CNVRG. In present, the Appellant has gained recognition and investment interest from investment institutions and also established strategic partnerships with relevant business service agencies.
>
> 31. The "CNVRG Business Service System" which is developed by the Appellant is a large-scale international business project that requires the coordination of numerous commercial resources. The conception of the mark predates the Appellant's knowledge of the Respondent. It involves significant trade secrets between the Appellant and their business associates, and the Appellant's conduct had been within honest standards of acceptable commercial behaviour observed by reasonable and experienced persons in the particular field.

57. Again, the problem with this argument is that it is contrary to the facts (primary and secondary) found by the hearing officer which the appellant does not challenge on this appeal. Nor does it address the issue of intention to trade in the UK under the mark.

58. The hearing officer specifically found that the appellant's conception of the mark was unlikely to have predated the appellant's knowledge of the use by the respondent (or those associated with the respondent) of a CNVRG mark and that the appellant's business presented itself not as a "large scale international business project" but rather as business concerned with operating a "authorization and assistance platform".

59. In particular, the hearing officer said at para. [66]:

> "Even if the news of Intel acquiring Accessible Labs was announced on 4 November 2020, and Rui Qu's first Chinese applications for the mark CNVRG were filed nearly a year before that announcement, namely on 21 November 2019, Accessible Labs' evidence is that it started using the mark CNVRG and CNVRG.IO in 2017, three years before Rui Qu applied for the Chinese marks, which means that, given Rui Qu's subsequent actions, it is likely that when it applied for the Chinese marks, it knew of Accessible Labs' use of the sign CNVRG and CNVRG.IO in relation to its services."

60. This is an important part of the decision because it was a finding that the parallel Chinese marks (as well as the mark in issue) were applied for knowing of the respondent's prior uses of the sign CNVRG and CNVRG.IO. This aspect of the decision was based in part on unchallenged evidence from a senior executive of the respondent to the following effect:

> 3. Accessible Labs is a software development company founded in Israel in 2016. We operate the https://cnvrg.io/ website. We acquired the cnvrg.io domain name on September 2, 2016 and our website has been active at that address since 2017. I attach at **Exhibit YE1** the receipt for our purchase of the cnvrg.io domain name. I attach at **Exhibit YE2** print-outs of our website from the years 2018, 2019 and 2020 taken from the Wayback Machine website, operated by the Internet Archive. Since 2017 we have promoted and made available to our customers under the marks CNVRG and CNVRG.IO a full-stack data science platform and AI (artificial intelligence) operating system that helps businesses manage and scale AI. Our CNVRG.IO platform enables businesses to accelerate innovation and build high impact machine learning models.

61. As noted above, while it is not sufficient for an allegation of bad faith to be made out that an applicant knew of the use by a third party trader in another country, that was not the only basis for the finding of bad faith. In particular, the hearing officer went on to say at para. [68]:

"I also take into account the following facts:

(a) That Rui Qu presented its own business online as consisting of an operation aimed at providing an "open-source intellectual property system" to firms and demanders of trade mark rights;

(b) That by December 2020 Rui Qu owned over 260 Chinese trade mark registrations, 110 of which are for the mark CNVRG across 45 classes;

(c) That when Mr Feng replied to Mr Wang who said he was interested in buying the mark CNVRG, Mr Feng stated that he could authorise the trade mark usage right because he was trying to build an authorisation and assistance platform hence registering for all classes;

(d) There is evidence of Mr Feng approaching another company on behalf of Rui Qu which discloses a similar pattern of behaviour to that which I have described in relation to the correspondence sent by Mr Feng to Mr Ettun and Mr Lin, as further evidence of his continuing vexatious approach against legitimate owners of trade marks."

62. In forming an overall view, the hearing officer also analysed the exchanges of correspondence between the appellant and the respondent (or those acting for the respondent). In particular, the initial approach from the appellant after the respondent had been acquired by Intel was as follows:

> "Hello, I am the trademark holder of "CNVRG" in China. Recently, I received a number of urgent offers from foreign institutions to purchase this trademark, and today there were two more such organizations, which should be related to the acquisition of your company by Intel. I have no intention of adversely affecting your company by disposing of my assets. Therefore, before responding to the tender offer, I take the liberty to contact you. The specific information has been sent to your email."

63. The appellant says of this e-mail in the Grounds of Appeal that

> **26. The reminder email sent by the Appellant to Intel was a goodwill gesture in response to an inquiry regarding an unusual trademark acquisition. There was no intention to sell the trade marks. As mentioned above, the CNVRG series of trademarks are foundational assets prepared by the Appellant for their high-value business plans and were not offered for sale.**

64. The hearing officer recorded the evidence of Mr Feng, the CEO of the appellant, summarized by the hearing officer at para [53] of the decision as follows:

"i. Rui Qu's business "evolves around providing a commercial auxiliary service system across various industries and provide quality inspection, data support, packaging design services for private sector clients. The business model of providing convenient overseas operational support required [Rui Qu] to identify an English brand corresponding to the Chinese characters [corresponding to] "Rui Qu" (the name of the Opponent), meaning unobstructive, converging, profound and accessible";

ii. Rui Qu's business centred on the Chinese market which meant that their initial applications focused on the local Chinese Trademark Office ("CNIPA"). However, there are more than 30 million trade marks filed in China, and the number of registrations exceed 9 million times per year. Therefore, it is very difficult for Rui Qu to select a proper trade mark. Accessible Labs was not a factor in choosing CNVRG;

iii. In June 2019, Rui Qu had conducted clearance searches with an external company and among all English alternatives only "cnvrg" had made the most sense because [they] saw it as an abbreviation of CONVERGE, meaning many things coming together. Rui Qu was advised that the name CNVRG matched the meaning of "Rui Qu" and was free to be trade marked in China. On 21 November 2019, Rui Qu filed trade mark nos. 42509001 and 42518910 for the trade marks cnvrg and cnvrg.io to ascertain whether they could be successfully registered;

iv. On the day of the 42509001 and 42518910 Chinese applications were filed, Rui Qu had no knowledge of Intel's acquisition of Accessible Labs which was announced on 4 November 2020, well over a year after Rui Qu applied for its Chinese applications."

65. The hearing officer considered this evidence and the subsequent correspondence but she concluded that it was, in effect, not credible and that the material taken as a whole "undermines the credibility of Mr Feng's statement that the choice of the name CNVRG had nothing to do with the use of the same name by Accessible Labs." It is noteworthy that no evidence was provided of any actual business conducted under the marks CNVRG in the UK and, more generally, this evidence supports a finding that, whatever the position as regards intention to trade in China, there was no relevant intention to do so in the UK.

66. Having considered all the evidence and the chronology, the hearing officer said at [69]:

> "…When one pieces all of this evidence together, the only conclusion that can be reached is that Rui Qui had no genuine business and no intention to use the mark CNVRG as a badge of origin in relation to any goods or services. Hence, I find that Rui Qu's UK application no. 3594251 was only an extension of his malicious Chinese operation, which consisted in obtaining monopoly rights in relation to trade marks by registering them for the only purpose of threatening legitimate users of identical or similar trade marks to sue them in an attempt to extort some payments."

67. Although these were not perhaps findings of pure primary fact, they were findings of fact which are expressly not challenged on this appeal. They amount to findings that the UK251 application was made for improper or abusive purposes and therefore form a rational basis for the finding of bad faith which the hearing officer made.
68. It is against that background that I come to consider the way in which the points were further developed in the skeleton and at the hearing before reaching conclusions.

The appellant's further arguments at the hearing concerning its justification for the filing

69. The applicant's skeleton argument for the hearing before me makes points under two heads: (i) the reasons for the 251 application and (ii) points on the evidence and facts which overlap the points in the Grounds of Appeal. As to the former, the skeleton says this:

> **"Reasons for Registering the CNVRG Trademark in the UK**
>
> Since 2019, Rui Qu has been making preparations for the establishment of a business service system aimed at supporting the globalization of China's economy.
>
> As the UK is a core country in this system, it is necessary to register the corresponding trademark rights in advance (registered in Class 42 because we need to provide pioneering services for customers interested in participating in China's economic activities in the UK, such as APPs, software, SAAS, PAAS, quality inspection, etc.).
>
> In addition, the following preparations have been made:
>
> a) Designing the operating mechanism of the system based on the principles of openness, transparency, sharing, joint construction, convenience, and globalization.

b) Selecting "CNVRG" as a global free-sharing logo for the system and related services and products. We have registered related trademark rights in China, the European Union, and Australia, and will also register related trademark rights in other countries and regions.

c) Registering identically named intercontinental operating companies in the UK, the United States, and Singapore (CNVRG EUROPE LTD, registration number 13520300; CNVRG AMERICAS INC; CNVRG ASIA PACIFIC PET.LTD).

d) Rui Qu has been established investment and cooperation intentions with investors such as Shuimu Zhaoyuan Private Equity Fund Management Co., Ltd. (Chinese-funded) and SBI (Japanese-funded).

2. Reasons for Not Yet Conducting Business in the UK

a) Due to the impact of the COVID-19 pandemic, work progress was sluggish from December 2019 to 2 December 2022.

b) The core rights have been attacked due to trademark disputes.

c) There have been delays in selecting investment banks due to the limitations set by the fundamental principles."

70. These points are made on the basis of the evidence submitted by Mr Feng.

71. As to the evidence and facts, the appellant's skeleton says:

"The Evidence and Facts Evidence and Facts for Not Any Allegations of Malicious Registration:

1. Regarding Timing, Geography, Industry, and Confidentiality:

a) On November 21, 2019, Rui Qu first registered the trademark right for CNVRG in China. It was one year later, in November 2020, when Intel announced its acquisition of Accessible Labs.

b) Accessible Labs is an Israeli startup with no business operations in China and no business dealings with Rui Qu.

c) Rui Qu has no business dealings with Intel, and its acquisition business plan should have been confidential, unknown to the public.

2. From Subjective point of view: On November 22, 2020, Rui Qu received the first email from a self-claimed "Hong Kong Yuebei Li Company" intent on acquiring our

CNVRG trademark rights. After conducting some investigations on December 8, 2020, we sent an Informative Letter to companies including Intel and ICT (Philippines) in good faith, reminding them of malicious competition and offering them the convenience of free license of our trademark rights (as per our intended usage of the trademark rights). Even if we encounter the registration and attacks from Accessible Labs, if it meets our cooperation standards, we are still willing to provide it with free CNVRG trademark license.

3. Regarding Evidence: Several Chinese trademark rights trading platforms mentioned in the notarized materials submitted by Accessible Labs have all issued clarification documents, proving that the relevant listing situations were not commissioned by Rui Qu."

Discussion

72. Cases in which there are prima facie grounds for considering that there has been bad faith and in which no evidence is provided by the applicant to rebut that inference are comparatively straightforward. *Lidl v. Tesco* (referred to above) was an example of such a case. Cases of alleged bad faith are harder where the applicant for registration provides *some* explanation in a witness statement (including describing other activities they have conducted which are potentially consistent with an intention to trade in a given jurisdiction using a given mark).
73. In such cases, the task of the tribunal is to evaluate whether the applicant has provided sufficient material to address a prima facie case of bad faith.
74. I have therefore considered the evidence and the exhibits relied on by the hearing officer and the arguments made by the appellant (in the Grounds of Appeal and at the hearing).
75. Having done so, in my view the highest it could be put is that the picture which emerges is not quite as clear as the hearing officer thought it was. However, that is not the test for this tribunal in reversing her decision.
76. Taking the evidence as a whole, rather than considering the individual elements of the evidence in isolation, there was sufficient basis for the hearing officer's finding that the explanation put forward on behalf of the appellant for the filing of these marks was not sufficient to displace the inference that this was done in bad faith, for the reasons summarised in her decision and analysed above.

The relevance of the decisions of the CNIPA

77. Among the matters taken into account by the hearing officer were four decisions of the Chinese National Intellectual Property Office (CNIPA) which in substance had held that certain of the applicant's parallel Chinese marks had been wrongly applied for. For example, one of these decisions (SHANGPINGZI [2022] No. 0000019691) of the China National Intellectual Property Administration, dated 21 January 2022, contains the following passage (in translation):

> With regard to the second focus issue, the Article 44.1 of the Trademark Law refers to "obtaining registration by other improper means" which means that the registrant of the disputed trademark uses means other than deception to disturb the order of trademark registration, damage public interests, improperly occupy public resources or seek improper benefits in other ways. In this case, the disputed mark is identical with the Applicant's prior used mark "CNVRG". Moreover, besides the registration of the disputed mark, the Respondent also applied for No. 45836521 "古大湖", No. 42743798 "古大湖黑土地", No. 39418737 "SECBI", No. 39767886 "古大湖" in multiple classes like Classes 25, 33, 36, and 42, etc. the Respondent has neither sufficient evidence to prove its true intention to use the above-mentioned trademarks nor has it been able to provide a reasonable provenance. Its registration purpose can hardly be said to be justified. Based on that, the CNIPA holds that the registration of the disputed mark filed by the Respondent cannot be said to have real intention to use it, and it is obviously malicious and violates the principle of good faith., disrupts the management of trademark registration, and undermines the market order of fair competition. The registration of the disputed trademark constitutes the situation of "obtaining registration by improper means" referred to Article 44.1 of the Trademark Law.

78. The decision concerned an application in China by the respondent to this appeal which is referred to as the Applicant. The hearing officer said of these decisions:

> "58. In this case there are more than indicia of bad faith. There are actually four decisions of the China National Intellectual Property Administration office ("CNIPA") that, based on the evidence filed by Accessible Labs, have concluded that Accessible Labs' allegations that the purpose of Rui Qu's applications for the mark CNVRG was to hoard a large number of trade marks and seek opportunities to sell them at high price, were justified. Mr Feng did not respond to this evidence, nor did he deny it. Further, as far as I am aware, no appeal has been filed against any of CNIPA's decisions.
>
> 59. Admittedly, the law that is most relevant to the question CNIPA had to decide is Article 44.1 of the Chinese Trade mark Law which does not use the term "bad faith" but refers to "obtaining registration by other improper means". However, in its decisions, CNIPA explained that Article 44.1 means that the registrant of the disputed trade mark "uses means other than deception to disturb the order of trade mark registration, damage public interests, improperly occupy public resources or seek improper benefits in other ways", all concepts that imply bad faith. This was confirmed by CNIPA's finding that Rui Qu's applications were "obviously malicious and violate[d] the principle of good faith, disrupt[ed] the management of

trademark registration, and undermine[d] the market order of fair competition" and that the registration of these marks constituted "the situation of "obtaining registration by improper means" referred to Article 44.1 of the Trademark Law". Consequently, the ratio behind Section 3(6) of the Act and Article 44.1 of the Chinese Trade mark Law is the same, namely to prevent registration of trade marks that are malicious and violate the principle of good faith."

79. I was not specifically addressed on whether it was appropriate to take these findings of CNIPA into account. There are well known difficulties in an English tribunal taking account of findings of fact of foreign courts or regulatory bodies on different evidence. That is all the more so, where the legal test applied is not the same. Nonetheless, the hearing officer clearly regarded these as of some significance.

80. It is not said by the appellant on this appeal that the hearing officer was wrong to refer to these at all. It seems to me that it is not inappropriate in principle for the Registry to take account of decisions of foreign tribunals in the context of deciding, on the evidence taken as a whole, whether there is a proper basis for an inference that there was bad faith requiring a cogent explanation to rebut it so long as these do not form the sole basis for a decision.

81. It was said in the appellant's skeleton on this appeal that "If the decision is to be based on the decision of the Chinese litigation, the UK appeal decision should be made according to the conclusion of the Chinese lawsuit." I have not been provided with any material suggesting that subsequent events have fundamentally altered the position in China with respect to the Chinese marks. More importantly, even if that were the case, the hearing officer's decision was based on the evidence in the present case and not on the outcome of the CNIPA cases. Accordingly, I do not consider that the hearing officer was wrong to refer to these decisions but equally, I do not think they are of sufficient relevance to require any subsequent proceedings in China (if any) to be taken into account in resolving this appeal.

Conclusion on bad faith

82. Given that the findings of fact on bad faith were not challenged and the approach taken by the hearing officer to the determination of bad faith accords with the approach taken by the Supreme Court in *SkyKick*, the bad faith ground of appeal fails as well.

Respondents notice

83. In the light of my conclusions, the points made in the respondent's notice do not arise.

OVERALL CONCLUSION

84. The appeal will be dismissed.

COSTS

85. In my view there should be no order as to costs of this appeal. The respondent attended only as an observer and did not file any skeleton argument. The respondent's notice was in the event superfluous. The decision as to costs below will stand and should be paid within 14 days.

DANIEL ALEXANDER KC
APPOINTED PERSON

12 June 2025