

O/117/12

**TRADE MARKS ACT 1994**

**TRADE MARK APPLICATIONS 2419541A & B  
BY SPORTSDIRECT.COM RETAIL LIMITED**

**AND**

**OPPOSITIONS 95874 & 95875**

**BY BRIAN & JULIE DICKSON**

**AND**

**APPLICATION 2435936**

**BY BRIAN AND JULIE DICKSON**

**AND**

**OPPOSITION 95176**

**BY SPORTSDIRECT.COM RETAIL LIMITED**

## **Background and the issues in dispute**

1. On 18 April 2006 Sports World International Limited applied to register a series of 12 trade marks consisting of, or including, the words Sports Direct. Nine of the marks consist of these words in various combinations of upper and lower case letters. Most of the marks have one of the words in red and the other in blue, but there are also black and white versions of the marks. Three of the trade marks consist of the words 'sportsdirect.com' in the same two colours, red and blue, and also in black and white. For present purposes it is sufficient to consider only two of the 12 marks: the black and white versions of the marks 'sportsdirect.com' and 'SPORTS DIRECT'.

2. The applicant subsequently changed its name to Sportsdirect.com Retail Limited ("Retail"). The original application was divided into two parts under numbers 2419541A and B. The two marks I have selected for consideration are divided between the two applications.

3. The applications are to register these marks in Class 35 for a wide range of retail services.

4. The applications were published for opposition on 19 October 2007. On 18 January 2008, Sport Direct International Limited filed Notices of Opposition. The grounds of opposition are that:

- i) The words Sports Direct are wholly descriptive of retail services relating to sports goods.
- ii) The words Sports & Direct are commonly and frequently used by undertakings selling sports goods via the internet.
- iii) The marks are therefore excluded from registration under paragraphs (b),(c) and (d) of section 3(1) of the Act.
- iv) The opponent has been using the unregistered trade mark shown at paragraph 7 below since September 2005 in relation to sporting goods and products.
- v) Use of the opposed trade marks at the date of Retail's application would have amounted to passing off and registration would therefore be contrary to section 5(4)(a) of the Act.
- vi) Retail was aware of the opponent's use of the above trade mark from September 2005 and in late 2005 had obtained samples of goods bearing the opponent's mark.
- vii) Retail copied the above mark and applied for registration in bad faith, contrary to section 3(6) of the Act.

5. The opposition is directed at the following services:

"Retail services connected with the sale of eyewear, spectacles, sunglasses, sports goggles and eyewear, swimming goggles, frames and lenses for spectacles and sunglasses, chains and cords for spectacles and sunglasses, apparatus for transforming, accumulating, regulating or controlling electricity, dental apparatus and instruments, orthopaedic articles, vehicle apparatus for locomotion by land, air or

water, leather and imitations of leather, and goods made of these materials, animal skins, hides, luggage, trunks and travelling bags, umbrellas, parasols and walking sticks, whips, harness and saddlery, clothing, footwear, headgear, toys, games and playthings, gymnastic and sporting articles and equipment.”<sup>1</sup>

6. Retail denies the grounds of opposition to its applications.

7. On 18 October 2006, Sport Direct International Limited applied under number 2435936 to register the trade mark shown below.



8. The application covered the following goods:

**Class 09:**

Eye protection for sports, including ski glasses, ski goggles, sports and sunglasses, eye retainers, cases and accessories, including corrective protection wear, helmets for use or protection in sports, body protection against sports injury, including all guards and padding/pads in Class 9, telescopes, electronic heart rate monitors, tooth protectors.

**Class 12:**

Cycles, all components and attachments, parts, attachments therefore.

**Class 18:**

All equestrian articles and accessories, holdalls for sports articles, trunks and bags, walking sticks.

**Class 25:**

Martial arts clothing, sports clothing, headwear, ski hardware, protective clothing, wet suits, headgear, footwear.

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<sup>1</sup> The opposition is also directed against retail services connected with “apparatus for...recording electricity”, but as the opposed application does not cover such services, this aspect of the opposition is manifestly inadmissible.

**Class 28:**

Sporting and gymnastics articles, toys; games and playthings, all included in Class 28, fitness machines, apparatus and accessories, sports and gymnastic accessories; sports bags and holdalls.

9. The trade mark was published for opposition on 9 February 2007. On 8 May 2007, Retail opposed the application on the following grounds:

i) The mark applied for is similar to Retail's marks (as described above) and is to be registered in respect of goods which are similar to the following of Retail's services:

"Retail services connected with the sale of optical, measuring, checking (supervision), apparatus and instruments, eyewear, spectacles, sunglasses, sports goggles and eyewear, swimming goggles, frames and lenses for spectacles and sunglasses, cases for spectacles and sunglasses, chains and cords for spectacles and sunglasses, data processing equipment and computers, dental apparatus and instruments, orthopaedic articles, apparatus for locomotion by land, leather and imitations of leather, and goods made of these materials animal skins, hides, luggage, trunks and travelling bags, umbrellas, parasols and walking sticks, whips, harness and saddlery, combs and sponges, brushes, clothing, footwear, headgear, games and playthings, gymnastic and sporting articles and equipment"<sup>2</sup>.

ii) The similarities between the marks are such that there exists a likelihood of confusion on the part of the public and registration should therefore be refused under section 5(2)(b) of the Act.

iii) Retail's marks have a reputation in relation to all the services covered by its Class 35 applications and the opposed mark would take unfair advantage and/or be detrimental to the repute or distinctive character of the earlier marks. Registration should therefore be refused under section 5(3) of the Act.

iv) Retail used the marks described above from 18 April 2006 and has established goodwill and reputation under those marks in relation to retail and wholesale services, including such services in relation to sporting goods. Use of the mark applied for would therefore be contrary to the law of passing off and registration should therefore be refused under section 5(4)(a) of the Act.

10. Sports Direct International Limited filed a counterstatement denying the grounds of opposition.

11. Both sides seek an award of costs.

12. Sport Direct International Limited subsequently went into liquidation. An application was made to substitute Mr Brian Dickson and Mrs Julie Dickson as the applicants for application 2435936 and the opponents of applications 2419541A and B. The Dicksons had previously been involved in the running of Sport Direct International Limited. Through an earlier decision of another Hearing Officer dated

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<sup>2</sup> The Notice of Opposition also seeks to rely on earlier marks 2419541A & B to the extent that they cover wholesale services and services for providing of training, sporting and cultural activities. However, the earlier mark does not cover these services so the opposition based on them is manifestly inadmissible.

25 November 2009, the Registrar accepted the proposed substitutions and gave the parties his reasons for doing so. From here on I will therefore refer to Retail's opponents as "the Dicksons".

### **The Dicksons' Evidence**

13. The Dicksons' evidence is set out in four witness statements of Brian Dickson and one from Mark Winters. Mr Dickson says that he created the brand Sport Direct in July 2005. The company Sport Direct International Limited ("SDIL") was registered on 21 September 2005. The domain name [www.sport-direct.co.uk](http://www.sport-direct.co.uk) was registered on 10 October 2005. Some professionally printed business cards were produced in April 2006 bearing the company name and the trade mark<sup>3</sup>. The company was to sell sports equipment, clothing and accessories. Mr Dickson says that the first supplies of goods bearing the Sport Direct trade mark were ordered on 21 September 2005 and delivered on 31 October 2005.

14. According to Mr Dickson's evidence, on 15 October 2005 he contacted the UK's then largest independent car parts and accessories seller, Motor World, which at that time had 240 stores in the UK. Mr Dickson says that "*by the end of October/November 2005, [the product] was on the shelves [of Motor World] with our Sport Direct brand on it*".

15. Mr Dickson further claims that on 31 October 2005, SDIL "*started to supply Asda Walmart with 69 cycle accessories to 260 stores nationwide*".

16. Mr Dickson supports these claims with three pieces of documentation. Firstly, there is a copy of a letter dated 24 February 2006 from Motor World to Mr Dickson covering four draft pages that were to appear (2 in each) in Motor World's Consumer and Special Order catalogues. A copy of the form sent back to Motor World on 2 March 2006 is also in evidence, together with a copy of a page with marked up amendments to the draft, and three pages from the final catalogues<sup>4</sup>. The copies in evidence are not as clear as they could be, but it is clear that the Dicksons' mark (as shown in paragraph 7 above) was shown prominently at the top of page 90 of the Consumer catalogue, and that the goods in relation to which it was being used were all parts and accessories for cycles, and that at least some of these goods either bore the trade mark, or were marketed in packaging that bore the trade mark.

17. Secondly, Mr Dickson relies on a copy of the abbreviated accounts of SDIL for 30 September 2006, which shows that the company had £239k cash in hand or at the bank at that date (but do not reveal the company's turnover)<sup>5</sup>.

18. Thirdly, Mr Dickson relies on a letter dated 21 July 2011 from Clare Boswell, who is a Senior Client Manager at Lloyds TSB Commercial Finance. The letter is written on Lloyds TSB headed notepaper and is addressed "To whom it may concern"<sup>6</sup>. Ms Boswell states that Mr Dickson met with her company on 28 September 2005 and that following that meeting SDIL was offered a commercial factoring facility on 4 October. A formal agreement was later signed on 24 November 2005. Ms Boswell further states that:

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<sup>3</sup> See exhibit 3 to Dickson 1

<sup>4</sup> See exhibit 4 to Dickson 1

<sup>5</sup> See exhibit 9 to Dickson 1

<sup>6</sup> See exhibit A to Dickson 3

*“Lloyds TSB Commercial Finance maintained full information on the sales ledger, collecting customer payments, allocating invoices to payments received and marking off paid invoices, at the same time providing credit vetting and debtor protection facilities”.*

19. Ms Boswell states that sales invoices were for Asda Stores Limited and Motor World Limited. She records that a factor waiver was agreed for sales to Netto Foodstores Limited. Sales made to Netto are not therefore included in the figures she provides. These figures show that just over £33k worth of sales occurred in November 2005, rising to £135k for December, £172k for January 2006, £103k for February 2006 and £89k for March 2006. Oddly there are no recorded sales for April 2006, but there are sales of £86k for May 2006, £289K for June 2006, £111k for July 2006 and £152k for August 2006.

20. Mr Dickson says that due to the fact that he entered into various confidentiality agreements with Asda Stores Limited and Motor World Limited, he is unable to disclose exact turnover figures with them. However, he relies upon the overall turnover figures provided by Lloyds TSB to support his claims about the SDIL's use of the Sport Direct mark.

21. As a result of directions I gave under Rule 62(1)(a) of the Trade Mark Rules 2008, the Dicksons' representatives produced a fourth document: a copy of a spreadsheet recording SDIL's trading in the year to the period from November 2005 to August 2006. The spreadsheet does not give the value of particular invoices or identify particular customers. However, it does record the number of invoices for each month and the number of customers. The spreadsheet indicates that SDIL had one customer in November 2005 and that there were five sales invoices. In December 2005 and January 2006, the company had two customers and a total of 17 sales invoices. In February 2006 the company had one customer with 11 invoices. In March 2006 the company had two customers and 7 invoices. The corresponding figures for May-August show two customers and a total of 98 invoices.

22. Mr Dickson's fourth witness statement explains how the spreadsheet was obtained. Firstly, he says that he contacted Lloyds TSB and received the response from Ms Boswell described above. He further states that he accessed Lloyds TSB's Commercial Finance Cash Connect System, which he describes as *“an on-line web based accountancy package for Lloyd's clients”*, and was able to obtain a spreadsheet from the system showing the turnover figures for SDIL, which was subsequently filed as evidence. According to Mr Dickson, the information in the spreadsheet comes from the same database used by Ms Boswell to provide the sales figures in her open letter. Mr Dickson says that he believes that the spreadsheet is accurate because it comes from the records of Lloyds TSB and because it accords with his recollection *“and the figures prepared and submitted by our FCA Accountant of SDIL's trading at the time”*. I take this to be a reference to the accounts mentioned at paragraph 17 above.

23. Mr Dickson claims that SDIL acquired a third customer in June 2006 when it won a contract to supply Netto Foodstores Limited. He says that goods were promoted in Netto flyers and brochures. An example of such a flyer is in evidence<sup>7</sup>. It is hard to

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<sup>7</sup> See exhibit 6 to Dickson 1

make out but it appears to show the Sport Direct mark in use in relation to a cycling accessory (a computerised device for a cycle) and a pair of cycling gloves. The flyer states that the goods will be available from 11 August, which I take to mean 11 August 2006.

24. According to Mr Dickson, SDIL was profitable, but in October 2008 the insolvency of its biggest customer (which I understand to have been Motor World) meant that SDIL had to be liquidated. Mr Dickson says that he and his wife bought the goodwill of SDIL from the liquidator and continued to trade under the Sport Direct mark.

25. Returning to events at the start of SDIL's business, Mr Dickson's evidence is that in October/November 2005 he made appointments to see buyers he knew in the industry. One of these was Rob Tiffin. Mr Dickson exhibits<sup>8</sup> a witness statement from Mark Winters, who was in September 2005 involved in negotiations to supply bicycles from a company called M P Cycles Limited to Sport Soccer Limited (which later became Sports World International Limited and then Retail). Mr Winters says that Rob Tiffin asked him if his company could supply bicycle accessories. It could not, but he recommended Brian Dickson and later gave Mr Tiffin his contact details.

26. Mr Dickson says that he met Mr Tiffin on 8 December 2005 and showed him the Sport Direct branded product range. Mr Dickson recalls Mr Tiffin saying that he liked the packaging and the name Sport Direct. Mr Dickson also recalls leaving some branded products with Mr Tiffin.

27. Following their meeting there was an exchange of e-mails between Mr Dickson and Mr Tiffin. Mr Dickson says that Mr Tiffin asked him for quotes and he provided a list of 27 items for which Mr Tiffin required immediate quotations. This list is in evidence<sup>9</sup> and consists of cycle accessories, but also includes things like cycling shorts, helmets and cycling tops. There are copies of the e-mails in evidence<sup>10</sup>. These indicate that it was actually Mr Tiffin who attached a list of required products against which he invited Mr Dickson to quote.

28. Mr Dickson notes that on 3 February 2006, three months after seeing SDIL's brand, Sport Soccer Limited (which later became Retail) registered the domain name [www.sportsdirect.com](http://www.sportsdirect.com).

29. Mr Dickson claims that there is now confusion in the marketplace caused by the similarity of the respective marks. He attaches examples of correspondence wrongly addressed to his business that should have gone to Retail. These communications are from a power supply company, an Employment Tribunal and from a supplier. None are from customers of the Dicksons or SDIL.

30. Exhibit 5 to Mr Dickson's first statement also shows that by September 2006, SDIL was preparing to sell ski products, ski wear and boxing and martial arts products. However, there is no evidence that these products were marketed to the public under the Sport Direct trade mark.

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<sup>8</sup> See Exhibit 12 to Dickson 1.

<sup>9</sup> See exhibit 5 to Dickson 1.

<sup>10</sup> See exhibit 5 to Dickson 1.

## Retail's evidence

31. Mr Craig Brown and Ms Natalie Clare work (or in the case of Ms Clare, "worked") for International Brand Management Limited ("IBML"), which is a company in the same group of companies as Retail. Ms Clare states that Retail is a large retailer trading in sports related goods. In 2006/7 the business turned over around £1 billion in UK sales.

32. With regard to Mr Dickson's claim that Retail copied the Dicksons' mark, Ms Clare says that:

"I wish to confirm further that I have made enquiries regarding the meeting that was alleged to have taken place between representatives for the [Dicksons] and the person within my company having direct responsibility for the marketing of products bearing [Retail's].....Sports Direct trade mark. Unfortunately, the person who headed up the meeting.....has been travelling extensively and I am therefore unable to obtain any information pertaining to the alleged meeting...."

33. Mr Brown filed a witness statement in which he states that Retail acquired the domain name [www.sportdirect.com](http://www.sportdirect.com) on 17 April 2006. Mr Brown also gives evidence about the outcome of some research conducted on the WAYBACKWHEN internet archive website. According to these results<sup>11</sup>, the mark [sportdirect.com](http://sportdirect.com) first appeared on Retail's website on 5 August 2006, whereas the Dicksons' website, [www.sportdirect.co.uk](http://www.sportdirect.co.uk), was not active until 3 May 2007.

34. According to Mr Brown, Retail generated sales from its [sportsdirect.com](http://sportsdirect.com) website and from a similar site hosted on Amazon.com. Sales from these sites in 2006 amounted to £116,185.

35. Mr Brown says that Retail first opened a store under the name Sports Direct on 26 June 2006. The store was located at Feltham<sup>12</sup>. A small number of other stores were opened or rebranded under the name between then and the date of the Dicksons' trade mark application on 18 October 2006, in particular at Borehamwood, Bridgend and Grantham.

36. Mr Brown also provides examples showing how the Sports Direct.Com mark is used<sup>13</sup>. These show that the mark is used in ways typical of a retailer, for example, on shop fronts, carrier bags and on in-store signs.

37. Laura McGinn is Customer Service Leader of Corporation Service Company, which is a US company incorporated in the State of Delaware. She provides a witness statement that she says is based on the records of her company and those of eBrandSecure, which is a subsidiary of her company incorporated in the State of California. That company is a domain name registrar that also provides international domain name management services.

38. Ms McGinn says that on 23 December 2004, eBrandSecure received instructions from Jenny Hatton of IBML to acquire the domain name [www.sports-direct.com](http://www.sports-direct.com). Exhibits 1-5 to Ms McGinn's statement show that IBML paid £2000 for eBrandSecure to look into the purchase of this domain name and that e-mails on this subject

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<sup>11</sup> See exhibits A & B to Mr Brown's statement.

<sup>12</sup> This is borne out by pages from web sites in Annex C to Mr Brown's statements.

<sup>13</sup> See exhibit K to Mr Brown's statement.

continued until 1 December 2005. It appears that the domain name was already registered and that the owner was not responding to enquiries to sell it.

39. Mr Robert Mellors has been a Director of Retail since 2002. He provides a witness statement in which he states that his group was considering the trading name Sports Direct as early as November 2004. He believes that the name came from 'Viking Direct', which was the name of a stationery company known to the founder of his company, Mike Ashley. The name was originally mooted as a name for a new on-line sporting arm of the business.

40. Mr Mellors says that on 15 November 2004 he asked an external legal advisor, a Mr Barnes of Barlin, to consider whether the domain name Sports-Direct.com was available for registration. Exhibits RM1-7 to Mr Mellors' statement consists of a copy of the invoice paid to eBrandSecure and copies of e-mails dated up until April 2005 between himself, Jenny Hatton of IBML and Mr Barnes about the registration of the above domain name and the variant name www.sportsdirect.com. It appears that the former name was the preferred one. Both names were already registered. The preferred name was registered to a Deventrade B.V. in the Netherlands. Mr Mellors says that Retail subsequently acquired the domain name www.sportsdirect.com in 2006. Therefore Retail had an intention to use the name Sports Direct well before the Dicksons' previous company adopted the name Sport Direct.

41. Mr Mellors confirms that Mr Rob Tiffin was employed as a buyer of sporting goods in 2005/6. He says that at the time the Group had a buying department of 36 and employed around 19000 staff. Mr Tiffin had no input into corporate strategy and therefore no influence over the choice of the Sports Direct name. Further, Mr Mellors says that it is unlikely that Mr Tiffin's dealings with the Dicksons would have come to the attention of anyone in the business involved in strategy and rebranding.

## **The Hearing**

42. The matter came to be heard on 19 October 2011 when Retail was represented by Mr Simon Malynicz of Counsel, instructed by Bristows, and the Dicksons were represented by Mr Douglas Campbell of Counsel, instructed by Virtuoso Legal.

43. With my leave the Dicksons were permitted to file further evidence at the hearing. This consisted of a witness statement from Remco M. R. Leeuwen, who is the attorney at law for Deventrade B.V. (the owner of the domain name sports-direct.com mentioned in Mr Mellors' evidence). Mr Leeuwen says that Sport Direct B.V. is a sister company to Deventrade B.V. He confirms that:

“.....to the best of Sport Direct c.s.'s knowledge, that eBrandSecure LLP or any other third party did not contact Deventrade B.V. with a view to purchasing the domain name sports-direct.com”.

44. Mr Mellors attended the hearing and was cross examined on his written evidence. Mr Campbell asked Mr Mellors a series of questions about the accuracy of his statement that Retail had been considering using the mark Sports Direct since 2004. Mr Mellors said that he was at the meeting in November 2004 when the name was chosen as the preferred one of three candidates for a new brand.

45. Mr Campbell showed Mr Mellors, Mr Leeuwen's statement and put it to him that the story about contacting Deventrade B.V. to obtain the domain name sports-

direct.com in 2004 was false. Mr Mellors rejected this pointing to the contemporaneous e-mails in evidence that showed attempts were made to secure the domain name. Mr Campbell put it to Mr Mellors that the e-mail chains were fabrications designed to cover up the fact that Retail had stolen the Dicksons' mark. Mr Mellors rejected this as "absurd".

46. Although it turned out that certain parts of his witness statement had been drafted for him by Retail's legal team, Mr Mellors was clear and convincing about the events leading up to Retail's adoption of the SportsDirect.com marks. I accept his evidence on this matter. There is nothing about the e-mails in evidence that even hints of fabrication. Further, if there had been fabrication, it would have had to include the evidence given by Ms McGinn on behalf of eBrandSecure. It is extremely unlikely that a third party would fabricate a story and e-mail records. It is true that there is conflict between, on the one hand, the evidence of Mr Mellors and Ms McGinn, and, on the other hand, the evidence of Mr Leeuwen, but this is more likely to be the result of a failure of communications between eBrandSecure and Deventrade B.V. or because Mr Leeuwen was unaware of the approach in 2004 (he does not say that he worked for Deventrade B.V. or Sport Direct B.V. at the time) than the result of fabricated evidence from Mr Mellors and Ms McGinn. Despite Mr Leeuwen's evidence, I regard the allegation of fabrication as farfetched.

## **Retail's Trade Mark Applications Nos.2419541A & B**

### **The Section 3(6) Ground of Opposition – Bad Faith**

47. I find it convenient to deal first with the section 3(6) 'bad faith' ground of opposition. The law in this respect was helpfully summarised by Mr Geoffrey Hobbs Q.C. as The Appointed Person in *Ian Adams Trade Mark*<sup>14</sup>, as follows:

“Any attempt to establish bad faith must allow for the fact that there is nothing intrinsically wrong in a person exercising *‘the right to apply the rules of substantive and procedural law in the way that is most to his advantage without laying himself open to an accusation of abuse of rights’* as noted in paragraph 121 of the Opinion delivered by Advocate General Trstenjak in Case C-482/09

Budejovicky Budvar NP v. Anheuser-Busch Inc on 3 February 2011. In paragraph 189 of his judgment at first instance in Hotel Cipriani SRL v. Cipriani (Grosvenor Street) Ltd [2009] EWHC 3032(Ch); [2009] RPC 9, Arnold J. likewise emphasised:

... that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their

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<sup>14</sup> 2011 RPC 21

position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Art. 107 can hardly be said to be abusing the Community trade mark system.

These observations were not called into question in the judgment of the Court of Appeal in that case: [2010] EWCA Civ 110; [2010] RPC 16. They were re-affirmed by Arnold J. in Och-Ziff Management Europe Ltd v. Och Capital LLP [2011] ETMR 1 at paragraph 37. The line which separates legitimate self-interest from bad faith can only be crossed if the applicant has sought to acquire rights of control over the use of the sign graphically represented in his application for registration in an improper manner or for an improper purpose.”

48. On the facts as I have found them to be, Retail was investigating the use of the mark Sports-Direct.com well before the Dicksons adopted a similar mark. Further, at the date of the meeting in December 2005 between Mr Dickson and Rob Tiffin, Mr Dickson’s business was just starting out and had no established goodwill for Retail to steal, even if it wanted to. Further still, even if the meeting had some impact on the timing of Retail’s trade application in April 2006 (which I doubt), there is no evidence that Retail was aware that SDIL had by then established any significant goodwill under the mark Sport Direct.

49. I find that Retail made its applications to protect a legitimate self interest, namely the protection of a mark that it had plans to use long before the meeting with Mr Dickson. I therefore reject the ground of opposition under s.3(6) based on the allegation that Retail’s applications were made in bad faith.

50. The s.3(1)(d) ground of opposition was rightly dropped at the hearing because there is no evidence that *“the words Sports & Direct are commonly and frequently used by undertakings selling sports goods via the internet”* as originally pleaded.

51. So far as it is relevant, s.3(1) is as follows:

3. - (1) The following shall not be registered -
  - (a) -
  - (b) trade marks which are devoid of any distinctive character,
  - (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services

52. The law under s.3(1)(b) and (c) of the Act has been assessed in various cases coming before the Court of Justice of the European Union (CJEU) in relation to the

Trade Marks Directive or the Community Trade Mark Regulation. The following principles are transportable to the interpretation of the equivalent national law and can be summarised as follows:

- The distinctiveness of a trade mark must be assessed by reference to the goods or services for which registration is sought: *Philips*, CJEU Case C-299/99 at paragraphs 59 and 63;
- Subject to any claim in relation to acquired distinctive character, signs and indications which may serve in trade to designate the characteristics of goods or services are deemed incapable of fulfilling the indication of origin function of a trade mark: *Wm Wrigley Jr & Company v OHIM* – CJEU Case 191/01P (*Doublemint*) paragraph 30.
- Section 3(1)(c) pursues an aim which is in the public interest that descriptive signs or indications may be freely used by all: *Wm Wrigley Jr v OHIM*, paragraph 31.
- It is not necessary that such a sign be in use at the time of application in a way that is descriptive of the goods or services in question. It is sufficient that it could be used for such purposes: *Wm Wrigley Jr v OHIM*, paragraph 32.
- It is not necessary for the characteristic concerned to be an important or essential characteristic of the goods/services. Provided that the sign describes a characteristic of the goods/services it is excluded from registration by section 3(1)(c): *Koninklijke KPN Nederland NV v Benelux Merkenbureau*, CJEU Case C-363/99, paragraph 102.
- Trade marks must be assessed as a whole; a combination of descriptive terms may therefore be registrable provided that it creates an impression which is sufficiently far removed from that produced by the simple combination of those elements: Case C-242/00, *Campina Melkunie BV and Benelux-Merkenbureau*.
- Section 3(1)(b) prevents the registration of trade marks that are not capable of fulfilling their essential function of distinguishing the goods or services of one undertaking from those of other undertakings: *Philips*, CJEU Case C-299/99 at paragraphs 30 and 47
- In order to assess whether a national trade mark is devoid of distinctive character, or is descriptive of the goods or services in respect of which its registration is sought, it is necessary to take into account the perception of the relevant parties, that is to say in trade and amongst average consumers of the said goods or services, reasonably well-informed and reasonably observant and circumspect, in the territory in respect of which registration is applied for: *Matratzen Concord AG v Hukla Germany SA*, Case C-421/04 at paragraph 24.

53. The marks in question are *sportsdirect.com* and *SPORTS DIRECT*. Mr Campbell submitted that the marks are descriptive of retail services concerning the offering of sports products directly to the public via the internet. Despite the lack of evidence

and the consequential dropping of the s.3(1)(d) ground, he asked me to take notice of the common use of the word Direct by internet traders and submitted that it is understood by the public as meaning “low cost”.

54. Mr Malynicz submitted that:

- i) Retail’s list of services did not include internet retailing;
- ii) There was at least a degree of ellipsis in the marks because Retail was not selling “sports” but sporting products;
- iii) The use of a sign as a part of trade marks did not necessarily deprive that word of distinctive character;
- iv) The word ‘Direct’ was superfluous as a normal descriptor because selling goods directly to customers is the default position; there is no need to state it.

55. In connection with point iii) above, Mr Malynicz reminded me of the comments of the CJEU to that effect in *Sat.1 v OHIM Case C-329/02P*.

56. In my view, Retail’s list of services does cover internet retailing because it is a sub-category of ‘retail services’.

57. There is no evidence before me which supports Mr Campbell’s submission that Direct is understood by the relevant public as meaning ‘low cost’. It is not the literal meaning of that word. I therefore reject this submission.

58. I accept that Direct may be capable of being used to designate the nature of internet retail services, and for that reason may not be registrable alone for such services. However, I also accept Mr Malynicz’s submission that this does not mean that it is incapable of forming a part of a distinctive combination of words.

59. I also accept that there is, at least, a degree of ellipsis about the mark SPORTS DIRECT because the word GOODS, or GEAR, or similar, is missing from the term as one might expect to see it if it were being used as a descriptive statement.

60. I find that this is a borderline case. However, for the reasons given above I find that the mark SPORTS DIRECT is not a term that may be used, in trade, to designate a characteristic of retail services.

61. Further, I find that an average consumer, being in this case an ordinary member of the public, would be likely to accept the mark as an indication of trade source when used in relation to the services of an internet retailer trading in sporting goods.

62. I therefore reject the grounds of opposition under s.3(1)(b) and (c) in relation to the mark SPORTS DIRECT. If I am wrong about this, then the result would have been that ‘internet retailing’ would have been excluded from the list of services in line with Tribunal Practice Notice 1/2011<sup>15</sup>.

63. I do not consider that the mark sportsdirect.com is any more susceptible to the opposition on these grounds than the mark SPORTS DIRECT. Further, as normal

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<sup>15</sup> See paragraph 3.2.1(b).

use of either mark could include use in a range of colours, including with one word in blue and the other in red, the position is no different for any of the other marks in the applications.

### **The Section 5(4)(a) Ground of Opposition**

64. This brings me to the s.5(4)(a) ground of opposition. Section 5(4)(a) of the Act states that 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”

65. The requirements to succeed in a passing off action are well established and are summarised in *Halbury's Laws of England* 4th Ed. as being that:

i) the claimant's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

ii) there is a misrepresentation by the defendant (whether or not intentional) which is likely to deceive the public into believing that the defendant's goods or services are those of the claimant; and

iii) the claimant has suffered or is likely to suffer damage as a result of the erroneous belief created by the defendant's misrepresentation.

66. Mr Malynicz drew my attention to the comments of the late Pumfrey J. in *Reef Trade Mark* [2002] RPC 19 (at first instance) where he said:

“There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark* [1969] R.P.C. 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.”

and

“Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must

produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

67. In *Minimax GmbH & Co. KG v. Chubb Fire Ltd. (Minimax)* [2008] EWHC 1960, Floyd J acknowledged the assistance of the *REEF* guidance but said that there were no absolute requirements as to the nature of the evidence needed. He said:

“The essential is that the evidence should show, at least prima facie, that the opponent’s reputation extends to the goods comprised in the application in the applicant’s specification of goods. It must also do so as of the relevant date which is, at least in the first instance, the date of application.”

68. The difficulty in assessing the Dicksons’ goodwill in April 2006 is that there is scant documentary evidence to support Mr Dickson’s narrative evidence that goods bearing the trade mark Sport Direct were sold in significant quantities to Asda Walmart and Motor World, and sold on to the public from October/November 2005. Mr Campbell asked me to bear in mind that no request had been made to cross examine Mr Dickson. This is true but submissions were made on behalf of Retail in May 2011 which pointed out the assertive nature of Mr Dickson’s claims. So this is not a case like *Pan World Brands v. Tripp (Pan World)* [2008] RPC 2, where the criticism of the evidence was made for the first time at the hearing and therefore too late for the witness to answer it. In fact the criticism of his evidence in May 2011 prompted Mr Dickson to file a third witness statement in July 2011 in which he introduced a supporting letter from Lloyds TSB. I am not therefore obliged to accept Mr Dickson’s narrative evidence at face value simply because he has not been cross examined on it<sup>16</sup>.

69. Given the particular facts of this case, in particular the liquidation of the Dicksons’ former company, I think it is important that I also bear in mind a point made by Mr Geoffrey Hobbs QC as The Appointed Person in the *Club Sail* case<sup>17</sup> in which he cited the following words of Lord Bingham of Cornhill in *Fairchild v. Glenhaven Funeral Services Ltd*<sup>18</sup>:

“... I think it is salutary to bear in mind Lord Mansfield’s aphorism in *Blatch v. Archer* (1774) 1 Cowp 63 at 65, 98 ER 969 at 970 quoted with approval by the Supreme Court of Canada in *Snell v. Farrell*:

‘It is certainly a maxim that all evidence is to be weighed according to the proof which it was in the power of one side to have produced, and in the power of the other to have contradicted.’

70. The documentary evidence that has been produced is very thin and not all of it points to the acquisition of goodwill on the timetable indicated by Mr Dickson. For

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<sup>16</sup> To the extent that it is mere assertion, I would not have been obliged to accept it anyway: see the comments of Mr Geoffrey Hobbs QC as The Appointed Person in *Williams and Williams v. Canaries Seaschool SLU (CLUB SAIL)* [2010] RPC 32 at paragraph 38.

<sup>17</sup> See footnote 16 above.

<sup>18</sup> [2002] UKHL 22; [2003] 1 AC 32 (HL) at paragraph 13.

example, the fact that proofs of advertisements for Motor World catalogues were issued to SDIL in February 2006 and returned in early March 2006 might tend to indicate that SDIL's goods were not promoted to the public earlier than around late March/April 2006. On the other hand, the Dicksons plainly had Sport Direct branded goods to hand in late 2005. Mr Dickson gives unchallenged evidence that he received supplies of such goods at the end of October 2005, and he was able to leave examples with Mr Tiffin at the beginning of December 2005.

71. The letter from Ms Boswell at Lloyds TSB is hearsay evidence. Section 4 of the Civil Evidence Act (shown below) therefore applies.

4.— Considerations relevant to weighing of hearsay evidence.

(1) In estimating the weight (if any) to be given to hearsay evidence in civil proceedings the court shall have regard to any circumstances from which any inference can reasonably be drawn as to the reliability or otherwise of the evidence.

(2) Regard may be had, in particular, to the following—

(a) whether it would have been reasonable and practicable for the party by whom the evidence was adduced to have produced the maker of the original statement as a witness;

(b) whether the original statement was made contemporaneously with the occurrence or existence of the matters stated;

(c) whether the evidence involves multiple hearsay;

(d) whether any person involved had any motive to conceal or misrepresent matters;

(e) whether the original statement was an edited account, or was made in collaboration with another or for a particular purpose;

(f) whether the circumstances in which the evidence is adduced as hearsay are such as to suggest an attempt to prevent proper evaluation of its weight.

72. It is submitted on behalf of Retail that Ms Boswell's letter and the supporting spreadsheet should be afforded no weight because they do not establish that:

- i) The sales recorded were made under the mark SPORT DIRECT;
- ii) The writer of the letter had seen the invoices in question;
- iii) Lloyds TSB had any knowledge of the goods at issue;
- iv) SDIL had any reputation under the SPORT DIRECT mark or that its customers would be misled by Retail's use of its marks.

Further, it is pointed out that some of the sales are dated after the date of Retail's application and therefore irrelevant to the passing-off right claim.

73. It may have been reasonable for Ms Boswell to provide a witness statement. Her letter is plainly not a contemporaneous document, but the information in it and the supporting spreadsheet appear to be based on records created at the relevant time. To the extent that the evidence is based on the bank's records, it isn't multiple hearsay. Point (e) above does not really apply. There is nothing to suggest that the letter is an attempt to conceal or misrepresent matters or to prevent a proper evaluation of its weight. Therefore, to the extent that it appears to be based on information from the bank's records and supports Mr Dickson's narrative evidence, I feel able to attach some weight to it. What does it show? I accept that it does not establish any of the points listed in paragraph 72 above. It does indicate that the Dicksons' former company made sales to two customers starting in November 2005. This is consistent with Mr Dickson's first hand narrative evidence that SDIL sold goods to Motor World and Asda Walmart from November 2005 and generated a significant turnover of goods between then and the following March. And although the evidence from Lloyds TSB does not prove that the goods sold to the two retail customers bore the Sport Direct trade mark, Mr Dickson's evidence is that they did, and the pictures from the draft Motor World catalogues in February 2006 bear this out.

74. The information from Lloyds TSB indicates repeated invoices to SDIL's two retail customers, which is strongly supportive of Mr Dickson's evidence that the goods were sold on to the public – why else would further orders have been placed? So I am prepared to accept that they probably were. Mr Malynicz makes the point that the Sports Direct mark was 'buried' in amongst all of Motor World's other branding and goods. It is true that the public may not have known who was responsible for goods sold under the Sport Direct mark, but it is not a requirement of the law of passing off that the public should know who owns the goodwill. As long as there were customers who distinguished the goods on the basis of the Sport Direct sign then there was goodwill under it.

75. Although valid criticisms can be made of the individual aspects of the Dicksons' evidence, taking it as a whole I am prepared to accept that on the balance of probability SDIL had acquired goodwill under the sign Sport Direct by 18 April 2006 when Retail filed its trade mark application. On the evidence the goodwill was in a business providing parts and accessories for cycles. I find that the goodwill was likely to have been more than trivial in extent by the relevant date, but it was nevertheless modest, both in terms of commercial scale and in terms of length of time, and it was exclusively connected with cycling accessories and cycle parts, including helmets and gloves. Mr Dickson indicates that he also offered to supply Retail's predecessor with cycle shorts and tops, but I do not think that the evidence bears this out for the reason given at paragraph 27 above. However, I find that the Dicksons' Sport Direct logo qualifies as an 'earlier right' under s.5(4)(a) for cycling accessories and cycle parts including helmets and gloves.

76. Retail's applications do not cover goods. Although the retail services are related to the sale of goods, it is important to bear in mind that retail services covers:

“... in addition to the legal sales transaction, all activity carried out by the trader for the purpose of encouraging the conclusion of such a transaction. That activity consists, inter alia, in selecting an assortment of goods offered for sale and in

offering a variety of services aimed at inducing the consumer to conclude the abovementioned transaction with the trader in question rather than with a competitor<sup>19</sup>”.

77. Thus the essence of retail services is the selection of the goods offered for sale, and includes all the other services provided which encourage consumers to trade in the goods. Retail services may therefore be seen as complementary to the trade in goods. To the extent that the parties are engaged in the business of selling sporting goods they are in the same general field of activity, and to the extent that the parties are engaged in the business of selling cycle parts and cycling accessories, they fulfill different trading roles within the same specific field of activity.

78. The earlier right is very similar to Retail’s SPORTS DIRECT mark and also very similar to the other mark under consideration, sportsdirect.com. There is no real dispute about this, despite the fact that Mr Malynicz chose to characterise the Dicksons’ mark, somewhat unnaturally in my view, as the “S logo”. The similarity is plain for all to see (and to hear).

79. Taking all of the above into account, I find that Retail’s use of the marks under consideration in relation to retail services for cycling accessories and cycle parts, would have amounted to a misrepresentation to a substantial number of the Dicksons’ ultimate customers for such goods. This is because those members of the public would have assumed that the similarities between the marks combined with the parties’ complementary trading roles in the same specific field of trade indicated that the parties were the same, or that they were economically connected.

80. In these circumstances I think that damage to the Dicksons’ goodwill can be inferred because Retail’s services may have had the effect of drawing customers away from the Dicksons’ business, particularly if Retail offered services related to cycle parts and accessories via the internet, where the difference between trading in goods and retailing (potentially third party) goods may not have been so apparent to the consumer.

81. There remains the question of whether and how Retail’s list of services should be restricted so as to avoid any services for which the s.5(4)(a) ground for refusal applies, whilst permitting registration for those services for which no such ground exists. In this case I think that the offending services can be excised by a simple ‘save for’ type exclusion as envisaged in Tribunal Practice Notice 1/2011. Subject to a successful appeal, Retail’s application will therefore be registered for the services published with the addition of:

“: but not including retail services connected with the sale of cycle parts or cycle accessories, cycle helmets, cycle bags, cycling gloves and clothing for cycling.”

82. I have included clothing for cycling in the exclusion because although there is no evidence that the Dicksons’ business under the earlier right included such goods (other than gloves), these goods are closely connected to cycling accessories and the relevant public would assume that they originated from the same or a related

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<sup>19</sup> See paragraph 34 of the judgment of the CJEU in *Praktiker Bau*, Case C-418/02.

trade source to the Dicksons' business, if offered for sale by a retailer trading under the marks SPORTS DIRECT or sportsdirect.com. The close connection between the goods is consistent with Retail's buyer, Rob Tiffin, inviting Mr Dickson to bid to supply Retail with cycling accessories, including cycle shorts and tops.

83. I have not included cycles themselves in the exclusion. This is because although plainly similar to cycle parts, the evidence indicates that the Dicksons' business had not established an extensive reputation as a supplier of cycle parts at the relevant date. In these circumstances, I am not prepared to infer that a substantial number of the consumers who made up the goodwill on which the Dicksons rely would have been likely to have assumed that the user of the marks SPORTS DIRECT/sportsdirect.com in relation to a retail business selling, inter alia, complete cycles, was connected with the trade in cycle parts and accessories they knew by reference to the mark Sport Direct.

## **The Dicksons' Trade Mark Application No. 2435936**

### **The Section 5(2) Ground of Opposition**

84. Retail's primary ground of opposition to the Dicksons' application is under s.5(2)(b), which is as follows:

- 5 (2) A trade mark shall not be registered if because -
- (a) -
  - (b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.

85. Subject to registration, Retail's mark is plainly an 'earlier trade mark' for the purposes of s.5.

86. In my consideration of whether there is a likelihood of confusion between the earlier mark and the Dicksons' mark, I take into account the guidance from the settled case law of the ECJ in *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG & Adidas Benelux BV* [2000] E.T.M.R. 723, and *Shaker di L. Laudato & C. Sas v OHIM C-334/05 P* (LIMONCELLO). It is clear from these cases that:

- (a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v Puma AG*,
- (b) the matter must be judged through the eyes (and ears) of the average consumer of the services in question; *Sabel BV v Puma AG*, who is deemed to be reasonably well informed and reasonably circumspect and observant - but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind; *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel B.V.*,

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v Puma AG*,

(d) the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV v Puma AG*,

(e) it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements; *Shaker di L. Laudato & C. Sas v OHIM*

(f) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.*,

(g) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it; *Sabel BV v Puma AG*,

(h) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v Puma AG*.

### **Comparison of goods and services**

87. Following my previous findings, I propose to compare the respective goods and services on the footing that the services on which Retail relies will be limited to:

“Retail services connected with the sale of optical, measuring, checking (supervision), apparatus and instruments, eyewear, spectacles, sunglasses, sports goggles and eyewear, swimming goggles, frames and lenses for spectacles and sunglasses, cases for spectacles and sunglasses, chains and cords for spectacles and sunglasses, data processing equipment and computers, dental apparatus and instruments, orthopaedic articles, apparatus for locomotion by land, leather and imitations of leather, and goods made of these materials, animal skins, hides, luggage, trunks and travelling bags, umbrellas, parasols and walking sticks, whips, harness and saddlery, combs and sponges, brushes, clothing, footwear, headgear, games and playthings, gymnastic and sporting articles and equipment: but not including retail services connected with the sale of cycle parts or cycle accessories, including cycling helmets, cycling gloves and clothing for cycling.”

88. The Dicksons’ application covers:

#### **Class 09:**

Eye protection for sports, including ski glasses, ski goggles, sports and sunglasses, eye retainers, cases and accessories, including corrective protection wear, helmets for use or protection in sports, body protection against sports injury, including all guards and padding/pads in Class 9, telescopes, electronic heart rate monitors, tooth protectors.

**Class 12:**

Cycles, all components and attachments, parts, attachments therefore.

**Class 18:**

All equestrian articles and accessories, holdalls for sports articles, trunks and bags, walking sticks.

**Class 25:**

Martial arts clothing, sports clothing, headwear, ski hardware, protective clothing, wet suits, headgear, footwear.

**Class 28:**

Sporting and gymnastics articles, toys; games and playthings, all included in Class 28, fitness machines, apparatus and accessories, sports and gymnastic accessories; sports bags and holdalls.

89. In comparing the respective services and goods I take account of the judgment of the CJEU in *Canon* where the court stated at paragraph 23 of its judgment that:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary.

90. On the question of the similarity between goods and retail services connected with those goods, the General Court held in Case T116/06 *Oakley Inc v OHIM* that the respective goods and services do not have the same nature, purpose and method of use because goods are fungible whereas services are not (see para 47). Despite this, the Court found that the Board of Appeal was correct to find that there were similarities given the complementary nature of the goods and associated retail services. That is to say that the goods are indispensable to, or at the very least important for the provision of the retail services<sup>20</sup>. However, the court’s finding of overall similarity related to retail services associated with goods which are “*identical, or closely connected to*” the goods of the other mark.

91. I therefore find that there is a moderate degree of similarity between the retail services covered by the earlier mark and most of the goods covered by the Dicksons’ application. In particular I find that ‘Eye protection for sports, including ski glasses, ski goggles, sports and sunglasses, eye retainers, cases and accessories, including corrective protection wear’ in Class 9 of the Dicksons’ application is similar to ‘retail services connected with... eyewear’ in Retail’s application. ‘Helmets for use or protection in sports’ are similar to ‘retail services connected with sale of ...headgear’ in Retail’s application. ‘Tooth protectors’ and ‘body protection against sports injury, including all guards and padding/pads in Class 9’ of the Dicksons’ application are similar to ‘retail services connected with...sporting articles and equipment’ in Retail’s application. ‘Telescopes’ in Class 9 of the Dicksons’ application are similar to ‘retail services connected with..optical apparatus’ in Retail’s application. ‘Heart rate monitors’ are similar to ‘retail services connected to....data processing equipment and computers’ in Retail’s application.

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<sup>20</sup> Paragraphs 54-56 of the judgment.

92. 'Cycles' in Class 12 of the Dicksons' application is similar to 'retail services connected to... apparatus for locomotion by land' in Retail's application.

93. 'Equestrian articles and accessories, holdalls for sports articles, trunks and bags, walking sticks' in the Dicksons' application are similar to 'retail services connected with... luggage, trunks and travelling bags, walking sticks, whips, harness and saddlery' in Retail's application.

94. 'Martial arts clothing, sports clothing, headwear, ski hardware, protective clothing, wet suits, headgear, footwear' in Class 25 of the Dicksons' application are similar to 'retail services connected with... clothing, footwear, headgear' in Retail's application.

95. 'Sporting and gymnastics articles, toys; games and playthings, all included in Class 28, fitness machines, apparatus and accessories, sports and gymnastic accessories; sports bags and holdalls' in Class 28 of the Dicksons' application are similar to 'retail services connected with... luggage, trunks and travelling bags, games and playthings, gymnastic and sporting articles and equipment' in Retail's application.

96. The only goods in the Dicksons' application for which no associated retail services are included in Retail's application are cycle parts, components and attachments in Class 12. It could be argued that these are covered by retail services connected with '...apparatus for locomotion by land'. However, it is well established that lists of services should not be given an overly broad interpretation and should instead be limited to the core of the potential meanings available<sup>21</sup>. Consequently, I do not think it would be right to regard this term as covering retail services connected with cycle parts, components and attachments because these are parts of apparatus for locomotion by land, but do not themselves represent a means of locomotion.

97. Furthermore, the effect of the exclusion applied to Retail's applications is that the services covered by those applications are not connected to 'cycling helmets', 'body protection for cyclists' and 'clothing adapted for cyclists, including gloves' in classes 9 and 25, respectively, and 'cycle bags' in Class 18.

98. I therefore find that there is little or no similarity between the goods listed in paragraphs 96 and 97 above and the retail services for which I have found Retail's mark to be registrable.

### **Similarity of Marks**

99. As I noted when I compared the marks from the perspective of the Dicksons' opposition to Retail's marks, the similarities between the marks are obvious. The distinctive and dominant element of all the marks is the words Sport(s) Direct. Although there are visual differences, these are not sufficient to counter the similarities. The Dicksons' mark is visually highly similar to Retail's earlier mark and either identical or nearly identical to the ear. As I indicated earlier, I am not convinced that the combination Sport(s) Direct (.com) would convey any immediately recognisable concept to an average consumer. If that is right, there is neither conceptual similarity nor dissimilarity.

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<sup>21</sup> See *Reed v Reed*, Court of Appeal [2004] RPC 40.

100. Overall, the marks are highly similar.

### **Average Consumer**

101. For most of the goods covered by the Dicksons' application, the average consumer is going to be an ordinary member of the public, in some cases with an interest in sporting activities. I would expect such a consumer to pay an average degree of attention when selecting most of the goods. The position is likely to be a little different where protective wear is concerned. Here the consumer is likely to be more careful than usual about what he or she buys. Therefore an above average level of attention may be assumed. The same is likely to be true of electronic heart rate monitors, telescopes and fitness machines, which are highly technical and/or expensive products.

### **Distinctive character of earlier marks**

102. Despite my earlier finding that Retail's marks are sufficiently distinctive to be registrable, they are possessed of only a low level of inherent distinctiveness in relation to the (relevant) services connected to the sale of sporting products. This is because they are largely comprised of the word 'sports', which refers to the intended purpose of the goods, combined with 'direct', which at least alludes to a channel through which the goods are sold. The combination may not be a natural descriptive term, but neither is it particularly distinctive. One would not have been shocked to learn that in 2006 two traders were coincidentally using these marks in relation to, on the one hand, retail services connected with general sports goods and, on the other hand, as a trade mark for a different but specific type of sports goods.

103. The position may be different now because Retail's marks have plainly acquired a much stronger distinctive character because of the extensive use made of the marks since 2006. However, the relevant date for the assessment of the Dicksons' application is 18 October 2006. At that date Retail had only 4 stores operating under the name. Further, the web site of the same name and an associated site on Amazon had sold only £116k worth of goods in 2006, a proportion of which were likely to have been after the relevant date in October. There is therefore insufficient evidence upon which to find that Retail's use of its mark prior to the relevant date had resulted in the marks becoming materially more distinctive because of the use made of them.

### **Likelihood of confusion**

104. Taking into account the low level of distinctiveness of the earlier marks, the high degree of similarity between the marks and the moderate level of similarity between the retail services for which I have found Retail's marks to be registrable, and the directly connected goods covered by the Dicksons' application (as described above), I find that there exists a likelihood of confusion, including the likelihood that relevant consumers will be caused to believe that the marks are used by the same undertaking, or by economically related undertakings. In reaching this finding I have taken into account that for some of the goods at issue the consumer is likely to pay an above average degree of attention during the process of selection. However, where the marks are so similar I do not believe that this will be enough to prevent those consumers from believing that they are marks used by economically connected undertakings.

105. Where I have found that there is less or no similarity between Retail's services and the goods covered by the Dicksons' application, I find that there is no likelihood of confusion.

106. Consequently, the opposition to the Dicksons' application under s.5(2)(b) succeeds for all the goods except for:

Cycling helmets, body protection for cyclists in class 9

Cycle parts, components and attachments in class 12

Cycle bags in class 18, and

Clothing for cyclists, including gloves, in class 25.

### **The Section 5(3) and 5(4)(a) grounds of opposition**

107. I do not need to say very much about the grounds of opposition under sections 5(3) and 5(4)(a).

108. In order to succeed in an opposition under s.5(3) the earlier mark must have established a reputation amongst the relevant section of the public as regards the goods or services for which the mark is protected. This means that the trade mark for which protection is sought must be known by a significant part of that relevant public<sup>22</sup>. Retail has not established that at the relevant date of 18 October 2006 its mark was known by a significant part of the relevant public for retail services of the kind listed in its applications. Consequently, the opposition under s.5(3) fails.

109. The Dicksons have established that they are the senior user of their mark in relation to the goods which have survived the opposition under s.5(2)(b). Consequently, the passing off right claim must fail in so far as it relates to the use of the Dicksons' mark for these goods<sup>23</sup>.

### **Overall Conclusion**

110. Subject to appeal, Retail's marks will be registered for the published services but with the exclusion "": but not including retail services connected with the sale of cycle parts or cycle accessories, cycle helmets, cycle bags, cycling gloves and clothing for cycling."

111. The Dicksons' mark will be registered for the list of goods specified at paragraph 106 above.

### **COSTS**

112. The parties asked to make submissions about costs after having sight of this decision. I agreed. My initial assessment was that there was nothing sufficiently unusual about the case that would justify awarding costs outwith the published scale. In fact given that both sides have achieved a measure of success, I was minded to direct that each side bears its own costs. However, I gave the parties the opportunity

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<sup>22</sup> Case C-375/97, CJEU, *General Motors* [1999] ETMR 950, at paragraphs 24 and 26.

<sup>23</sup> See *Croom's Application* [2005] RPC 2

to make written submissions about costs after receiving my decision on the substance of the matter.

113. Both parties subsequently provided written submissions on costs. In their submissions the Dicksons said, inter alia:

“15. The Hearing Officer commented that he felt there was nothing unusual about the case that would justify awarding costs outside the published scale. We agree. The sole factor identified by Retail does not justify doing so.

16. Next there is the issue as to where costs should lie. It is submitted that Retail should pay the Dickson’s costs for the following reasons.

17. First, as stated above, the result is not a draw: it is in substance a win for the Dicksons.

18. Secondly, the real delay and cost for both parties in this matter was incurred between October 2008 and November 2010, when Retail challenged the Dickson’s locus standi for both the trade mark application and opposition in the name of Mr and Mrs Dickson...

21. In summary, Retail have dragged the Dickson’s application and opposition proceedings out for years. They have raised poor legal arguments in relation to Mr and Mrs Dickson’s entitlement and have sought to wear down the party opposing their mark by incurring unnecessary costs, especially in relation to the locus standi of the Dicksons.”

114. In its submissions Retail said, inter alia:

“We submit...that the initial views of Mr James on this matter should be confirmed. Our client does not seek any out of scale costs. It is clear from Mr James’ decision that “both parties have achieved a measure of success” and in accordance with established practice, it is therefore appropriate that each party bears its own costs within the normal published scale.

There has been no conduct by our client in this matter that would justify any diversion from this principle. Our client has acted in response to actions by Mr and Mrs Dickson in an appropriate manner to protect its own interests, including in challenging their appropriation of their application in place of a company in liquidation, without the provision of evidence as to their legal right to do so. Such appropriation had an effect on the Dicksons’ standing to continue with the proceedings...”

115. Having reviewed the parties’ submissions, there is nothing which persuades me that my initial assessment was wrong with regard to the outcome of the proceedings and the consequential position on costs. Subject to appeal, Retail’s applications will be accepted for all the retail services for which it sought registration save (broadly speaking) for retail services connected with those goods for which the Dicksons demonstrated they had goodwill. The Dickson’s application will be accepted for the goods for which goodwill has been demonstrated. In terms of their respective specifications, both parties have, as I indicated in my initial decision, achieved a measure of success. Further, both sides have succeeded on some grounds but failed on others.

116. As to Retail's challenge to the Dickson's locus standi, the importance of this issue to the outcome of these proceedings, combined with the fact that it was necessary for the Dicksons to provide additional evidence/information before the matter could be determined in their favour, indicates that Retail's approach to the matter was not, as the Dicksons submit, unreasonable. However, the Dicksons were ultimately successful on this point and I think that they are therefore entitled to a contribution towards the cost of overcoming Retail's objection to their substitution as applicants/opponents in place of Sport Direct International Limited.

117. In this connection I note that this issue was only resolved following an interlocutory hearing and a Case Management Conference (CMC). The Dicksons were required to file evidence and were represented at the CMC by a barrister who specialised in insolvency law. The Hearing Officer who held the CMC recorded that he had found the submissions of the barrister "helpful". In these circumstances, I order Retail to pay the Dicksons the sum of £800 as a contribution towards the cost incurred in dealing with these matters.

118. This sum to be paid within 7 days of the end of the period allowed for appeal.

**Dated this 16<sup>th</sup> Day of March 2012**

**Allan James  
For the Registrar**