

O/0512/25

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NOS. 3745959 & 3745960
IN THE NAME OF LA-Z-BOY INCORPORATED
TO REGISTER THE FOLLOWING TRADE MARKS:

FURNICO

&



IN CLASS 20

AND

THE OPPOSITIONS THERETO UNDER NOS. 434919 & 434920
BY FURNECO LTD

AND

IN THE MATTER OF REGISTRATION NO. 3272472
IN THE NAME OF FURNECO LTD
FOR THE MARK

FURNECO

IN CLASS 20

AND

THE APPLICATION FOR INVALIDATION THEREOF UNDER NO. 505773
BY LA-Z-BOY MANUFACTURING UK LIMITED

Background and pleadings

1. La-Z-Boy Incorporated (“La-Z Inc.”) applied to register trade mark application no. 3745959 for the mark FURNICO in the UK on 21 January 2022. It was accepted and published in the Trade Marks Journal on 8 April 2022 in respect of the goods *Furniture* in class 20.

2. Also on 21 January 2022, La-Z Inc. applied to register trade mark application no. 3745960 for the mark shown below:



3. This mark was also accepted and published in the Trade Marks Journal on 8 April 2022, also in respect of *Furniture* in class 20.

4. On 8 July 2022, FURNECO LTD (“Furneco”) filed two oppositions, one to oppose each of the trade marks above. Both oppositions are on the basis of section 5(2)(b) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). In each opposition, the claim under section 5(2)(b) of the Act relies solely upon Furneco’s earlier UK registration no. 3272472 for the mark below:



Class 20: *Home Furniture Accessories*.

Filing date: 23 November 2017

Registration date: 6 April 2018

5. By virtue of its earlier filing date, the above mark constitutes an earlier mark in accordance with section 6 of the Act in each opposition. As the earlier mark had not been registered for a period of five years or more at the date on which each of the applications were filed, Furneco is not required to provide proof of use in order to rely on the mark as it is registered in either opposition.

6. Furneco argues in both oppositions that the respective goods are identical and/or similar and that the marks are highly similar. As a result, it argues there is a likelihood of confusion, including a likelihood of association between the marks.

7. In both oppositions, Furneco also relies on the following three signs under section 5(4)(a) of the Act:

1. FURNECO

2. The logo consists of the word 'FURNICO' in a bold, black, sans-serif font. Each letter is filled with a pattern of small white dots, giving it a textured, stippled appearance.

3. Furneco Ltd

8. Furneco claims all three signs above have been in use throughout the UK since 11 August 2014 in respect of furniture and home furniture accessories. Furneco claims that as a result, it has goodwill in its business as distinguished by the signs, and that the use of the opposed marks would result in a misrepresentation that the goods were connected to Furneco, resulting in passing off. As such, Furneco submits the applications should therefore be refused under section 5(4)(a) of the Act.

9. La-Z Inc. filed a counterstatement denying the claims made in both oppositions above.

10. On 27 January 2023, La-Z-Boy Manufacturing UK Limited ("La-Z Ltd") filed an application to invalidate the earlier mark relied upon in the oppositions above. The application for invalidation is based on section 5(4)(a) of the Act only. La-Z Ltd claims that the sign FURNICO has been used throughout the UK since 1983, and that as a result it has goodwill in the business as distinguished by the sign, in respect of the goods *furniture, sofas, armchairs* and *reclining chairs*. Within this invalidation action, La-Z Ltd claims that the contested registration is highly similar to the earlier sign, and

that the goods are identical and highly similar, and that this will result in a misrepresentation that the goods under the registered mark are those of La-Z Ltd. La-Z Ltd goes on to state that this misrepresentation is likely to cause damage to its goodwill.

11. In letters dated 27 October 2022 and 30 June 2023, the parties were informed that all three matters would be consolidated in accordance with Rule 62 of the Trade Mark Rules 2008.

12. Both sides filed evidence in these proceedings. This will be summarised to the extent that it is considered necessary. Both sides filed written submissions which will not be summarised but will be referred to as and where appropriate during this decision. No hearing was requested and so this decision is taken following a careful perusal of the papers.

13. Furneco is represented in these proceedings by Harper James. Both La-Z Inc. and La-Z Ltd are represented by Murgitroyd & Company.

14. The provisions of the Act relied upon in these proceedings are assimilated law, as they are derived from EU law. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 (as amended by Schedule 2 of the Retained EU Law (Revocation and Reform) Act 2023) requires tribunals applying assimilated law to follow assimilated EU case law. That is why this decision refers to decisions of the EU courts which predate the UK's withdrawal from the EU.

Evidence

15. Furneco filed its evidence in the form of two witness statements in the name of Mr Matthew Davies. The first was filed in relation to the opposition cases and introduces 14 exhibits, namely Exhibit MD1 – Exhibit MD14. This statement is dated 23 December 2022. The second witness statement was filed in relation to the invalidation proceedings, and introduces a further 13 exhibits, labelled Exhibit MD1 – Exhibit MD13. This statement is dated 27 October 2023. In order to avoid confusion, I will

refer to the first set of exhibits filed as Exhibit MD1O-Exhibit MD14O, and the second set as MD1I-MD13I.

16. One set of evidence was filed on behalf of La-Z Inc. and La-Z Ltd. This comprises a single witness statement in the name of Natasha Shillingford dated 25 August 2023, introducing 21 exhibits, namely Exhibit NS1 to Exhibit NS21.

17. The vast majority of the evidence filed in these proceedings goes to the use of the signs relied upon by the respective parties. I have read all of the evidence and will refer to it as I consider appropriate in the course of this decision.

Approach

18. La-Z Ltd has applied to invalidate the only earlier mark relied upon under section 5(2)(b) of the Act in the oppositions filed by Furneco against La-Z Inc.'s applications. If La-Z Ltd is successful, the only ground remaining in the two oppositions filed will be section 5(4)(a) of the Act. The application for invalidation is also based on section 5(4)(a) of the Act. In both cases, it will be necessary to consider and establish the date of first use of the signs relied upon by the parties, and when/whether the relevant parties had or have established goodwill in the businesses as distinguished by those signs relied upon. I therefore intend to begin by examining and outlining the evidence of use filed by the parties with the intention of referring back to this later in my decision, before continuing with my decision on the application for invalidation. As the outcome of the oppositions may be impacted by the outcome of the invalidation, I will consider those actions last.

Use of the sign FURNICO by La-Z Ltd/Inc.

19. In her witness statement, Ms Shillingford explains that La-Z Ltd was first established in the UK on 15 July 1999 under the name Gavco 188 Limited, and that the company name was then changed to Furnico Furniture Limited on 26 October 2016, and then to the current name, La-Z-Boy Manufacturing UK Limited, on 13 April

2022.¹ She explains that on 22 December 2016, there was a transfer of the trade, assets and liabilities of the FURNICO brand from Furnico Limited (incorporated on 26 May 1983) to Furnico Furniture Limited.² Ms Shillingford explains La-Z Ltd (in its various iterations) has manufactured furniture goods since its establishment in 1999, and that Furnico Limited has manufactured furniture since its establishment in 1983.³

20. Ms Shillingford explains that Furnico Limited became a UK licensee of La-Z Inc. (the parent company of La-Z Ltd.) in 2008. She goes on to explain that in 2009, Furnico Limited was appointed as the sole licensee of La-Z Inc. in the UK until Furnico Limited's acquisition by Furnico Furniture Limited in 2016.⁴ Revenue and operating profits for Furnico Limited for the years 2011 – 2016 are provided at paragraph 7. I have copied these below, and the introduction to the same. It is my view that it is not clear from the wording of the introduction or from the figures themselves, to what extent the revenue and operating profits stem from the sale of goods under the FURNICO sign, as opposed to the sale of goods under the La-Z-Boy brand. I will discuss this point in more detail later on:

“The Cancellation Applicant has, through long-standing use and the acquisition of assets from Furnico Limited, exclusive rights to use the unregistered trade mark FURNICO in relation to the sale and manufacture of furniture. Shown at Exhibit NS03 are copies of accounts filed at Companies House showing the revenue and operating profit of Furnico Limited for the years 2011 to 2016. The figures can be summarised as follows:

Financial Year	Revenue, £m	Profit, £m
2016	61.22	7.36
2015	50.77	5.86
2014	46.78	4.24
2013	40.47	4.00
2012	35.89	2.63
2011	36.97	1.42

¹ See paragraph 3 of the witness statement of Ms Shillingford. See also paragraph 23 of Ms Shillingford's statement where I note she also goes on to confirm La-Z Ltd is fully owned by Gavco 188 Ltd, and that Gavco 188 Ltd is fully owned by La-z Inc.

² See paragraph 4 of the witness statement of Ms Shillingford.

³ See paragraph 5 of the witness statement of Ms Shillingford.

⁴ See paragraph 6 of the witness statement of Ms Shillingford.

21. Copies of the accounts referenced above and provided at Exhibit NS03 for year ending 31 July 2012 and 31 July 2013 state as follows:

“Principal activity

The principal activity of the company is the manufacture of upholstered furniture.

[...]

Future developments

Furnico limited is one of the largest manufacturers of upholstered furniture in the United Kingdom with a long established brand and will continue to invest in the quality of existing product and the design of new product.”

22. Whilst the statements from the years ending 2014 and 2015 provided at this exhibit do not refer to the companies “Principle activity”, the statement ending 31 July 2014 states as below, with the 2015 statement including a similar passage:

“Future developments

Furnico Limited is one of the largest manufacturers of upholstered furniture in the United Kingdom with a long established brand. La-Z-Boy Incorporated has a strong history for producing comfortable and quality products and is a brand that is known throughout the globe. Both Furnico Limited and La-Z-Boy Incorporated will continue to invest in the quality of existing product and the design of new product. La-Z-Boy beds have been added to the product range towards the end of the financial year.”

23. The statement for the year ending 31 July 2016 states:

“Principal activity

The company's operations can be separated into two distinct activities; the manufacture of upholstered furniture and the sale and distribution of La-Z-Boy furniture in the United Kingdom and Ireland under licence from La-Z-boy Incorporated.”

24. Later statements are not provided at this exhibit.

25. Ms Shillingford also provides unit sales between 1 August 2010 and 30 April 2016.⁵ I have copied Ms Shillingford's description of the figures in addition to the figures themselves below for reference:

"11. The following is a list of the approximate number of furniture units sold from 01 August 2010 to 30 April 2016 by Furnico Limited, the Cancellation Applicant's predecessor in title. These figures demonstrate the intensity and extent of use of the FURNICO mark over the relevant period. Please note that the associated sales value data for furniture sold in each period is considered by the Trade Mark Applicant/Cancellation Applicant to be commercially sensitive and they have therefore chosen not to disclose the data at this time. However, as can be seen on the websites of the Cancellation Applicant's stockists at Exhibit NS04, a unit of furniture retails at between £200 and upwards of £1,600.

Period	Approximate No of Units
1 st August 2010 to 31 st July 2011	44,500
1 st August 2011 to 31 st July 2012	44,500
1 st August 2012 to 31 st July 2013	46,000
1 st August 2013 to 31 st July 2014	56,000
1 st August 2014 to 31 st July 2015	65,000
1 st August 2015 to 30 th April 2016 (9 Months)	68,000

26. Again, as I will discuss in more detail later on, it is in my view not clear exactly what portion of these figures stem from the sale of goods under the FURNICO sign, as it is apparent that goods were also sold under the La-Z-Boy brand at this time. However, considering Ms Shillingford's statement that these figures demonstrate the intensity and extent of the use of "the FURNICO mark", it appears reasonable to assume at least a portion of the unit sales relate to sales under that sign.

⁵ See paragraph 11 of the witness statement of Ms Shillingford.

27. Ms Shillingford goes on to explain that La-Z Ltd's goods have been stocked in UK national chains as well as independent retailers.⁶ Exhibit NS08 provides what Ms Shillingford describes as redacted sales orders issued in the UK.⁷ There are 9 sales orders provided in total, with order dates given between 22 September 2012 and 29 November 2016. They appear to make reference to orders of chairs and/or sofas. The most comprehensive sales order provided is set out for reference below:

Furnico Limited - Chairman 6.4

-- 09-Nov-22

Enquire Orders - Order Lines Status : Finished

Ordered Values

Orde 844225

Order Date : 01/04/15

000002 ROGER HARRODS KARPET KINGDOM

Schedule Date : 30/03/15

WHAPLOAD ROAD

Delivery Date : 02/04/15

LOWESTOFT

Sales Re : HA

SUFFOLK

Customer R :

NR32 1XA

110315

HOUSE ACCOUNT

Item No	Description	Ordered	Despt'd	Shipped	Out	Std	Net Price	Batch	Invoice	Dates / Options
FG498/116	P NEW HAMPSHIR 2 CNR 2 MAN RECLINER	1	0	1	0					Inv Date 13/04/15
FG498/108	L NEW HAMPSHIR 1ARM 1SEAT MOTION LHF	1	0	1	0					
FG498/115	L NEW HAMPSHIR SINGLE UNIT	1	0	1	0					
FG498/116	L NEW HAMPSHIR CORNER UNIT	1	0	1	0					Options
FG498/115	L NEW HAMPSHIR SINGLE UNIT	1	0	1	0					FABRIC 759153
FG498/109	L NEW HAMPSHIR 1ARM 1SEAT MOTION RHF	1	0	1	0					
FG498/049	NEW HAMPSHIR CHA *Cancelled*SCATS	0	0	0	0					
FG498/030	NEW HAMPSHIR CHAIR MOTION NO SCAT	1	0	1	0					

Options

FABRIC 759153

1 | A=A : C=C : S=S : M=M : Y=Y : E=E : V=V : D=D : L=L : R=R

28. Ms Shillingford explains that Exhibit NS10 provides catalogue pages showing goods offered for sale under the sign in the UK.⁸ Whilst these show images which include sofas and armchairs under the stylised sign set out below, they are undated and provide little other than images of living rooms:



29. Exhibit NS11 includes images of sofas in front of the stylised sign set out at paragraph 28. Ms Shillingford explains these are images taken at furniture shows in the UK in 2009, 2015 and 2017.⁹

⁶ See paragraph 8 of the witness statement of Ms Shillingford.

⁷ See paragraph 13 of the witness statement of Ms Shillingford.

⁸ See paragraph 15 of the witness statement of Ms Shillingford.

⁹ See paragraph 16 of the witness statement of Ms Shillingford.

30. Exhibit NS17 provides a supplier performance presentation dated 5 November 2013. Ms Shillingford explains this was a presentation to UK Furniture retailer DFS.¹⁰ This shows the stylised sign set out at paragraph 28. The presentation refers to various areas of performance, with a focus on factory improvements, and I note also the references to 'DFS models' and the technical specification for the same.

31. Exhibit NS14 provides various press articles discussing "Furnico". The first from www.interiorsmonthly.co.uk discusses that a second factory is due to open to reduce lead times. In the article, "Furnico" is described as an upholstery producer as well as "the Lancashire manufacturer", that has been established in the UK for more than 30 years. The article is dated June 2014, and it talks about their current capacity to make 750 "suites" a week. The managing director is quoted in the article a number of times. Some of this is referenced below:

"Our order books are full. And while we are delighted that our products are proving so popular, it has caused an increase in our lead times which is causing understandable difficulties,' says Winter."

...

"In 2011 we introduced a lean manufacturing system at our Nelson factory, which took around 18 months to complete. This was a complex procedure, but the results of the changes included a more efficient and cost effective production process, a better quality product and fewer after-sales service issues. We were already well known and well respected in the UK, but our reputation grew and with it so did our customer base. We released new designs, which have been really well received and, at the same time, there has been more of a swing towards a fashion for fabric upholstery, which again has led to an increase in orders."

32. The article goes on to state:

¹⁰ See paragraph 22 of the witness statement of Ms Shillingford.

“More recently, Furnico unveiled an improved service offering for independent retailers by launching a sub-brand, Furnico Independent Sofas, under the managing directorship of Darren Hargreaves. ‘Darren has done a fantastic job ensuring our independent products meet with the commercial needs of retailers and the designs are proving very popular. The fact that they are exclusive products is a big selling point for high street stores as it means margins do not get squeezed by the larger groups,’ adds Winter.

All Furnico products come with a range of added value benefits. As well as having a 10-year limited warranty as standard, each suite also comes with free of charge service backup, offering a hassle-free solution for retailers faced with any service issues. The product ranges also feature high quality materials such as Reflex foam and Encore filling, as well as offering a selection of thousands of fabric options, to leave customers spoilt for choice.

‘As well as offering the best quality products, we want our offering to retailers to be the best it can be, and we will be aiming to provide preferential lead times as a part of that.

Our total investment in the new factory will be more than half a million pounds, which we hope will demonstrate to retailers that we very much value their business and are making efforts to reduce our lead times as quickly as possible,’ explains Winter.”

33. The article ends:

“We hope that the position will be rectified in time for exhibiting at the Manchester Furniture Show in July, where we will be happy to speak to retailers about the improvements we have made and introduce them to the new product lines we will be launching,’ he adds.”

34. Another article also discussing the opening of a second factory is provided, in which Furnico is described as a “Lancashire based upholstery manufacturer” as well as an “upholstery market leader”.

35. A further article provided discusses “Furnico’s Life Collection”. The article is dated 9 January 2015, and the UK URL featured on the page (www.cabinet-maker.co.uk) indicates is targeted at UK consumers. This discusses the new collection due to be launched at the January Furniture show and makes reference to its previous “very successful motion range”. Images of various sofas are shown in the article. It goes on to explain that all Furnico products are manufactured at its factories in Lancashire, and states “Furnico already has a stronghold on the age 50+ market for motion furniture” and “it is now set to enhance its market share with a younger and more fashion conscious demographic”.

36. Exhibit NS21 provides an email dated 16 June 2014 which displays the stylised sign outlined at paragraph 28 and uses “Furnico” in the text, and again discusses the opening of a new factory and lead times, as well as the launch of new products. It states:

“As we launch our new factory we will ensure that our high standards of manufacture, which have earned us our impressive reputation, are maintained. Our commitment to quality and service, combined with our popular new designs and the introduction of Furnico Independent Sofas for our independent retail customers, have seen our orders increase significantly.”

37. A further email dated 10 January 2015 is provided, confirming ‘Furnico’s’ presence at the January Furniture show in 2015, with reference to the stylised sign previously outlined as well as the use of ‘Furnico’ in the body of the text. The email states:

“Here’s just a taster of what we’ve got in store at our stand 2C40... We will be revealing a brand new corner group in our popular Synergy collection. Synergy, with its vast selection of fabric colourways, has proved a huge hit with customers. The addition of the Shuttleworth sectional unit (pictured) brings an even greater range of choice.

A stylish new addition to our product selection is the Manor range, which includes a corner unit, three seater, two seater, chair, accent chair and

footstool. Manor is available as scatter-back or standard back and mixes a selection of attractive fabrics to create a statement piece.

We are also proud to be introducing our new Life collection. Building on the success of our Synergy collection, Life targets a younger, fashion-conscious demographic, who will be able to choose from a combination of hundreds of upholstery options for a personalised touch. The one motion and two static models will feature contrasting piping and customers will be able to mix and match colours for the main upholstery and the accent.

All Furnico products are manufactured in the UK and come with a 10 year limited warranty as standard."

38. An article dated July 2015 provided at Exhibit NS19 explains that licensee Furnico won an award for being the fastest growing brand partner of the global La-Z Boy brand. The article states:

"We are very proud to have grown La-Z-Boy UK to a US\$50m business and we would like to thank all of our retailers for their ongoing support. This award shows that the La-Z-Boy brand is at its strongest ever in this country and can truly command increased margins."

39. Ms Shillingford confirms in her statement that Exhibit NS05 includes extracts of pages from UK retailers selling FURNICO branded goods dating from 4 December 2015 and 17 March 2016.¹¹ The exhibit includes pages from www.solomonsfurnituresuperstore.co.uk, shows an image of a sofa and references "Furnico Sofas Cornwall & Devon", as well as also showing the stylised sign set out previously at paragraph 28.

40. Price lists for sofas and armchairs are provided at Exhibit NS09. These are dated between 1 March 2016 and 1 September 2017. The pages show prices in GBP and

¹¹ See paragraph 9 of the witness statement of Ms Shillingford.

reference the UK. The signs shown include FURNICO INDEPENDENT SOFAS and the stylised sign set out previously at paragraph 28.

41. Further press coverage is provided at Exhibit NS15. This includes one article dating from 17 November 2016, discussing the acquisition of the licence for the La-Z Boy brand in the UK and the Republic of Ireland from Furnico Limited. This explains:

“The annual wholesale revenue for this business is approximately \$42m (£34m), based on current exchange rates. Due to the licensing agreement currently in place today, La-Z-Boy Inc already captures approximately half of the sales volume.

The agreement will become effective on 1st January 2017, and its results will be reported in the company’s upholstery segment. The existing Furnico business outside of the La-Z-Boy license will continue its normal operations.”

42. A further article dated from 26 October 2021 discusses the acquisition of Furnico Furniture Ltd by “La-Z Boy”. This states as follows:

““Hot 100-ranked Furnico Furniture Ltd has been acquired by La-Z-Boy, becoming its first European manufacturing site.

The Lancashire firm has manufactured the world-famous recliners since acquiring the La-Z-Boy licence in 2008. Parent company La-Z-Boy Incorporated, headquartered in Michigan, USA, re-acquired the licence in 2017.

La-Z-Boy intends to continue production from the two factory sites in Nelson and Colne, with plans for a product showroom being discussed for the larger facility on Phillips Lane.

Furnico directors David Ellison, Stuart Shackleton and Nigel Ramsey are transitioning over and will continue to lead the business. The manufacture of white labelled products for retailers in the UK and Ireland is set to continue alongside La-Z-Boy branded products.

Keith Wilson, president of La-Z-Boy International, said: ""The entire team is delighted to welcome Furnico's 285 employees to the La-Z-Boy family as we launch La-Z-Boy Manufacturing UK Ltd, our only plant presence within Europe.

"Given the unprecedented issues currently affecting global sea freight, the timing of this deal will reassure our customers of shorter lead times and a dependable supply network."

The offices of La-Z-Boy International and La-Z-Boy UK will remain in Maidenhead, Berkshire."

43. Exhibit NS06 provides a list of what Ms Shillingford describes as "...examples of current UK customers of [La-Z Ltd]".¹² Exhibit NS07 provides UK invoices showing the signs below:



44. I note these are dated between 14 September 2022 and 15 May 2023.

45. Exhibit NS04 provides pages showing reclining sofas, reclining armchairs and an ottoman style footstall under the sign FURNICO on the website www.castonsfurniture.co.uk. The same goods are shown for sale in GBP on several different UK websites. However, I note all of the pages provided at this exhibit are dated 27 July 2023. These are again displayed under the sign FURNICO, as well as with reference to the stylised sign previously set out at paragraph 28.

¹² See paragraph 10 of the witness statement of Ms Shillingford.

46. Ms Shillingford goes on to discuss the global success and turnover of La-Z Inc. and the La-Z-Boy brand.¹³

47. Whilst I have in this instance set out a fairly detailed description of the evidence above, I have not outlined all of the evidence filed by the La-Z parties above in detail. However, this has all been considered in its entirety. I note at this stage that where the evidence clearly shows use of entirely alternative signs, such as La-Z Boy, but includes 'furnico' as part of an email or office address on the document, I do not consider this as evidence of use of the Furnico sign in a way that will help La-Z Ltd/Inc. to establish any goodwill in its business is distinguished by the same. This is because the sign clearly being relied upon to identify that business in those circumstances is not a Furnico sign, and I do not believe the consumer would consider part of an email address to be an indication of origin in relation to the goods, or to be distinctive of the goodwill in the business, particularly in those circumstances where another sign is so clearly relied upon to distinguish the same. As such, I have not outlined these examples in my summary above.

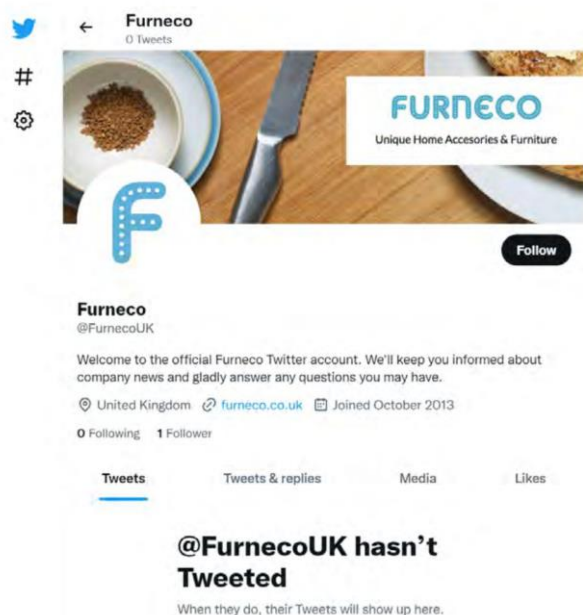
Use of the sign FURNECO by Furneco

48. Furneco's evidence comes in the form of two witness statements in the name of Matthew Davies, one filed prior to the consolidation of the proceedings, and one filed after consolidation. Much of the content is repeated across the statements, and any information that is provided twice will only be outlined once below.

49. Mr Davies explains that he first set up a Twitter account under the mark FURNECO in preparation for the launch of his brand in October 2013.¹⁴ He provides a screenshot of his Twitter page showing the date he set up his account at Exhibit MD1I. This displays the page below:

¹³ See paragraphs 24 & 25 of the witness statement of Ms Shillingford.

¹⁴ See paragraph 8 of the second witness statement of Mr Davies.



50. Mr Davies explains as follows:¹⁵

“My company has been trading under the Registered Mark and using the business name Furneco in various forms to identify itself, its brand and its products through various media in the United Kingdom since it was founded in 2014.”

51. Mr Davies explains that his company sells customisable, quality, handmade furniture accessories such as shelving, racks, hooks, photo frames and oak chopping boards, as well as handmade household furniture such as cabinetry, desks and chairs, sideboard units and kitchen carcasses via Amazon.co.uk, the online store Etsy UK (www.etsy.co.uk) and its website.¹⁶ Archived pages from its website are provided via the Wayback machine at Exhibit MD2I, with the earliest dating from 3 January 2015, which Mr Davies confirms was the date of its launch.¹⁷ This shows the mark set out below, used on the website www.furneco.co.uk which offers goods including peg rails, hook rails, hat and coat rails and “welly” racks:



¹⁵ See paragraph 5 of the second witness statement of Mr Davies.

¹⁶ See paragraph 11 of the second witness statement of Mr Davies.

¹⁷ See paragraph 9 of the witness statement of Mr Davies.

52. Exhibit MD3I provides undated images of packaging bearing the mark above, albeit presented in black. Undated images showing items of furniture that Mr Davies explains were made by his company under the Furneco mark are provided at Exhibit MD2I. Exhibit MD5I provides undated images of Furneco's Amazon.co.uk store, showing goods such as peg rails, shelves and hooks under the Furneco mark.

53. Mr Davies provides details of his turnover for the first five years of sales via Amazon.co.uk.¹⁸ These are as set out below:

Year Period	Total Sales
January 2014 - December 2014	£704.60
January 2015 – December 2015	£1222.02
January 2016 – December 2016	£7791.10
January 2017 – December 2017	£6337.50
January 2018 – December 2018	£354.00
January 2019 – December 2019	£2150.00

54. Amazon sales pages detailing the above figures are provided at Exhibit MD6I. The earliest document provided appears to cover the year 2014, but neither the date the goods were added to the site, nor the date the first sale was made are provided.

55. Pages from Furneco's Etsy UK shop are provided at Exhibit MD8I. The pages show the use of FURNECO as well as the mark shown below:

The logo for Furneco, featuring the word "FURNECO" in a light blue, dotted, sans-serif font.

56. The pages provided at this exhibit appear from the copyright date and review dates to be from 2022. These show goods such as shelves for sale. However, I note there is reference on the page to the shop being on Etsy since 2014 (this is also confirmed by Mr Davies in his statement)¹⁹ and it is confirmed there had been 2820 sales made

¹⁸ See paragraph 14 of the witness statement of Mr Davies.

¹⁹ See paragraph 16 of the second witness statement of Mr Davies.

to date when the page was captured. Mr Davies has also provided a table confirming the sales made on the Etsy site since 2014 as follows:²⁰

Year	Number of sales via Etsy
2014	2 sales
2015	3 sales
2016	34 sales
2017	85 sales
2018	37 sales
2019	115 sales
2020	529 sales
2021	973 sales
2022 (as of 21/12/2022)	792 sales

57. Exhibit MD9I provides sales data, showing the earliest Etsy UK sale as taking place on 4 October 2014.²¹

58. The past three years of sales made via the Furneco website are also provided by Mr Davies in his statement as follows:²²

Year	Gross Sales
2020	£5,110.00
2021	£25,615.90
2022 (up to 21/12/2022)	£20,938.47

59. Exhibit MD13I provides pages from Furneco's Facebook page showing the mark FURNECO as well as the stylised mark set out previously. This shows posts dating back to 10 October 2020.

60. Again, I have not detailed all of the evidence provided above, however, this has been fully reviewed and considered.

Invalidation no. 505773

61. Section 5(4)(a) of the Act states:

²⁰ See paragraph 17 of the second witness statement of Mr Davies.

²¹ I take the date to be presented in the American format, judging by the other dates given in this exhibit.

²² See paragraph 18 of the second witness statement of Mr Davies.

“(4) 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, where the condition in subsection (4A) is met,

(aa) [...]

(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.”

62. Section 47 states:

“47. (1) [...]

(2) Subject to subsections (2A) and (2G), the registration of a trade mark may be declared invalid on the ground-

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

[...]

(5) Where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

[...]

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made: Provided that this shall not affect transactions past and closed.”

The principles

63. In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court, conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the Jif Lemon case (Reckitt & Colman Product v Borden [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56. In relation to deception, the court must assess whether “a substantial number” of the Claimants’ customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per Interflora Inc v Marks and Spencer Plc [2012] EWCA Civ 1501, [2013] FSR 21).”

64. *Halsbury’s Laws of England* Vol. 97A (2021 reissue) provides further guidance with regard to establishing the likelihood of deception. In paragraph 636 it is noted (with footnotes omitted) that:

“Establishing a likelihood of deception generally requires the presence of two factual elements:

- (1) that a name, mark or other distinctive indicium used by the claimant has acquired a reputation among a relevant class of persons; and*
- (2) that members of that class will mistakenly infer from the defendant’s use of a name, mark or other indicium which is the same or sufficiently similar*

that the defendant's goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as two successive hurdles which the claimant must surmount, consideration of these two aspects cannot be completely separated from each other.

The question whether deception is likely is one for the court, which will have regard to:

- (a) the nature and extent of the reputation relied upon,*
- (b) the closeness or otherwise of the respective fields of activity in which the claimant and the defendant carry on business;*
- (c) the similarity of the mark, name etc used by the defendant to that of the claimant;*
- (d) the manner in which the defendant makes use of the name, mark etc complained of and collateral factors; and*
- (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.*

In assessing whether deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

The relevant date

65. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC (as he then was), as the Appointed Person, endorsed the registrar's assessment of the relevant date for the purposes of section 5(4)(a) of the Act, as follows:

“43. In SWORDSERS TM O-212-06 Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

‘Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.’”

66. Also in *Advanced Perimeter Systems Limited*, Mr Daniel Alexander QC (as he then was) considered the relevant date for the purposes of s.5(4)(a) of the Act where one or both of the parties have used the marks at issue prior to the date of the application to register the contested marks. He explained that:

“41. There are at least three ways in which such use may have an impact. The underlying principles were summarised by Geoffrey Hobbs QC sitting as the Appointed Person in Croom’s TM [2005] RPC 2 at [46] (omitting case references):

- (a) The right to protection conferred upon senior users at common law;*
- (b) The common law rule that the legitimacy of the junior user’s mark in issue must normally be determined as of the date of its inception;*
- (c) The potential for co-existence to be permitted in accordance with equitable principles.*

42. As to (b), it is well-established in English law in cases going back 30 years that the date for assessing whether a claimant has sufficient goodwill to maintain an action for passing off is the time of the first actual or threatened act of passing off: J.C. Penney Inc. v. Penneys Ltd. [1975] FSR 367; Cadbury-Schweppes Pty Ltd v. The Pub Squash Co. Ltd [1981] RPC 429 (PC); Barnsley Brewery Company Ltd. v. RBNB [1997] FSR 462; Inter Lotto (UK) Ltd. v. Camelot Group plc [2003] EWCA Civ 1132 [2004] 1 WLR 955: “date of

commencement of the conduct complained of". If there was no right to prevent passing off at that date, ordinarily there will be no right to do so at the later date of application."

67. In *Smart Planet Technologies, Inc. v Rajinda Sharma*, BL O/304/20, Mr Thomas Mitcheson QC, as the Appointed Person, pointed out that *"the start of the behaviour complained about"* is not the same as the date that the user of the applied-for mark (or in this case, the registered mark) acquired the right to protect it under the law of passing off. Rather, it is the date that the user of that mark committed the first external act about which the other party could have complained (if it knew about it) as an act of actual or threatened passing off. Typically, this will be the date when first offer was made to market relevant goods or services under the mark. However, it could also be the date the first public-facing indication was made that sales were proposed to be made under the mark in future. If the user of the applied-for mark was not passing off at the time such use commenced (usually because no one else had acquired a protectable goodwill under a conflicting mark at that time), he or she will not normally be passing off by continuing to use the mark.

68. In this instance, the mark subject to the application for invalidity was filed on 23 November 2017. However, Furneco has filed evidence that it first used the mark prior to that date. I note Mr Davies confirmed in his witness statement that the mark was first used on its Twitter page in October 2013. I acknowledged above that it is the first public facing indication that sales were proposed to be made under the mark in future that is relevant. I consider that the screenshot of the Twitter page provided, which clearly displays the mark, links to Furneco's website, shows the territory as the UK and makes reference to "unique home accessories and furniture", would, in its current form, clearly be sufficient for that purpose. I do, however, note for completeness that the page provided has a copyright date of 2022. I also note Mr Davies goes on to confirm that his website was not launched until 3 January 2015. I therefore consider that the version of the page available at that date is not provided, and as such the actual details featured on the same are not known. However, I also note Mr Davies commentary on the creation of this page at paragraph 8 his witness statement, as set out below:

“The first use made of the FURNECO name and of the Registered Mark is on Twitter, where I created a company account in serious preparation for the launch of my company and my business. A screenshot taken from Twitter at Exhibit MD1 shows the date I joined Twitter and set up the Twitter handle was October 2013, and displays a link to the Furneco Website, the FURNECO name and the Registered Mark.”

69. Considering the evidence, and particularly Mr Davies’ statement that the page was created in preparation for the launch of his business, I am willing to accept that the Twitter page contained the sign on its creation, and may be considered as public facing use of the same.

70. However, in this instance, I note that following the creation of the Twitter page, there was no further use of the sign by Furneco until the latter part of 2014. In *TWG Tea Company Pte Ltd vs Mariage Frères, Société Anonyme* BL O/349/16, Thomas Mitcheson QC (as he then was) stated:

“37. Accordingly the relevance of the activities of the applicant is limited to establishment of the date that the actionable use began. Once that date is established, the only question of goodwill arises in respect of the opponent’s activities. As the Applicant in the present case pointed out, self-evidently it would only be in very exceptional circumstances that a party would have established goodwill at the point in time at which it commenced the use complained of. The establishment of goodwill would take much longer. But the authorities recognise that it is the date that the activity commenced which is the crucial one, and so in my judgment it cannot be necessary for goodwill to have been accrued at that time.

38. That does not mean that it is irrelevant what happens after the first alleged date of commencement. Clearly if the activity ceased or changed materially between the date of commencement and the date of application for the trade mark then this must be taken into account, as it may mean that the true date of commencement of the activity complained of is later or that the activity complained of cannot properly be said to have properly commenced at all (if it

was later abandoned). This is all a matter of fact and degree and is no doubt why Kitchen LJ expressed it as “a matter which must be taken into account” rather than as being determinative of the issue. However it does not mean that what is required is anything more than the commencement of the activity which is carried on in such a way as to fix the date of assessment. There is no greater requirement to prove goodwill on that date. For this reason I do not consider that the Hearing Officer erred in law in her assessment.”

70. In this instance, considering the significant gap between the establishment of the Twitter page and Furneco’s further activities under the sign, during which it appears no additional activity took place, it is my view that the establishment of the Twitter page in October 2013 is not sufficient to fix the date of assessment at that point in time.

71. However, I note Mr Davies’ statement that his company has been trading under the sign FURNECO since 2014, and I further note from the evidence that Furneco launched its business on Etsy and Amazon UK in 2014. I also note that a sale was made on Etsy.co.uk at least as early as 4 October 2014, and that further sales continued thereafter. It is therefore my view that it can reasonably be considered that Furneco has used its in a manner that may fix the date of assessment mark in the UK since at least 4 October 2014. Whilst it is possible that this date falls slightly earlier than this (I note the pleadings in the consolidated opposition proceedings claim that use of the sign commenced in August 2014), I have no evidence confirming with certainty an earlier date of commencement in this instance. In the context of this invalidation, I will therefore firstly consider whether La-Z Ltd has shown in its evidence that it owned goodwill as pleaded and as distinguished by the sign prior to 4 October 2014, sufficient to prevent use by Furneco, and subsequently, whether that position was any different by the date Furneco filed its mark.

Goodwill

72. The meaning of goodwill was described in *Inland Revenue Commissioners v Muller & Co’s Margarine Ltd* [1901] AC 217 (HOL) as follows:

“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.”

73. I remind myself at this stage that La-Z Ltd pleads that it has goodwill in its business as distinguished by the sign FURNICO, in respect of the goods *furniture, sofas, armchairs and reclining chairs*.

74. With the above in mind, I now consider the evidence filed by La-Z Ltd. I note that this is fairly extensive, if not always the easiest to decipher. However, I begin by considering the evidence dating from, or shedding light on, the period prior to Furneco's first use of the mark in 2014. I note that prior to this time, the operations under the FURNICO sign were conducted solely by Furnico Limited, and the acquisition of the same did not take place until 2016. I also note that Ms Shillingford states that Furnico Limited has manufactured furniture since its establishment in 1983. Clearly, this is many years prior to Furneco's first use. However, there is little information provided about that business and its operations, until it is confirmed that in 2008, they became a licensee of La-Z Inc., and that they became the sole licensee of La-Z Inc. in the UK in 2009. Whilst the evidence suggests that furniture was being produced by Furnico Ltd prior to 2008, there is little supporting evidence to show exactly what goods were being sold by the company prior to that time, and whether, for example, there were any other licences in place meaning that goods were being produced and offered under an alternative sign, rather than with reference to FURNICO. Whilst I note the articles provided from 2014 talk about the company itself being established in the UK for over 30 years, again this sheds little light on the precise activities undertaken since 1983.

75. What is clear from the evidence is that since at least 2008/2009, Furnico Limited has been producing and distributing furniture items in their role as licensee of the La-Z-Inc., and it appears from the sum of the evidence and the picture this creates, that this was taking place alongside the sale of upholstered furniture items under a FURNICO sign. To support this, I note the Director's report from 2016 provided at

Exhibit NS02 confirms that since 2009, this company had been providing a sales and distribution operation for the La-Z Boy brand under licence, and that there are two distinct parts to the business. I also note the unit sales dating back to at least 2010, and Ms Shillingford's statement that these demonstrates the intensity of the use of the FURNICO sign. Further, I note the photograph of a sofa displayed under the stylised FURNICO sign set out previously at paragraph 28 of this decision, which Ms Shillingford confirms is an image from a furniture show in 2009.

76. Further, I note the financial statements provided for the years 2012 and 2013, and that these both confirm that the principal activity of Furnico Limited was "the manufacture of upholstered furniture". In addition, I note the 2012 report goes on to state "Furnico limited is one of the largest manufacturers of upholstered furniture in the United Kingdom with a long-established brand and will continue to invest in the quality of existing product and the design of new product". This clear reference to Furnico Limited being a long-established brand suggests that goods were being offered under a FURNICO sign at this stage, and for a significant time prior to the same. Further, the 2013 statement states "Furnico Limited is one of the largest manufacturers of upholstered furniture in the United Kingdom with a long established brand. La-Z-Boy Incorporated has a strong history for producing comfortable and quality products and is a brand that is known throughout the globe. Both Furnico Limited and La-Z-Boy Incorporated will continue to invest in the quality of existing product and the design of new product." This suggests there was business under both the La-Z-Boy brand and the FURNICO sign in 2013. The statement is similar in 2014.

77. Further, I note the supplier performance presentation dated 5 November 2013, aimed at UK furniture retailer DFS. As detailed previously, this goes through various aspects of Furnico Limited's performance and focuses mainly on the improved factory facilities and functionality. However, considering the document in the context of the evidence as a whole, the contents of the presentation points to Furnico Limited providing, under the FURNICO sign, UK furniture retailer DFS with goods such as sofas and chairs for resale by DFS, and it suggests that this arrangement was in place prior to the date of the presentation itself. It appears from this evidence that these goods were therefore offered to retailers under the FURNICO sign at and prior to this time. In addition, I note the clear reference in an article dating from June 2014 to the

recent launch of its sub-brand, “Furnico Independent Sofas” offering sofas directly to independent retailers. This evidence confirms that at some point prior to the release of the article, Furnico was also offering finished goods from their own designs under a further FURNICO sign to be purchased and sold on by retailers.²³ I also note the sales orders that I have been provided with, which date back to 22 September 2012.

78. To add to this, I note the quote from the 2014 article discussing Furnico and the changes that took place in 2011, and the reference to it “already being a well-established brand” at that point. In addition, I note the reference to Furnico’s “impressive reputation” from the article dating from June 2014.

79. Although I cannot establish from the evidence the exact split of unit sales or turnover figures that should be attributed to goods offered under a FURNICO sign or goods offered under a La-Z-Boy mark, I note the reference in the article dating from November 2016 that at that time, goods under the La-Z-Boy brand accounted for approximately half of sales, which helps to shed some light on the operations of the business of Furnico Limited in the years proceeding that point. In any case, it is my view that it is reasonable from the sum of the evidence to assume a portion of these figures can be attributed to goods under a FURNICO sign, and I note even a small portion of these figures would amount to a significant number of sales.

80. In summary, considering the sum of the evidence, it is my view that it although it appears likely furniture goods, have been offered under a FURNICO sign since the establishment of the business in 1983, the evidence is not sufficient to be relied upon for a finding of this nature. However, from 2009 onwards the evidence is more comprehensive, and supports the finding that Furnico Limited was consistently offering for sale upholstered furniture goods, in particular sofas and armchairs, under the FURNICO sign from 2009/2010 (or at the very worst, 2012) onwards. Further, I note that by June 2014 (or earlier), the business under the FURNICO sign was well established and had a reputation for the goods in the UK, and that an additional sub-

²³ It is my view that the word “Independent” simply conveys a message to the consumer that the provider of the goods is not controlled by a larger company or group, or that its products are designed for independent stores. Further, clearly the word “sofas” is entirely descriptive of the goods offered under the sign. It is therefore my view that the wording Independent Sofas is devoid of distinctiveness in relation to the sale of the goods, the sign FURNICO will be distinctive of the goodwill generated by this business under that sign.

brand had been introduced selling sofas in particular to independent retailers, also under a FURNICO sign. I note that activity under that sub-brand had already at that point helped to generate an increase in orders for Furnico Limited. It is therefore my view that the sum of the evidence establishes that Furnico Limited will have held goodwill in its business at least in respect of sofas and *amchairs*, and that by the date of assessment, the sign FURNICO will have been distinctive of at least a reasonable (and actionable) level of goodwill amongst its customers, who appear to be primarily retailers, in the UK. For the avoidance of doubt, I find this would also have been the case when the Twitter page was first created by Furneco in October 2013.

81. Of course, Furnico Limited are not party to these proceedings. However, considering the evidence provided, including the history of the parties involved as set out in the witness statement by Ms Shillingford, in addition to the details of the transfer as set out in the strategic report for the year ending 31 July 2016, I am satisfied that the ownership of this goodwill at the relevant dates will rest with La-Z Ltd, the cancellation applicant, which Ms Shillingford confirms changed its name from Furnico Furniture Limited in 2022. For completeness, I have set out the corresponding extract from the strategic report for the year ending 31 July 2016 provided at Exhibit NS02 below:

Future developments

Since 2009 Furnico has, under licence from La-Z-Boy Incorporated, provided a sales and distribution operation for the La-Z-Boy brand in the United Kingdom and Ireland, significantly growing the business and building brand identity throughout this region.

There is a fundamental change to the structure of La-Z-Boy business in the United Kingdom and Ireland. From 01 January 2017, La-Z-Boy Incorporated will reacquire the La-Z-Boy brand rights in this market from Furnico Limited and will operate the business through its wholly owned UK company, La-Z-Boy UK Limited.

As part of an internal reorganisation of the "Furnico Group" the Furnico brand will be transferred from Furnico Limited to Furnico Furniture Limited (formerly Gavco 188 Limited) from 22 December 2016. Furnico Furniture Limited will continue to operate the business in the same manner as it did previously under the name of Furnico Limited.

Important non adjusting events after the financial period

On 11 November 2016 the company entered into an agreement with La-Z Boy Incorporated whereby the sale and distribution rights of the La-Z-Boy brand in the United Kingdom and Ireland would be reacquired by La-Z-Boy Incorporated through a new company incorporated in the United Kingdom, La-Z-Boy UK Limited.

On 21 December 2016, following a decision taken by the directors of the group parent company Furnico Furniture Limited (formerly Gavco 188 Limited) and the directors of the company, the group was reorganised by transferring the trade, assets and liabilities of the Furnico brand from Furnico Limited to Furnico Furniture Limited (formerly Gavco 188 Limited) effective 22 December 2016.

Subsequent to the above Furnico Limited has ceased to trade.

82. Next, I consider the evidence provided showing use of the sign between 2014 and the filing date of the contested registration on 23 November 2017. I note firstly the web

pages showing UK retailers selling FURNICO goods dating from 4 December 2015 and 17 March 2016. Further, I note the article dating from 9 January 2015, discussing “Furnico’s Life Collection”, which, as previously noted, discusses the new collection due to be launched at the January 2015 Furniture show and makes reference to its previous “very successful motion range” alongside images of various sofas. I also note the email confirming Furnico’s presence at the January Furniture show 2015, with reference to the stylised sign outlined previously at paragraph 28 as well as the use of ‘Furnico’ in the body of the text, which makes reference to new as well as popular ranges, and refers to “Furnico products”. I note the unit sales provided, to which my previous assessment also applies. I also note the price lists issued under the sign FURNICO INDEPENDENT SOFAS and the stylised sign set out previously at paragraph 28 dated between 1 March 2016 and 1 September 2017, listing sofas and armchairs. Overall, considering the sum of the evidence filed, it is my view that at the date that the challenged registration was filed, Furnico Limited (and as such, La-Z Ltd) will have still held at least a reasonable (and actionable) level of goodwill in its business for at least *sofas* and *armchairs* as distinguished by the sign FURNICO.

83. I will discuss further whether it remained equitable for La-Z Ltd to prevent the registration of the challenged mark at the filing date of the same, following my assessment of misrepresentation and damage if required.

Misrepresentation

84. In *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, Morritt L.J. stated that:

“There is no dispute as to what the correct legal principle is. As stated by Lord Oliver of Aylmerton in Reckitt & Colman Products Ltd. v. Borden Inc. [1990] R.P.C. 341 at page 407 the question on the issue of deception or confusion is

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants’ [product] in the belief that it is the respondents’[product]”

The same proposition is stated in Halsbury's Laws of England 4th Edition Vol.48 para 148. The necessity for a substantial number is brought out also in Saville Perfumery Ltd. v. June Perfect Ltd. (1941) 58 R.P.C. 147 at page 175 ; and Re Smith Hayden's Application (1945) 63 R.P.C. 97 at page 101."

And later in the same judgment:

".... for my part, I think that references, in this context, to "more than de minimis" and "above a trivial level" are best avoided notwithstanding this court's reference to the former in University of London v. American University of London (unreported 12 November 1993) . It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion."

85. As I have noted above, I found that at the date the behaviour complained of commenced, the sign FURNICO will have been distinctive of a reasonable (and actionable) level of goodwill in La-Z Ltd's business amongst retailers in the UK. A reasonable level of goodwill as distinguished by the sign relied upon also would have also existed at the filing date.

86. I note the goods covered by the challenged registration comprise *home furniture accessories*. This will cover items such as those shown in evidence and sold by Furneco, as well a wider range of goods such as cushions. Being in my view some of the closest goods covered by the challenged registration, I consider firstly the position in relation to goods such as cushions. It is my view these goods will often be provided by the same entities and share the same trade channels as *sofas* and *armchairs* at large, and I note here the same goes for a range of home furniture accessories, which are listed alongside furniture of Furneco's own Twitter page for example. The nature of *cushions* and *sofas*, whilst different in terms of size and structure, will have some overlap in that both sofas and cushions will be soft, foam or feathered filled goods with a textile or leather casing. Consumers, both in the trade and by way of the general

public will be shared, as will the method of use to some extent, with both sets of goods being sat or laid on. It is unlikely the goods will realistically be in competition, but there may be some level of complementarity between the same, as accent cushions are commonly sold with sofas. Overall, I find a significant overlap in the respective fields of activity between *sofas* and *home furniture accessories* as covered by the contested mark. I note for completeness, that whilst slightly further removed, the goods shown in the bulk of the evidence provided by Furneco, such as, for example, shelving, are in my view still likely to share trade channels and users, and being furniture, will still be in a similar field of activity to sofas. However, it is the goods of the registration which are material, rather than Furneco's actual use.

87. It is my view that the marks, differing only by one letter which is positioned in the same position in the middle of the mark/sign where it makes less impact, are visually highly similar. Whilst I note the stylisation of the registered mark, it is my view this is not particularly remarkable and adds only a little to its overall impression, or to the visual differences between the sign relied upon and the mark as registered. Aurally, the replacement of an 'i' for an 'e' again makes only a very small difference if any, and the registered mark and the sign are aurally identical at best and highly similar at worst. Conceptually, both marks are made up words with no meaning. However, the use of 'furn' and 'co' in both marks will in my view, to a significant portion of consumers, convey the same concept. In both cases the words may be viewed as a portmanteau of sorts of 'furniture' and 'company', conveying the overall concept of a company selling or producing furniture. I keep in mind however, that there may be a further significant portion of consumers who do not attribute this meaning to the mark, and where this is the case, they will be conceptually neutral.

88. Whether or not an identical concept is not conveyed, I find the marks similar to a high degree overall. I note here for completeness, that for those consumers who attribute the meaning to the mark, considering the sign relied upon may be viewed as a combination of furniture and company, it has an inherently lower level of distinctiveness in respect of the goods, although it is my view it may have been raised slightly by virtue of the use made of the same. However, to those consumers who do not attribute meaning to the same, the marks are inherently distinctive to a relatively high degree, but this would not have been raised any higher than this through use.

89. The consumers of the goods under the earlier sign appear from the evidence to primarily be retailers. There is little evidence that there was goodwill amongst members of the general public as distinguished by the sign at the relevant dates. I note that retailers, in their professional capacity, are likely to pay a higher degree of attention to the goods than members of the general public.

90. Having considered all of the factors above, particularly noting the similarity of the sign and the registered mark and the closeness of the fields of activity, and notwithstanding the higher degree of attention paid by La-Z Ltd's consumers and the apparent lack of any intention to deceive, it is my view that use of the contested mark would result in misrepresentation amongst a substantial number of consumers that the goods registered derive from La-Z Ltd. I note for completeness that I find this to be the case both for consumers who do attribute a meaning towards the mark, and for those who don't. I also note that even if I am wrong in my finding that the inherent distinctiveness of the mark has been raised through use where a meaning is attributed to the same, I would still find a misrepresentation amongst these consumers in those circumstances.

Damage

91. In *Harrods Limited v Harrodian School Limited* [1996] RPC 697, Millett L.J. described the requirements for damage in passing off cases like this:

"In the classic case of passing off, where the defendant represents his goods or business as the goods or business of the plaintiff, there is an obvious risk of damage to the plaintiff's business by substitution. Customers and potential customers will be lost to the plaintiff if they transfer their custom to the defendant in the belief that they are dealing with the plaintiff. But this is not the only kind of damage which may be caused to the plaintiff's goodwill by the deception of the public. Where the parties are not in competition with each other, the plaintiff's reputation and goodwill may be damaged without any corresponding gain to the defendant. In the Lego case, for example, a customer who was dissatisfied with the defendant's plastic irrigation equipment might be dissuaded

from buying one of the plaintiff's plastic toy construction kits for his children if he believed that it was made by the defendant. The danger in such a case is that the plaintiff loses control over his own reputation.

92. In this case, although the respective goods are not identical and as such there is no competition or damage by way of substitution as such, there is an obvious risk of damage should La-Z Ltd's customers be dissatisfied with goods purchased from Furneco, under the mistaken belief that they derive from La-Z Ltd itself.

Concurrent use

93. In its counterstatement, Furneco has pleaded that should I find there to be goodwill, misrepresentation and damage, in the alternative there has been "honest concurrent use" between the parties since Furneco launched its business in 2013.

94. In *W.S. Foster & Son Limited v Brooks Brothers UK Limited*, [2013] EWPC 18 (PCC), Iain Purvis Q.C. sitting as a Deputy Judge set out the following test for whether honest concurrent use provides a defence in a passing off action:

"61. The authorities therefore seem to me to establish that a defence of honest concurrent use in a passing off action requires at least the following conditions to be satisfied:

(i) the first use of the sign complained of in the United Kingdom by the Defendant or his predecessor in title must have been entirely legitimate (not itself an act of passing off);

(ii) by the time of the acts alleged to amount to passing off, the Defendant or his predecessor in title must have made sufficient use of the sign complained of to establish a protectable goodwill of his own;

(iii) the acts alleged to amount to passing off must not be materially different from the way in which the Defendant had previously carried on business when the sign was originally and legitimately used, the test for materiality being that the difference will significantly increase the likelihood of deception."

95. However, paragraph 9-131 of *Wadlow on the Law of Passing Off*, 6th Ed discusses why the term “honest concurrent use” is not the most appropriate in relation to passing off. This explains as follows (footnotes omitted):

“[...] The term “honest concurrent use” derived from successive Trade Marks Acts is inappropriate in passing-off. If there has been concurrent user in fact, then it cannot be conclusive whether or not it was honest. The distinctiveness of marks is frequently destroyed by conduct which would have been actionable, even fraudulent, had the claimant acted in time. A fortiori, a concurrent right to use the mark, or more properly an immunity, can be obtained by use which was less than honest in its inception. In all that follows, it is assumed that despite the concurrent user the mark has not become publicii juris. It is possible for the distinctiveness of a mark to survive a degree of concurrent user by others, and to remain enforceable against third parties with no such rights.”

96. To this effect, in *Match Group, LLC & Ors v Muzmatch Ltd & Anor* [2023] EWCA Civ 454 at [115] to [117], Arnold LJ held that a use which was initially infringing could eventually cease to be infringing if the trade mark proprietor took no action, there was substantial parallel trade for a long period, and as a result the trade mark and the sign came to be understood by the relevant class of consumers as denoting the goods/services of more than one trader. It therefore appears that there is no requirement that the use did not constitute passing off when it first started. The key consideration under passing off law is whether, because of the parties’ established concurrent goodwill, it is no longer equitable for the senior user to prevent the junior user from continuing to use its mark.

97. At paragraph 9-128, *Wadlow* states:

“Even a business which adopts a name, mark or get-up in circumstances which would originally have been actionable may acquire, for instance by acquiescence, a concurrent right to continue using it. The analysis applies a fortiori if, with the passage of time, the public come to distinguish two businesses which they might originally have confused.”

98. So whilst I note in this instance I found that by the time the behaviour complained of commenced, La-Z Ltd (in its previous iterations) owned sufficient goodwill to restrain Furneco's use of the registered mark, I note the above confirms this is not the only consideration. I must consider whether, at the date that the application (now registration) was filed, that being 23 November 2017, it was no longer equitable for La-Z Ltd to prevent use of that registration.²⁴

99. At paragraph 9-129, *Wadlow* sets out that in *Daimler Chrysler v Alavi*, Pumfrey J observed:

"I should just add that there must come a time after which the court would not interfere with a continued course of trading which might have involved passing off at its inception but no longer did so: logically this point would come six years after it could safely be said that there was no deception and independent goodwill had been established in the market by the protagonists."

100. Considering the facts of this case, and observing particularly the very small scale of the use made by Furneco for a relatively short period of three years prior to the filing date of its application, it is my view that it cannot be said in this instance that it would have been inequitable for La-Z Ltd to have prevented Furneco's use of the challenged registration at the relevant date.

Final remarks on the invalidation

101. The application for the invalidation of registration no. 3272472 has been successful. Subject to any successful appeal, the registration will be invalidated in its entirety.

Opposition nos. 434919 & 434920

²⁴ I note the principle that the relevant date for considering whether it was equitable for a party to prevent further use of the mark in invalidation proceedings before the Tribunal is the filing date (or priority date) of that registration (as opposed to, for example, the date that the action was brought), has been confirmed in appeal decisions issued by the Appointed Persons, such as by Geoffrey Hobbs KC sitting as the appointed person in *InTime* BL O/558/22

Section 5(2)(b)

102. As the only earlier mark relied upon under section 5(2)(b) of the Act in the opposition proceedings has now been declared invalid, this ground must fall away in both oppositions.

Section 5(4)(a)

Goodwill

103. I have considered the evidence of use provided in the context of the invalidation claim above. I determined that (what is now) La-Z Ltd was the senior user of the mark in the context of that action and was in a position to prevent Furneco's use of the mark at the date the behaviour complained of commenced, and ultimately, the registration of the mark filed by Furneco in 2017. Based on this assessment, it is my view that an attempt by Furneco as the junior user to prevent the registration of the marks by La-Z Ltd based on section 5(4)(a) of the Act would fail. However, I note that La-Z Ltd is not the applicant of the marks within the opposition proceedings, and as such is not party to this second set of proceedings. Instead, the relevant party in these proceedings is La-Z Inc.

104. There is no evidence that La-Z Inc. itself has made any use of the sign FURNICO in the UK to date. I note La-Z Inc. are confirmed by Ms Shillingford and the articles provided in the evidence dating from October 2021, as being the parent company of what is now La-Z Ltd, following the acquisition of Furnico Furniture Limited (as it then was) around that time. However, I note there is no evidence that there has been any transfer of the rights to the goodwill generated through the use of FURNICO by Furnico Limited or Furnico Furniture Limited to La-Z-Inc. Indeed, at all stages of these consolidated proceedings, it is pleaded and argued that La-Z Ltd owns the goodwill as distinguished by the FURNICO sign.

105. As such, it is my understanding (and I note I have received no submissions on this point), that when considering whether Furneco held goodwill in its own mark for the purpose of the oppositions, the relevant date is the date the applications were filed,

that being 21 January 2022. As La-Z Inc. has not provided any evidence that it used the mark prior to that date, there is no earlier date to consider.

106. Considering the sum of the evidence provided by Furneco prior to the relevant date, in particular the evidence of the goods for sale on Etsy UK, Amazon UK, and via its own website, and the corresponding sales figures provided for the years running up until 2022, it is my view that Furneco has filed evidence sufficient to establish, in the context of the opposition proceedings, that it had its own goodwill in its business for *home furniture accessories* under the sign FURNECO at the relevant date. I therefore move on to consider misrepresentation.

Misrepresentation

108. *Wadlow* helpfully sets out some general principles relating to a misrepresentation of the trade source of the goods or services as follows (footnotes omitted):

The general principle

7-72

The most common form passing-off takes is of a representation by the defendant that goods are of the claimant's manufacture or merchandise when this is not the case. Such a representation is normally made by the adoption of features of a name, mark or get-up distinctive of the claimant, but the tort is in no way limited by the form the misrepresentation takes:

“[T]he basis of a passing-off action being a false representation by the defendant, it must be proved in each case as a fact that the false representation was made. It may, of course, have been made in express words, but cases of express misrepresentation of this sort are rare. The more common case is, where the representation is implied in the use or imitation of a mark, trade name, or get-up with which the goods of another are associated in the minds of the public, or of a particular class of the public. In such cases the point to be decided is whether, having regard to all the circumstances of the case, the use by the defendant in

connection with the goods of the mark, name or get-up in question impliedly represents goods to be the goods of the plaintiff, or goods of the plaintiff of a particular class or quality, or, as it is sometimes put, whether the defendant's use of such mark, name or get-up is calculated to deceive. It would, however, be impossible to enumerate or classify all the possible ways in which a man may make the false representation relied on."

7-73

As with misrepresentations as to identity, it is not necessary to prove that the defendant's goods will actually be mistaken for those of the claimant. This may be true for counterfeits and other close imitations, but legal liability is not confined to such situations. By analogy with Harrods v Harrodian School, the best formulation of the question is probably whether the relevant public would take the defendant's product as something for which the claimant had made himself responsible."

107. I note that initially, the majority of factors at play in these oppositions are equal or similar to those set out in the invalidation proceedings above, although in reverse. Even taking into account the low level of distinctive character for some consumers (which I find will not have been materially enhanced through use by the relevant date) and the arguably lower level of goodwill in Furneco's business under the sign at the relevant date, if I were to completely set aside the evidence relating to the prior use and goodwill owned by La-Z Ltd, the cumulation of factors in these oppositions would in my mind undoubtedly also result in misrepresentation amongst consumers.

108. However, it is my view that in the context of these consolidated proceedings, it would be wrong to put aside the fact that La-Z Ltd, as the subsidiary of the applicant in these oppositions, is the senior user of a sign in relation to which Furneco itself was already found to be passing off at the relevant date in 2017. As set out in *Wadlow* above, it is necessary to have regard to all of the circumstances of the case. I consider therefore whether it is equitable for Furneco to prevent the registration of a mark by the parent company of a subsidiary, where the subsidiary itself had senior rights to use the same mark, against which Furneco was previously found to be passing off,

and with which Furneco has now been trading alongside to some extent for a number of years. Whilst not set out explicitly by the parties, I note for completeness that it is my view that it is inferred that the application for registration of the mark by the parent company will have been made with the consent of the subsidiary.

109. In this instance, considering all of the circumstances of the case, I do not think it can be said that the application by La-Z Inc. results in an actionable misrepresentation that the goods under the sign are those of Furneco. It was established in the consolidated invalidation that customers would be deceived at the relevant date in those proceedings into believing that goods under the FURNECO sign were those of La-Z Ltd. It is difficult to find on that basis, that Furneco's customers will now be deceived into believing that goods under this FURNICO sign derive from Furneco, when it was already found that the business distinguished by FURNECO would be misconstrued as the business of La-Z Ltd. This seems to make little logical sense when considering all of the circumstances present in these proceedings, and in any case, it appears inequitable to allow FURNECO relief against the parent company of the owner of the senior rights in that scenario.

110. Of course, the relevant date in these proceedings is in 2022, over four years after the relevant date in the invalidation. However, considering the evidence provided by the parties, it is my view that at that later date, there are two scenarios possible. The first is that the use by Furneco continues to be considered as passing off of La-Z Ltd, on which basis the same logic as above would apply. The alternative scenario is that during that time, there have been two concurrent businesses running side by side, those being what is now La-Z Ltd and Furneco, both of which will have established their own goodwill distinguished by their respective signs at the relevant date in these oppositions, and that by the relevant date, it would be inequitable for each party to interfere with the business of the other. By extension, it is my view that it will, at the relevant date, have been inequitable for Furneco to have enforced its rights against the parent company of La-Z Ltd and prevent it from registering La-Z Ltd's sign with the consent of the same, as allowing registration of the sign by the parent company would not materially increase the likelihood of deception, given La-Z Ltd's use of FURNICO in the same field.

111. In summary it is my view that either:

- (1) In the circumstances of this case, if there is any misrepresentation in the eyes of the consumer, it will be that use of the sign filed by La-Z Inc. is use by La-Z Ltd; or
- (2) At the relevant date, it will have been inequitable for Furneco to enforce its rights against the parent company of La-Z Ltd, as the registration of the sign by the parent company would not materially increase the likelihood of deception, given La-Z Ltd's use of FURNICO in the same field.

112. For the reasons set out above, it is my view that the opposition based on section 5(4)(a) of the Act fails.

Final Remarks

113. The application for invalidation of registration no. 3272472 under cancellation no. 505773 has succeeded in its entirety. Subject to any successful appeal, the mark will be treated as though it had never been registered.

114. The oppositions filed against application nos. 3745959 and 3745960 have failed in their entirety. Subject to any successful appeal, these marks will proceed through to registration.

COSTS

115. La-Z Ltd. and La-Z Inc. have been successful and are entitled to a contribution towards costs. In the circumstances I award these parties the total the sum of £2400 as a contribution towards the cost of the proceedings, in accordance with Tribunal Practice Notice 2/2016. The sum is calculated as follows:

Prior to Consolidation

Reviewing the two TM7s and preparing and filing the TM8s (La-Z Inc.): £300 x 2 = £600

Official fees for filing the application for invalidation (La-Z Ltd): £200

Preparing and filing the TM26(i) and considering the TM8 (La-Z Ltd): £250

After consolidation

Reviewing the evidence and preparing and filing evidence: £900

Preparing and filing written submissions: £450

Total: £2400

116. I therefore order FURNECO LTD to pay La-Z-Inc. and La-Z Ltd the total sum of £2400. The above sum should be paid within twenty-one days of the expiry of the appeal period or, if there is an appeal, within twenty-one days of the conclusion of the appeal proceedings.

Dated this 5th day of June 2025

R. Le Breton

For the Registrar