

O-040-18

TRADE MARKS ACT 1994

IN THE MATTER OF

APPLICATION NO. 3173687

BY MICHAEL SCHMID

TO REGISTER THE FOLLOWING TRADE MARK IN CLASSES 41, 42 & 45:

ZHAOFFICE

AND

OPPOSITION THERETO (UNDER No 407930)

BY ZHAOFFICE SPRL

Background and pleadings

1. The details of the trade mark application the subject of these proceedings are:

Mark: **ZHAOFFICE**

Services: Class 41: Publication of printed matter; Training relating to the provision of legal services; Education services relating to vocational training; Training; Staff training services; Provision of training courses; Instructional and training services; Educational seminars; Conducting of instructional seminars; Arrangement of conferences for educational purposes; Organisation of training courses; Dissemination of educational material; Providing of education; Provision of training facilities; Education services relating to industry; Publication of documents in the field of training, science, public law and social affairs; Organisation of seminars; Conducting of seminars and congresses; Arranging and conducting of seminars; Conducting courses, seminars and workshops; Arranging, conducting and organisation of seminars; Arranging and conducting conferences and seminars; Arranging of seminars relating to business; Organising of meetings in the field of education; Arranging of conventions for business purposes; Arrangement of conventions for educational purposes; Organisation of meetings and conferences.

Class 42: Technical consultancy services relating to information technology; Engineering design and consultancy; Technical advisory services relating to data processing; Conducting engineering surveys; Preparation of reports relating to technical research; Preparation of technological reports; Provision of surveys [scientific]; Surveying; Provision of surveys [technical]; Technical surveying; Preparation of reports relating to scientific research.

Class 45: Legal research; Mediation; Legal mediation services; Mediation in legal procedures; Arbitration, mediation and dispute resolution services; Arbitration services; Arbitration services relating to industrial relations; Litigation services; Litigation support services; Domain name registrar services; Registration of domain names [legal services]; Consultancy relating to the registration of domain names; Registration of domain names for identification of users on a global computer network [legal service]; Registration of domain names for identification of users on a global computer network; Security consultancy; Intellectual property consultancy; Copyright management; Copyright and industrial property rights management; Copyright management consultation; Management of copyright and industrial property rights for others; Legal services relating to the management and exploitation of copyright and ancillary copyright; Management and exploitation of copyright and industrial property rights by licensing for others; Licensing of intellectual property; Exploitation of industrial property rights and copyright by licensing; Granting of licences to others for the use of industrial property rights and copyright; Licensing of computer software [legal services]; Consultancy relating to computer software licensing; Monitoring intellectual property rights for legal advisory purposes; Expert consultancy relating to legal issues; Legal advice and representation; Provision of expert legal opinions; Licensing industrial property rights; Industrial property management; Industrial property watching services; Industrial property consultancy; Consultancy relating to industrial property rights; Providing information on industrial property rights; Licensing of industrial property rights and copyright; Legal services for procedures relating to industrial property rights; Consultancy relating to the management of intellectual property and copyright; Legal services relating to the exploitation of copyright and industrial property rights; Licensing of patents; Patent attorney services; Advisory services relating to patents; Management of

patents; Patent and patent application licensing; Licensing of patent applications; Intellectual property consultancy services in the field of patents and patent applications; Consultancy relating to patent protection; Consultancy relating to patent licensing; Legal services relating to the exploitation of patents.

Applicant: Michael Schmid

Dates: Filed on 8 July 2016 and published for opposition purposes on 19 August 2016. The application claims a priority date of 8 January 2016 from an EU trade mark application.

2. The opponent is ZHAOffice SPRL. It opposes the registration of the mark on grounds under sections 5(4)(a) and 3(6) of the Trade Marks Act 1994 ("the Act"). In summary, the pleading is based upon:

- Section 5(4)(a) – That the use of the mark by the applicant would be liable to be prevented under the law of passing-off. The opponent claims that it has offered services in the field of intellectual property and protection thereof and, also, services such as translation/interpretation, consultancy, training and technical consultancy. Although the opponent is based in Belgium, it claims goodwill in the UK on account, largely, of its work as a representative before the EUIPO.
- Section 3(6) – That the applicant is an attorney who works for a German firm called ProIPatent, a firm who was contacted by the opponent to assist in an IP matter. On the same day that contact was made, Mr Schmid filed an EU trade mark for ZHAOFFICE, an application from which priority was claimed in respect of the subject application. Filing a trade mark which knowingly belongs to someone else is claimed to be an act of bad faith, particularly bearing in mind that practitioners in this field are expected to act in accordance with the highest standards.

3. Mr Schmid filed a counterstatement denying the grounds of opposition. Beyond the various denials, I note that reference is made to proceedings before the High Court of Munich in which claims made by the opponent against the applicant were dismissed.

4. Both sides filed evidence accompanied by written submissions. Neither side requested a hearing. The applicant filed written submissions in lieu of a hearing, the opponent did not.

The evidence

5. I do not intend to provide a stand-alone evidence summary. Instead, I will refer to the pertinent evidence as and when required in the body of this decision. However, for the record, I set out below who has filed evidence and, roughly speaking, about what.

For the opponent

6. A joint witness statement from Mrs Jie Zhao and Mr Christophe Dernelle, managing directors of the opponent. The witness statement introduces into the proceedings various documents relating to the history and activities of the opponent. They also provide documents which show the contact the opponent made with the firm of German attorneys for which Mr Schmid works and documents showing the application for the ZHAOFFICE mark at the EUIPO. The opponent also filed what are, effectively, written submissions of which I take due regard.

For the applicant

7. A witness statement from Mr Roland Kunze, a German attorney-at-law working for the law firm WurtenbergerKunze who are representing Mr Schmid in these proceedings. The evidence consists of documents relating to prior disputes involving the ZHAOFFICE trade mark in which it is stated that Mr Schmid was successful (I return to these later), together with the submissions that the parties filed in relation to a dispute relating to the mark filed at Community level. Submissions were also filed of which I take due regard. In summary, the applicant highlights that the opponent has

no custom in the UK and considers the evidence filed in relation to the bad faith claim to be insufficient.

Reply evidence for the opponent

8. The factual reply evidence is minor, consisting of further translations of certain parts of the evidence that had already been filed. The evidence was accompanied by written submissions of which, again, I take due regard.

Applicant's written submissions in lieu of a hearing

9. As noted earlier, the applicant also filed written submissions in lieu of attending a hearing. They set out the background to the case and the various legal principles (and case-law) which underpin both grounds of opposition, none of which is controversial. In terms of its legal argument, these can be summed up briefly: i) that the section 5(4)(a) claim should fail due to lack of custom in the UK and, ii) that the section 3(6) claim should fail because the opponent's evidence "is not apt to support the allegation that the Applicant had acted in bad faith".

Section 5(4)(a) of the Act

10. Section 5(4)(a) of the Act reads:

"A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b)...

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of "an earlier right" in relation to the trade mark."

11. It is settled law that for a successful finding under the common law tort of passing-off, three factors must be present: i) goodwill, ii) misrepresentation and, iii) damage. In relation to goodwill, this was described in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL), where the Court stated:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

12. The opponent's argument is based upon the services it offers in the field of IP, including the fact that it is a representative before the EUIPO, the jurisdiction of which covers the UK. It also highlights that it has been involved in proceedings involving UK trade marks. It is clear that the territorial issue is an important one to consider in a case such as this. In terms of the relevant case law, I note that in *Starbucks (HK) Limited and Another v British Sky Broadcasting Group Plc & Others*, [2015] UKSC 31, Lord Neuberger (with whom the rest of Supreme Court agreed) stated (at paragraph 47 of the judgment) that:

“I consider that we should reaffirm that the law is that a claimant in a passing off claim must establish that it has actual goodwill in this jurisdiction, and that such goodwill involves the presence of clients or customers in the jurisdiction for the products or services in question. And, where the claimant's business is abroad, people who are in the jurisdiction, but who are not customers of the claimant in the jurisdiction, will not do, even if they are customers of the claimant when they go abroad.”

and later said , at paragraph 52:

“As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough, as the cases cited in paras 21-26 and 32-36 above establish. The claimant must show that it has a significant goodwill, in the form of customers, in the jurisdiction, but it is not necessary

that the claimant actually has an establishment or office in this country. In order to establish goodwill, the claimant must have customers within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere. Thus, where the claimant's business is carried on abroad, it is not enough for a claimant to show that there are people in this jurisdiction who happen to be its customers when they are abroad. However, it could be enough if the claimant could show that there were people in this jurisdiction who, by booking with, or purchasing from, an entity in this country, obtained the right to receive the claimant's service abroad. And, in such a case, the entity need not be a part or branch of the claimant: it can be someone acting for or on behalf of the claimant."

13. The claimant in the *Starbucks* case did not have any goodwill in the UK that would give it the right to prevent BSKyB from using the name "NOW TV" in relation to its internet protocol TV service. This was because the customers for Starbucks' broadcasting services under the name NOW were based in Hong Kong. The services could not be bought here. The fact that the service was sometimes accessed via the internet by Chinese speakers in the UK did not mean that Starbucks had customers here. In terms of the requirement for UK customers, see also the judgments of the Court of Appeal in *Budweiser* [1984] F.S.R. 413 at 463 and *Hotel Cipriani SRL and Others v Cipriani (Grosvenor Street) Limited and Others*, 2010 EWCA Civ 110 (CA).

14. I discuss the evidence in more detail later but, for the time being, it is sufficient to record, as the applicant has pointed out, that the evidence provided by the opponent does not put forward a single customer in the UK. This is despite the fact that it provided a number of example invoices that it had issued to clients in respect of the services it has provided. That the opponent may have acted as a representative before the EUIPO is not enough. Whilst the UK is a Member State of the EU, this does not give the opponent UK custom. The fact that it may have acted in proceedings which have involved UK trade marks is likewise not sufficient. Whilst this may mean that some people in the UK (although on the facts a very small number) may have heard of them because they have had to engage with them in proceedings, this does not equate to custom. There is evidence showing the existence of a UK domain name, but this alone does not create custom. I have also noted the evidence of UK impressions

and click-throughs via a Google AdWords report, but this is from after the relevant date. I have been through the evidence in detail and, as I have said, there is nothing to show UK custom. As such, and although shortly stated, the claim under section 5(4)(a) fails due to the absence of a protectable goodwill in the UK.

Section 3(6) – bad faith

15. Section 3(6) of the Act states that:

“A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

16. In *Red Bull GmbH v Sun Mark Limited* [2012] EWHC 1929 (Ch), Arnold J summarised the general principles underpinning section 3(6) as follows:

“130 A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/ Article 3(2)(d) of the Directive/ Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, “Bad faith in European trade mark law” [2011] IPQ 229.)

131 First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see *Case C-529/07 Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132 Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2009] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. *Case C-259/02 La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and *Case C-192/03 Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133 Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207–2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134 Fourthly, bad faith includes not only dishonesty, but also “some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined”: see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135 Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see Cipriani at [185].

136 Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137 Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards

of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138 Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

“41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48).”

17. Whether the trade mark was applied for in bad faith must be assessed at a particular point in time. As stated in the *Sun Mark* case, the relevant date is the application date of the application to register the trade mark. The relevant date is 8 July 2016. The fact that the application claims priority does not change this because it is the conducted of filing the mark in the UK which is at issue.

18. The first task is to determine what the applicant knew at the relevant date. The opponent's evidence shows that:

- i) Mr Schmid works for the German legal firm Proi Patent & Trademark Attorneys ("ProiPatent") (see exhibit 64 of the opponent's evidence).
- ii) On 8 January 2016 the applicant (identifying itself as ZHAOffice SPRL) emailed ProiPatent asking it for a quotation for requesting a German Priority document and the deadline for obtaining such (see exhibit 59).
- iii) The above led to the service requested being provided because on 26 March 2016 ProiPatent sent the applicant an invoice (described as a debit note) for the obtaining of a priority document, charging it the sum of 150 Euro (see exhibit 61).
- iv) On the very same day as the request for a quotation, Mr Schmid filed a trade mark application at the EUIPO for the mark ZHAOFFICE (number 014984561) (see exhibit 60).
- v) On 8 July 2016, the subject mark was filed by Mr Schmid, claiming priority from the above application. The mark has been filed in a number of other territories (see exhibit 63).

19. The applicant's evidence and submissions do nothing to dispute or counter any of the above.

20. Given the above, it is not only reasonable to infer, but it is in my view difficult to come to any other conclusion, that at the relevant date Mr Schmid must have been fully aware that ZHAOffice was the name of a fellow IP firm, albeit one operating in

Belgium, and that Mr Schmid's firm had provided services to it on a normal commercial basis. Put simply, it can be no co-incidence that the initial priority application (for a reasonably unusual mark) was filed at the EUIPO on the same day as the applicant had contacted the firm for which Mr Schmid worked. If Mr Schmid wanted the tribunal to work on the basis of some other set of facts and circumstances then he could and should have filed evidence explaining, from his point of view, what his knowledge was and why he filed the application he did.

21. In terms of whether filing the application in the face of such knowledge constitutes an act of bad faith, it seems to me, at the very least, an extremely odd circumstance for Mr Schmid to file as a trade mark the name of an existing firm in the same IP field as his own, particularly in circumstances where that firm had just engaged the services of the firm in which he worked. The question, though, is not about oddness, but whether such conduct would be viewed as falling below the standard of acceptable commercial behaviour. In its written submissions, the opponent states that the applicant is a professional practitioner in the field of IP and part of his duties is to uphold and protect IP and to not take unfair advantage of another party's right. It is added that, in this case, the applicant has not upheld his trusted position upon receiving instructions from the opponent (which they consider creates a client relationship) but has gone on to seek registration of its client's name for himself. The applicant has said very little, other than to refer to some decisions which have gone in his favour. However, whilst the outcomes of those decisions are noted, I do not consider them to be helpful because the decisions relied upon are i) not binding, ii) have, at best, only limited persuasive value and, iii) for the following reasons, it is difficult to assess any persuasiveness at all, because:

- i) The first decision (of the District Court of Munich) is only a preliminary injunction which reverses an earlier preliminary injunction from being in favour of the opponent to being in favour of the applicant. Furthermore, the decision has not been fully translated as only the operative part of the decision has been translated (giving the outcome of the proceedings), so I cannot ascertain the full detail of the claim or the rationale behind the decision.

- ii) The second decision (also of the District Court of Munich) which relates to alleged trade mark infringement (although Mr Kunze states in his witness statement that bad faith was an aspect of the case) is not helpful because, again, only the operative part of the decision has been translated (dismissing the opponent's claim) and, so, again, I cannot ascertain the full detail of the claim or the rationale behind the decision.
- iii) The third decision relates to a dispute at the Spanish national office but, in this instance, no translation at all is provided.
- iv) Beyond this, the only other material contains submissions made by the parties in relation to the dispute at Community level but no outcome appears to have been reached.

22. In terms of whether bad faith is established, and whilst accepting that there is no issue with copying per se, I come to the view that the opponent has, at the very least, established a *prima facie* case. Whilst it may be difficult to comprehend what, exactly, motivated Mr Schmid, it seems logical to conclude that he must have seen some form of commercial advantage in applying for the opponent's mark, something of which he should not have taken advantage, particularly bearing in mind that the opponent had engaged the services of the firm for which he was working. That course of action is something which, in my view, reasonable and experienced men in the field would regard as falling short of the standards of acceptable commercial behaviour. This is so in relation to all of the services applied for; even though some may not be directly IP focused, they are at least allied. The ground under section 3(6) succeeds.

Conclusion

23. The opposition succeeds and, subject to appeal, Mr Schmid's application is to be refused registration.

Costs

24. The opponent having been successful, it is entitled to a contribution towards costs. My assessment is as follows:

Official fee - £200

Preparing a statement of case and considering the counterstatement - £400

Filing/considering evidence/submissions - £1000

Total - £1600

25. I order Michael Schmid to pay ZHAOffice SPRL the sum of £1600 within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 18th day of January 2018

Oliver Morris

For the Registrar,

the Comptroller-General