

**TRADE MARKS ACT 1994**

**IN THE MATTER OF REGISTRATION No. 2144319  
IN THE NAME OF HOO HING HOLDINGS LIMITED**

**AND IN THE MATTER OF AN APPLICATION FOR A DECLARATION OF  
INVALIDITY THEREOF UNDER No. 81958  
BY TRESPLAIN INVESTMENTS LIMITED**

**AND IN THE MATTER OF AN APPEAL TO THE APPOINTED PERSON  
BY THE APPLICANT  
AGAINST A DECISION OF MRS A. CORBETT DATED 12 AUGUST 2013**

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**DECISION**

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**Introduction**

1. This is an appeal against a decision of Mrs Ann Corbett, the Hearing Officer acting on behalf of the Registrar, dated 12 August 2013, and issued under reference number BL O/322/13.
2. In that decision, Mrs Corbett rejected an application for a declaration of invalidity brought by Tresplain Investments Limited (“the Applicant”) under Sections 47(2)(b) and 5(4)(a) of the Trade Marks Act 1994 against UK Registration number 2144319 standing in the name of Hoo Hing Holdings Limited (“the Registered Proprietor”).
3. UK Registration number 2144319 is for the figurative trade mark represented below in Class 30 for rice:



4. The mark in suit was applied for on 8 September 1997, and entered on the Register on 2 July 1999.

### **History of the present proceedings**

5. The application for a declaration of invalidity was filed under number 81958 by the Applicant on 3 December 2004.
6. At that point of time, the Applicant claimed that the mark in suit was invalid because it had been registered contrary to Section 5(2), 5(3) and 5(4)(a) of the Act (Section 47(2)(a) and (b)).
7. The Section 5(2) and 5(3) grounds were based on the Applicant's CTM Registration number 241810, filed on 29 April 1996 and registered on 4 February 1999 for the figurative trade mark shown below in Class 30 for rice:



8. The Applicant's Section 5(4)(a) claim was based on alleged earlier unregistered rights in its GOLDEN ELEPHANT BRAND figurative mark shown above.
9. On 5 August 2005, the Registered Proprietor applied at OHIM to declare invalid the Applicant's CTM number 241810 on grounds including conflict with the Registered Proprietor's alleged earlier non-registered rights in the UK in the mark in suit under Article 8(4) of Council Regulation (EC) 40/94 (now Council Regulation (EC) 207/2009).
10. Although rejected at first instance (Decision of the OHIM Cancellation Division, 16 April 2007), the Registered Proprietor's claim pursuant to Article 8(4) was upheld on appeal to the OHIM Board of Appeal (Case R 889/2007-1, 7 May 2008), the General Court (Case T-303/08, 9 December 2010) and the Court of Justice (Case C-76/11 P, 29 November 2011), when CTM Registration number 241810 was finally declared invalid.
11. In essence, the appeal courts in the EU proceedings confirmed that the Registered Proprietor had succeeded in establishing not only use of more than mere local significance but also protectable goodwill in the mark in suit for rice in the UK at the time of filing of the Applicant's CTM number 241810 (29 April 1996), and that use of the Applicant's CTM number 241810 could have been prevented in the UK through the law of passing off.

12. During the OHIM and CJEU proceedings concerning the Applicant's CTM number 241810, the UK invalidity proceedings were stayed by the Registry.
13. When the UK invalidity proceedings were resumed, the Applicant sought leave to amend its application for invalidity. The Applicant's request to add a ground based on a well-known mark under Section 6(1)(c) of the Act was refused by the Registrar, and its request to add a ground alleging bad faith under Section 3(6) was not pursued. At the case management hearing below, the Registrar ordered the Applicant to pay security for costs for the invalidation application in the sum of £2,000.
14. The invalidation application came to a hearing before Mrs Ann Corbett on 22 April 2013, at which the Applicant was represented by Mr. Julius Stobbs, instructed by Stobbs, and the Registered Proprietor was represented by Mr. Michael Edenborough of Queen's Counsel, instructed by Page Hargrave.
15. Mrs Corbett decided the sole remaining ground for invalidity under Section 5(4)(a) of the Act against the Applicant. Her primary finding was that the Applicant had failed to establish protectable goodwill in the GOLDEN ELEPHANT BRAND figurative mark for rice in the UK at the application date of the mark in suit, namely 8 September 1997. Alternatively, if she were wrong in her primary finding, the Registered Proprietor had established by that date, independent goodwill in the UK in the mark in suit. She ordered the Applicant to make a contribution towards the Registered Proprietor's costs of successfully defending the application in the sum of £2,300.

**The appeal and security for costs for the appeal**

16. On 10 September 2013, the Applicant filed Notice of appeal to the Appointed Person under Section 76 of the Act.
17. The Registered Proprietor filed a Respondent's Notice on 30 October 2013.
18. At the same time as filing its Respondent's Notice, the Registered Proprietor made applications to the Appointed Person for: (1) security for costs for the appeal; and (2) directions relating to outstanding EU costs.
19. I heard the Registered Proprietor's applications on 22 May 2014. In an Interim Decision, dated 27 May 2014, BL O/240/14, I confirmed on the one hand, my order that the Applicant pay security for costs for this appeal in the sum of £2,600 (duly paid) but on the other hand, my refusal to give directions in relation to the outstanding EU costs, all for the reasons stated in that decision.
20. At the interim hearing and at the substantive hearing of the appeal (re-appointed for 17 June 2014), the parties were represented by Mr. Stobbs (for the Applicant) and Mr. Edenborough (for the Registered Proprietor) as before.

**Parameters of the appeal**

21. The Applicant accepted as correct the Hearing Officer's summaries of the parties' respective evidence. In particular, Mr. Stobbs confirmed that the Applicant's product was not available on the UK market until October 2003, when 12 cartons of

GOLDEN ELEPHANT BRAND figurative rice were sent to a UK distributor “for the purposes of pre-launch activities”.

22. Instead, the Applicant relied (below and on appeal) on its alleged reputation for GOLDEN ELEPHANT BRAND figurative rice in the Far East, chiefly Hong Kong. More specifically, it relied on the claimed facts that: (1) GOLDEN ELEPHANT BRAND figurative packaged rice enjoyed around a 25% market share in rice in Hong Kong in 1987, rising to 47% in 1995; (2) on average an individual in Hong Kong consumes 54kg of rice per year; (3) in the period 1980 – 1996 around 8,000 persons entering the UK from Hong Kong were looking to obtain work permits or were dependent on those who were (the assumption being that a good number of those visitors from Hong Kong remained resident in the UK).
23. However, Mr. Stobbs conceded that there was no evidence of any such persons having purchased or brought the Applicant’s rice in or to the UK, or indeed having bought the rice in Hong Kong.
24. The Hearing Officer’s determination of the Section 5(4)(a) ground based on these facts was as follows:

“52. The applicant claims that it has prior use of the mark in Hong Kong, and that its reputation there arising from that use is sufficient to support a claim for passing off in the UK. In my view, the case law set out above makes it clear that the success of a claim to passing off depends on the claimant having customers in the UK. Whilst the Court has acknowledged that determining what constitutes a UK customer could be tricky where services are involved, what is involved here is rice, an everyday product likely to be bought by significant numbers of the general public. People who live in the UK and who may buy a product when they are abroad are not UK customers for this purpose unless their business was solicited in the UK or they travelled to the other country partly or wholly to secure the goods. There is no evidence in these proceedings that any such sales have taken place. And whilst the evidence shows that a fair number of people travel between various Far East countries and the UK, that is, in my view, a long way from establishing that UK residents or temporary residents may have bought some rice in those countries and were aware of its reputation there. In any event, even if the applicant had a reputation known to some people in the UK, reputation alone is not enough: there has to be customers here. On its own admission, the applicant did not have any trade in the UK under the mark at the relevant date or indeed for some years afterwards and, on this basis, the application must fail.”

25. The Applicant contended that this paragraph (and hence the Hearing Officer’s primary finding) contained a material error of law on the Hearing Officer’s part because she wrongly defined what constitutes a UK consumer.

**Argument**

26. Mr. Stobbs relied on the judgment of Arnold J. in *Hotel Cipriani Srl v. Cipriani (Grosvenor Street) Ltd* [2009] EWHC 3032 (Ch) especially the following passages:

“216. Fifthly, it is sufficient for goodwill to exist in the United Kingdom that the claimant has customers or ultimate consumers for his goods here, and for this purpose it is immaterial whether the claimant (a) has some branch here or (b) trades directly with customers here without having any physical presence in the jurisdiction (for example, by mail order) or (c) trades through intermediaries such as importers and distributors (provided that the circumstances are not such that the goodwill is owned by the intermediary): see e.g. *SA des Anciens Etablissements Panhard et Levassor v Panhard Levassor Motor Co* [1901] 2 Ch 513, *Manus v Fullwood & Bland* (1949) 66 RPC 71, *Nishika Corp v Goodchild* [1990] FSR 371, and *Jian Tools for Sales v Roderick Manhattan Group* [1995] FSR 924.

217. Sixthly, in the case of claimants who provide services which are physically performed abroad, it is sufficient for goodwill to exist in the United Kingdom that the services are booked by customers from here: compare *Sheraton Corp of America v Sheraton Motels Ltd* [1964] RPC 202 with *Alain Bernardin et Cie v Pavilion Properties Ltd* [1967] RPC 581. Thus in the latter case Pennycuik J said at 587:

"In [the *Sheraton*] case the judge found on the facts that the plaintiff corporation effected [*sic*: the sense is accepted] bookings in this country for their hotels abroad. That operation might very well be held to support what the judge held *prima facie* on the motion, that it did support a conclusion that the plaintiff corporation had acquired a reputation and goodwill (which terms the judge treated as interchangeable) in this country.

The position in the present case is quite different because there is no suggestion (the plaintiff company has no office here nor is there any suggestion that they would effect [*sic*: the sense is accept] bookings) that one would make in London a booking of a table in a night club in Paris."

218. There was some debate before me as to whether it made any difference that bookings were made by customers directly with the foreign service provider or via an office maintained by the provider in the United Kingdom (as in the *Sheraton* case) or indirectly through tour companies and/or travel agents (as also occurred in the *Sheraton* case). In principle I cannot see that it makes any difference, just as it makes no difference whether a foreign manufacturer of goods sells them directly to British customers or via a branch office or through a distributor.

219. In *Pete Waterman Ltd v CBS United Kingdom Ltd* [1993] EMLR 27 Sir Nicolas Browne-Wilkinson V-C went further and held that it was sufficient for goodwill to exist in the United Kingdom that a foreign service provider has customers here, and declined to follow *Bernardin v Pavilion* in so far as it was authority to the contrary. In the *Pete Waterman* case the evidence showed that British record companies and artists had booked, and been invoiced, directly in this country for making recordings in a New York recording studio operated by The Hit Factory Inc: see pp. 39-40. In finding that The Hit Factory Inc

owned goodwill in the United Kingdom, however, the Vice-Chancellor did not rely upon the fact that British customers had booked its services directly, but simply upon the fact that it had customers here: see p. 58. On this reasoning it would not have mattered if the bookings had been made in New York.

220. Counsel for the Defendants submitted that it was not sufficient to generate goodwill in the United Kingdom that a foreign service provider had customers here, and that the Vice-Chancellor's decision in *Pete Waterman* was wrong in this respect because it was inconsistent with *Anheuser-Busch*. I do not accept this. On the contrary, I agree with the Vice-Chancellor's conclusion, if not every step of his reasoning. That conclusion is supported by Dr Wadlow's analysis, in particular at paragraph 3-80:

"After all, an international hotel does not only draw guests and bookings from the city in which it is actually located, so it is unrealistic to regard more than a proportion of its total goodwill as being situated there. The same is true of businesses such as car hire which will be used mainly by visitors. The majority of the reported cases on service businesses have concerned businesses ... providing services at or from fixed premises abroad, and if these cases seem to present the greatest conceptual difficulty that is at least partly the result of the obsolete tendency to associate the goodwill of a business uniquely with the place or places where the business is carried on. This has been repudiated in the case of businesses dealing in goods, and it is now suggested that a service business operating from a place or places abroad has customers and therefore goodwill in England to the extent that persons from England consciously seek out and make use of its services in preference to those available from its competitors, in England or elsewhere. So the foreign business has goodwill here if English residents are prepared to go to it (literally or figuratively) to avail themselves of its services, or if the availability of those services abroad is a material factor in their travelling to wherever the services can be acquired or experienced."

221. As Dr Wadlow goes on to say at 3-81:

"it should not matter either way whether the contract for the provision of the services is made or performed inside or outside the jurisdiction".

27. Mr. Stobbs said this supported the Applicant's case that reputation in Hong Kong plus Hong Kong visitors settling in the UK sufficed to attract the protection of the law of passing off in the UK.
28. Mr. Edenborough on the other hand relied on the decision of HH J Birss QC sitting as a High Court judge in *Plentyoffish Media Inc. v. Plenty More LLP* [2011] EWHC 2568 (Ch). Having reviewed the authorities, the judge stressed the need for UK customers in order to establish UK goodwill, which was not satisfied in that case. The claimant Canadian online dating website had received hits from the UK but had no UK members or customers.

29. Mr. Edenborough also referred me back to basic principles in *IRC v. Muller & Co.'s Margarine Ltd* [1901] AC 217 that goodwill relates to business activity in the particular locality concerned.

**Merits**

30. *Cipriani* raised the issue of whether there was a need for direct bookings from the UK in order to establish protectable goodwill in the UK for a foreign service provider with a reputation but no establishment here. The test did not have to be decided in that case, because there was evidence of direct bookings from the UK with the claimant's hotel. Further, the defendants, whatever the test, could not come close to establishing concurrent UK goodwill.
31. The present dispute, however, concerns goods, and as highlighted by the Hearing Officer – rice – which is a staple product.
32. In connection with such products, the Court of Appeal in *Hotel Cipriani Srl v. Cipriani (Grosvenor Street) Ltd* [2010] EWCA Civ 110 made the position clear (per Lloyd LJ at para. 38):

“... if [the claimant's] business is in the sale of ordinary retail goods for domestic consumption (e.g. cans of beer) it does not have goodwill here if its products are not available for sale to the public here: *Anheuser-Busch v Budejovicky Budvar NP* [1984] FSR 413 ...”

33. Mr. Stobbs argued that if this were the case then *Anheuser-Busch* is wrong. However, it goes without saying that this tribunal is bound by decisions of the Court of Appeal.
34. In my judgment, the Hearing Officer did not err in deciding that the Applicant had failed to establish that it enjoyed protectable goodwill in the UK at the relevant date.

**Conclusion and costs**

35. The first ground of appeal has therefore failed. In that event, the parties agreed it would be unnecessary for me to decide the second ground for appeal against the Hearing Officer's finding of concurrent goodwill in the Registered Proprietor. It is also unnecessary for me to decide the alternative grounds in the Respondent Notice, which included that the Applicant had failed to establish reputation in the UK at the relevant date, and abuse of process in view of the EU rulings under Article 8(4).
36. The Registered Proprietor is entitled to a contribution towards its costs of successfully defending this appeal. I will order the Applicant to pay to the Registered Proprietor the sum of £1,500 in this regard, to be paid within 14 days of the date of this decision.

Professor Ruth Annand, 9 July 2014

Mr. Julius Stobbs instructed by Stobbs appeared for the Applicant/Appellant

Mr. Michael Edenborough QC instructed by Page Hargrave appeared for the Registered Proprietor/Respondent