

**BL O/1105/24**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF UK TRADE MARK  
APPLICATION NO. 3831725 FOR “CINO CLEANO”  
IN CLASS 3 IN THE NAME OF CAFETTO PTY LTD**

**AND IN THE MATTER OF OPPOSITION  
OP000438030 BY LI CHANGQING**

**AND IN THE MATTER OF UK TRADE MARK  
REGISTRATION NO. 3770828 FOR  
“CINO CLEANO” IN CLASS 3  
IN THE NAME OF LI CHANGQING**

**AND IN THE MATTER OF APPLICATION FOR  
INVALIDATION NO. CA000505638 BY CAFETTO  
PTY LTD**

**AND IN THE MATTER OF AN APPEAL FROM THE  
DECISION OF MS S WILSON DATED 8 MAY 2024**

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**DECISION**

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1. This is an appeal from the decision of Ms S. Wilson (the “Hearing Officer”), BL O/0419/24, dated 8 May 2024, in which she invalidated the earlier mark of Mr Li Changqing (“Mr Li”) and rejected his opposition to the trade mark application made by Cafetto Pty Ltd (“Cafetto”)

**Background**

2. Cafetto filed its trade mark application on 21 September 2022. The trade mark it sought to register consisted of the words CINO CLEANO and the specification was for products in Class 3, namely *Cleaning products in this class including chemical cleaning preparations cleaning coffee brewing and dispensing equipment.*

3. On 14 December 2022 Mr Li opposed Cafetto's trade mark application on the basis of his own earlier registered UK mark No. 3770828 which also was a word mark for CINO CLEANO. That Mark had been filed on 28 March 2022 and registered on 17 June 2022, and the goods for which it was registered were virtually identical to those covered by Cafetto's specification.
4. Also on 14 December 2022, Cafetto applied to invalidate Mr Li's Mark, pursuant to:
  - 4.1 s5(4)(a) of the 1994 Act, based upon Cafetto's claim to own goodwill arising from its earlier use of the sign CINO CLEANO in the UK since August 2021; and
  - 4.2 s 3(6) of the Act, on the basis of Mr Li's inferred knowledge of Cafetto's earlier use of the sign CINO CLEANO when he applied for his Mark.
5. At that stage, Mr Li was professionally represented by Pawel Wowra of BIP Solutions, who filed the TM7 in the opposition proceedings and the TM8 in the invalidation proceedings on Mr Li's behalf. In the TM7, Mr Li claimed that it was obvious that Cafetto had copied his earlier application, given the identical mark and identical or highly similar specification. In the TM8, Mr Li stated that he had been using his own mark, though he gave no details of such use.
6. The opposition and invalidation proceedings were consolidated. Cafetto filed a witness statement from its director, Mr Christopher Short. No evidence was filed on behalf of Mr Li.
7. A hearing was fixed and took place by video conference on 8 April 2024. A skeleton argument was filed in advance of the hearing by Cafetto's professional representatives, who attended the hearing, but no skeleton was filed on behalf of Mr Li, nor did anyone appear at the hearing on his behalf.
8. The Hearing Officer made the following findings, so far as pertinent to the appeal:
  - 8.1 She considered the invalidation application first.
  - 8.2 For the purposes of the objection under s 5(4)(a), as Mr Li had not filed evidence of use of his mark prior to his trade mark application, the Hearing Officer found

that the relevant date at which to consider the question of Cafetto's claim to goodwill was the date of Mr Li's trade mark application, 28 March 2022.

- 8.3 She found that Cafetto had proved that it had a protectable goodwill for coffee machine cleaning products at the relevant date.
  - 8.4 Given the identity of the trade marks and of the goods, she found that, as at the relevant date, use of Mr Li's Mark would have misled the public, so that the application for invalidation based on section 5(4)(a) succeeded.
  - 8.5 The Hearing Officer went on to consider the further ground of invalidation based on section 3(6). She noted the unchallenged evidence filed by Cafetto that Mr Li or those connected to him had been selling goods under the registered mark in almost identical packaging to that used by Cafetto. Without evidence rebutting Cafetto's version of events, she found that Mr Li had applied for his Mark in bad faith.
  - 8.6 The invalidation proceedings having succeeded, the opposition against Cafetto's application inevitably failed.
9. Mr Li appointed new professional representatives, LangPatent UK Services Ltd. They filed an appeal. The Grounds claimed:
- 9.1 there was evidence that Mr Li had used the sign CINO CLEANO prior to filing his trademark application, in 2015, prior to Cafetto's use of the same sign, thus giving an earlier date for assessing the existence of a passing off right;
  - 9.2 screen shots from pages on Amazon.co.uk showing such use were included in the Grounds;
  - 9.3 the Grounds stated "*Only due to a misunderstanding between the former representative of [Mr Li] and [Mr Li] it was not possible to provide this evidence of the highest relevance to the matter in advance. In fact [Mr Li] was not informed that [Cafetto] based the invalidity on passing-off-rights and especially no information about the alleged start of use by [Cafetto] was not forwarded to [Mr Li].*"

- 9.4 the Hearing Officer had erred in finding that Cafetto had goodwill, because of the limited evidence of use provided by it, and
- 9.5 the Hearing Officer had erred in finding that Mr Li had registered his mark in bad faith, given his claimed earlier use of the Mark. The competing sales which the Hearing Officer relied upon were not connected to Mr Li.
10. Cafetto filed a Respondent’s Notice, objecting to the inclusion of the evidence provided in the Grounds of Appeal, and seeking an order for security for its costs.
11. On 30 July 2024 I gave directions as to the filing of any additional evidence on the appeal, and Mr Li provided a witness statement including much the same information as that provided in the Grounds of Appeal as to the sale of goods on Amazon.co.uk. as well as some further information. However, he did not provide evidence supporting the rebuttal in the Grounds of Appeal of the Hearing Officer's finding that he was connected to the competing sales of what appear to be counterfeit goods, namely coffee machine cleaning tablets sold under the CINO CLEANO mark in packaging identical to that used by Cafetto.
12. On 29 August 2024 I made an order that Mr Li should provide security in the sum of £4000 for the costs of the appeal. He did so.
13. The appeal was heard before me, remotely. Mr Li was represented by Dr Johannes Kakoures of LangPatent UK Services Ltd and Cafetto was represented by Nick Zweck of counsel, instructed by Withers & Rogers LLP. Both of them provided me with skeleton arguments in advance of the hearing for which I am grateful.

### **Standard of appeal**

14. The standard of an appeal of this nature is well-established and not contentious. The Opponent referred me, for example, to the principles stated by Sir Anthony Mann in *Stitch Editing v TikTok* [2023] EWHC 1167(Ch). In addition, it is helpful to bear in mind the summary by Arnold LJ in *Lidl Great Britain Ltd v Tesco Stores Ltd* [2024] EWCA Civ 262, [2024] ETMR 25, where he said:

“110. It is common ground that, in so far as the appeals challenge findings of fact made by the judge, this Court is only entitled to intervene if those findings are rationally insupportable: *Volpi v Volpi* [2022] EWCA Civ 464; [2022] 4 W.L.R.

48 at [2](v) (Lewison LJ). Equally, it is common ground that, in so far as the appeals challenge multi-factorial evaluations by the judge, this Court is only entitled to intervene if the judge erred in law or principle ...”

15. A decision may be rationally insupportable “by reason of an identifiable flaw in the treatment of the question to be decided, such as a gap in logic, a lack of consistency, or a failure to take into account a material factor, which undermines the cogency of the conclusion, or for being contrary to principle or plainly wrong.”*per* Mr. Geoffrey Hobbs KC in paragraph [10] of his Decision in *LADY LOUISA WATERFORD TM* (O-0646-24). Mr Hobbs added at paragraph [19] “In order to maintain the required distance between the role of decision taker at first instance and decision taker on appeal, it is necessary for this Tribunal to proceed on the basis that the Decision below should stand unless the matters on which the Opponent relies are by force of what they reveal sufficient to establish — to the standard indicated in para. [10] above — that the Decision is vitiated by error.”
16. I bear these points above in mind on this appeal.

### **Merits of the appeal**

17. I think that it was common ground that Mr Li's challenge to the findings in relation to the s 5(4)(a) and s 3(6) objections was based primarily upon the “evidence” which was included in his Grounds of Appeal and then supported by his witness statement of 31 July 2024.
18. However, there are significant hurdles in the way of an appellant who seeks to rely upon fresh evidence on an appeal. The principles governing the admission of fresh evidence on appeal were summarised by Henry Carr J in *Consolidated Developments Ltd v. Cooper* [2018] EWHC 1727; [2019] F.S.R. 2:

"33. The cases to which I have referred establish the following principles in respect of the admissibility of fresh evidence in trade mark appeals, sought to be introduced for the first time on appeal:

  - i) the same principles apply in trade mark appeals as in any other appeal under CPR part 52 . However, given the nature of such appeals, additional factors may be relevant;

- ii) the *Ladd v Marshall* factors are basic to the exercise of the discretion, which are to be applied in the light of the overriding objective;
- iii) it is useful to have regard to the *Hunt-Wesson* factors;
- iv) relevant factors will vary, depending on the circumstances of each case. Neither the *Ladd v Marshall* factors nor the *Hunt-Wesson* factors are to be regarded as a straightjacket;
- v) the admission of fresh evidence on appeal is the exception and not the rule;
- vi) the *Gucci* decision does not establish that the Court or the Appointed Person should exercise a broad remedial discretion to admit fresh evidence on appeal so as to enable the appellant to re- open proceedings in the Registry; and
- vii) where the admission of fresh evidence on appeal would require that the case be remitted for a rehearing at first instance, the interests of the parties and of the public in fostering finality in litigation are particularly significant and may tip the balance against the admission of such evidence."

19. The three conditions in *Ladd v. Marshall* [1954] 1 WLR 489 were identified by Denning LJ at p.1491:

"In order to justify the reception of fresh evidence or a new trial, three conditions must be fulfilled: first, it must be shown that the evidence could not have been obtained with reasonable diligence for use at the trial: second, the evidence must be such that, if given, it would probably have an important influence on the result of the case, though it need not be decisive: thirdly, the evidence must be such as is presumably to be believed, or in other words, it must be apparently credible, though it need not be incontrovertible."

20. Additional factors pertinent to trade mark cases were set out in *Hunt-Wesson Inc's Trade Mark Application* [1996] 1 RPC 233 at 242: (a) the nature of the mark; (b) the nature of the objection to it; (c) whether or not the other side will be significantly prejudiced by the admission of the new evidence in a way which cannot be compensated, for example, by an order for costs; (d) the desirability of avoiding multiplicity of proceedings; and (e) the public interest in not admitting onto the Register invalid marks.

21. At the hearing of the appeal, Dr Kakoures accepted (quite rightly) that the evidence in

Mr Li's statement could have been made available before the Hearing Officer. He could give no explanation for the failure to file that evidence at first instance, save that Mr Li's previous representatives had not given him the necessary information or advice. The evidence plainly fails the first test in *Ladd v Marshall*.

22. There are further problems with Mr Li's evidence. There is nothing in the Amazon documentation which links the product shown there to Mr Li. Although he states in the body of his witness statement that the goods were his, he did not produce any evidence other than those Amazon web pages to prove the sale or supply of any of any goods under the CINO CLEANO mark in the UK at any time before Cafetto's claimed first use in the UK. I do not consider that the extract from an Amazon.co.uk page which suggests that those goods were first made available in September 2015 is sufficient (without more) to prove that from that time Mr Li was offering goods for sale in the UK under the disputed mark. He did provide a document in Chinese characters with an English translation (which is rather odd and is not certified by a translator) which he said was an agreement which he had entered into in March 2013 with a Taiwanese marketing agency relating to the Cino Cleano brand name. However, it is unclear if the agreement is relevant at all to the date when Mr Li may have commenced trading under the mark in the UK, or quite what was the purpose of that agreement. In my judgment, his evidence is very weak and so fails the second *Ladd v Marshall* test too.
23. Moreover, as Cafetto submitted, permitting that evidence to be adduced on appeal would have significant ramifications. The proceedings would certainly have to be remitted to the UKIPO, and further rounds of evidence would be needed. Cross-examination of Mr Li might also be required, especially as his witness statement did not rebut the important point going to bad faith mentioned at paragraph 8.5 above. All of this would cause injustice to Cafetto, not simply compensatable by an award of costs. The evidence therefore also fails the third *Ladd v Marshall* test.
24. Taking each of those factors as well as the *Hunt Wesson* factors into account, I have concluded that I should not permit Mr Li to adduce his fresh evidence on the appeal.
25. Without the fresh evidence, Mr Li cannot challenge the Hearing Officer's finding that the relevant date for the assessment of Cafetto's goodwill was the date of his own trade

mark application.

26. There was a further point on s 5(4)(a), not dependent upon any evidence from Mr Li, but pertaining to Cafetto's evidence. Mr Li contended that the Hearing Officer had wrongly found that Cafetto had goodwill at the relevant date, given the paucity of the evidence before her. The Grounds of Appeal pointed out that the finding of goodwill was made without the Hearing Officer knowing the size of the relevant market, the geographical spread of Cafetto's sales or any other relevant market data.
  
27. There is some force in the points made in the Grounds of Appeal as to the circumstances in which the Hearing Officer made her finding that Cafetto had such goodwill. However, the Hearing Officer acknowledged at paragraph 20 of the decision that the evidence before her was "thin" and that sales were on a small scale. She stated, correctly, that small businesses may gain protection from the law of passing off, although that law does not protect a goodwill of merely trivial extent. Her conclusions were set at paragraph 21 of the decision:

“21. It is, therefore, for me to decide whether [Cafetto] has established that it had a protectable goodwill at the relevant date or whether any such goodwill was of only a trivial extent. This involves looking at the evidential picture as a whole. There is only use over an 8-month period prior to the relevant date, and I have limited evidence of promotional activities. However, during that 8-month period, [Cafetto] has made sales of approximately £43,000, with sales being made (and increasing in value) throughout that period. I bear in mind that these goods are relatively low cost (with £12,000 equating to the sale of 5,000 units, as noted above). I have no evidence before me as to the size of the market for coffee machine cleaning products in the UK. However, it seems likely to me that it will be reasonably small. On balance, I consider that [Cafetto] has done enough to demonstrate a protectable goodwill for coffee machine cleaning products at the relevant date.”
  
28. It can be seen at the Hearing Officer considered precisely the points which Mr Li has raised in the Grounds of Appeal as to the difficulty of assessing goodwill on the basis of the limited evidence provided by Cafetto. She acknowledged that the evidence was

incomplete but did the best that she could with the evidence that she had, and came to a conclusion which was, in my view, open to her. It does not seem to me that Mr Li has identified any error on the part of the Hearing Officer, nor that the conclusion which she reached was rationally insupportable. I therefore reject this Ground of Appeal.

29. The third element of the Grounds for Appeal was the challenge to the finding that Mr Li applied for his mark in bad faith. This turned upon the points which I have already discussed as to the date when Mr Li first sold goods under the disputed mark in the UK. Without the benefit of the fresh evidence which he sought to adduce and which I have not permitted to be adduced on this appeal, this point cannot be supported on the appeal. I dismiss this ground also.
30. Cafetto invited me to make an award of costs against Mr Li off the usual scale, on the basis that Mr Li's conduct in seeking to introduce new evidence on the appeal had generated significant and unnecessary costs. It does seem to me that this appeal was launched without any consideration as to whether it would be possible to adduce the necessary fresh evidence on the appeal. It was only after I gave directions as to the filing of evidence that Mr Li provided his witness statement and, as I have said, that statement did not support all of the factual contentions made in the Grounds of Appeal, but failed to deal with one significant factual aspect of the case.
31. I have a discretion to award off-scale costs where a party has behaved unreasonably or engaged in an abuse of process. This appeal may have been lacking in merit, yet it remains, in most respects, a typical appeal and I do not consider the Appellant's conduct justifies off-scale costs. On the other hand, I do consider that Cafetto is entitled to a higher than usual costs award – at the top end of the scale - in recognition of the amount of work it was required to undertake as a result of Mr Li's conduct on the appeal and in particular as a result of the attempt to rely upon the fresh evidence. I consider it right to reflect Cafetto's costs in dealing with the fresh evidence, including the work done on that point in preparation for the hearing of the appeal. I consider that a further sum should be allowed given Cafetto's successful application for security for costs.
32. I have been provided with some documentation as to the costs which have been incurred by Cafetto which I found rather confusing. I indicated at the hearing of the appeal that

if I was minded to award costs off the scale, I would require better evidence from Cafetto as to the amounts of costs it claimed. However, I do not consider that I need more detail of its costs in order to make the level of costs award I have in mind, as it is clear to me that Cafetto has incurred costs well above the level of costs I am minded to award.

33. I will order Mr Li to pay Cafetto the sum of £6,000 in respect of its costs of the appeal and the application for security for costs, such sum to be paid, together with the costs ordered to be paid by the Hearing Officer, making a total of £8,300. The £4000 held as security for costs may be released to Cafetto. Mr Li shall pay the balance of £4,300 by 4 pm on 11 December 2024.

Amanda Michaels  
The Appointed Person  
20 November 2024