

o/196/06

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO 2358091
BY HOTELSRUS LIMITED
TO REGISTER THE TRADE MARK:**

HOTELSRUS

IN CLASS 43

AND

**THE OPPOSITION THERETO
UNDER NO 92740
BY
GEOFFREY, INC**

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In the matter of application no 2358091

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to register the trade mark:

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BACKGROUND

1) On 11 March 2004 Hotelsrus Limited, which I will refer to as HL, applied to register the trade mark HOTELSRUS (the trade mark). The application was published for opposition purposes in the “Trade Marks Journal” on 21 May 2004 with the following specification:

Temporary accommodation, booking and reservation services for holiday accommodation.

The above services are in class 43 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

2) On 23 August 2004 Geoffrey Inc, which I will refer to as Geoffrey, filed a notice of opposition to the registration of the application. The opposition was originally based upon a variety of grounds, a number of different trade marks and two signs used in the course of trade. The grounds of opposition included an argument re a family of trade marks, subsequently, evidence was filed in relation to this. However, prior to the hearing the grounds of opposition were honed down. The grounds were limited to sections 5(3) and 5(4)(a) of the Trade Marks Act 1994 (the Act). It is contended that the trade mark would piggy back upon the reputation/goodwill of Geoffrey in relation to the trade mark TOYS “R” US and so would take unfair advantage of the distinctive character or the repute of the trade mark (section 5(3) of the Act) and lead to confusion and damage (section 5(4)(a) of the Act – in respect of passing-off). As only the TOYS “R” US trade marks were relied upon, there is no longer any issue relating to a family of trade marks. In its counterstatement and in its submissions HL accepted that there was a reputation in TOYS “R” US in connection with toys and toy stores. This reputation formed the basis of the submissions for Geoffrey. The only trade mark registrations for TOYS “R” US, which are in the pleadings, that encompass toys or retail services are two Community trade mark registrations; nos 400929 and 1786862. The trade mark of these registrations is stylised:

TOYS R US

Registration no 1786862 includes the following goods and services in classes 28 and 35, the relevant classes for toys and retail:

toys, games and playthings; gymnastics and sporting articles and equipment; bicycle toys; party novelties; streamers; children's and infants ride-on-toys; rocking horses; electrical and electronic toys, games and playthings; chemistry sets, electronics kits and science and biology investigation kits, all for educational play purposes; radio, battery and remote controlled models and vehicles and accessories therefor; remote controllers for model vehicles; model vehicles; model vehicle construction kits and parts thereof; construction toys; preschool toys; bubbles; marbles; fancy dress outfits being children's playthings; masks; outdoor recreation and adventure apparatus and equipment, namely, wendy houses, play houses, climbing frames, slides, swings, paddling pools, swimming pools and trampolines; baby swings; handheld electronic and computer games; action figures and accessories therefor; toy models and toy model kits; bath toys; rattles; train sets; mobiles; crackers (party novelties); puppets; puzzles; adult toys and puzzles; Christmas tree decorations; swimming, play and paddling pools; accessories for swimming pools; water toys; inflatable mats and loungers; pool toys; inflatable toys in the form of boats; toboggans; sleds; snow discs; sand boxes and pits; hose pipe attachments for water-play; kites and kite strings; plush toys; soft toys; dolls and doll accessories; dolls houses; play houses, mats, easels, picnic tables, desks, chairs, tables, table and chair sets, desk and chair sets, easel desks, foam furniture, rocking chairs, shops and tents; balloons; ride on bouncers; jump ropes; balls; beach balls; sports balls; baseball equipment; softballs; baseball training devices; masks and catchers; baseball gloves, bats and balls; baseball bats, baseball batting gloves, catcher gloves, masks and baseballs; volleyball apparatus and equipment, other than clothing; sports nets; goals; darts; dart boards; frisbees, yo-yos, bowling balls; hula hoops; pogo sticks; golfing apparatus and equipment, other than clothing; golf clubs and bags; basketball hoops; hockey sticks; sports rackets; roller skates; shoe skates; toy skates; inline roller skates; ice skates; skate and skateboard accessories; skateboards; tetherball; athletic bags adapted to the products they are intended to contain; boxing gloves; punch bags; badminton rackets, shuttle cocks, nets and sets; ping-pong balls, nets, tables and bats; tennis rackets and balls; squash rackets and balls; bocce balls and equipment; racquetball equipment; equipment for fishing; lacrosse sticks and balls; croquet sets, sticks and balls; cricket bats, balls and bags; snooker tables, cues, cue chalk, score boards and balls; paddleball rackets and balls; exercise and body building equipment; playthings and novelties for parties, namely spray can novelty string and foam; slumber tents, all being for play purposes;

retail information and advisory services relating to the suitability, purchase and use of children's articles, items for children and infants, items for instruction, education and entertainment of children and infants; clothing for children and infants and nursery apparatus and equipment; promotion and advertising of the goods of others; on-line promotion and advertising of the goods of others; promotion of infant and child safety.

Registration no 400929 is for the following services in class 35:

retail services relating to the suitability, purchase and use of children's articles, items for children and infants, including clothing, toys, games and playthings, sporting equipment, electronic goods, furniture, health and beauty aid products, nursery apparatus and equipment, items for instruction, education and entertainment of children and infants; advisory services relating to the suitability, purchase and use of children's articles, items for children and infants, including clothing, toys, games and playthings, nursery apparatus and equipment, items for instruction, education and entertainment of children and infants.

(Geoffrey had included United Kingdom registration no 2257543, for TOYS “R” US in its pleadings. However this is for class 36 services (real estate and insurance services) and so does not fall within the bounds of the reputation upon which Geoffrey now relies.)

3) HL denies that registration of the trade mark would be contrary to either section of the Act.

4) A hearing was held on 5 July 2006. HL was represented by Mr Hamer of counsel, instructed by Moorhead James. Geoffrey was represented by Mr Edenborough of counsel, instructed by David Keltie Associates.

EVIDENCE

5) A large part of the evidence furnished by Geoffrey became redundant owing to the honing down of the basis of the opposition. So I will confine my consideration of the evidence to those parts which are pertinent to the case as presented at the hearing; as well as concentrating on evidence that deals with matters before the date of application.

6) Thomas DeLuca gives evidence for Geoffrey. Mr DeLuca is vice president for product development safety assurance of Geoffrey. Geoffrey is a wholly owned subsidiary of Toys “R” Us, Inc. Exhibited at TD18 is a page from the hotelsrus.com website. This shows use of the trade mark as a banner in the following manner:



The page was downloaded on 14 March 2005. Exhibited at TD27 is a page from toysrus.com giving the history of the undertaking. At the top of the page is a stylised TOYS “R” US, the reversed R is in a five pointed star.

7) Mr DeLuca states that Geoffrey runs a travel club under its TOYS “R” US trade mark in the United Kingdom. He states that for the past two years it has had an association with Thomas Cook. There is a printout from 24 March 2005 and two undated leaflets. However, one of the leaflets refers to an offer in conjunction with Swallow Hotels which expires on 28 February 2005, indicating that it emanates from after the date of application. One edition for “The Mother & Baby Club Magazine”

which is exhibited carries a feature on the holiday club; these magazines emanate from 2004. Mr DeLuca refers to competitions where holidays are the prizes, and exhibits material in relation to this at TD20. Further undated material is exhibited at TD21. Part of it is a joint promotion with Accor hotels, for 21 May to 5 September 2004. The hotel service is clearly under Accor and its brands; there is nothing which would suggest that TOYS “R” US would be seen as a provider of the service, even if it was before the date of application. There is material from Virgin Holidays for an offer for June, September and October 2005. It represents a special offer for TOYS “R” US gold card holders, rather than a travel service provided by Geoffrey. The other material is from Eurocamp and relates to a joint promotion. None of this material is in anyway indicative of Geoffrey being involved in the travel business, merely being involved in joint promotions. Mr DeLuca states that consumers who hold a TOYS “R” US gold card are entitled to rewards. Catalogues are exhibited at TD22; the 2002 Spring catalogue has a competition with a prize of a holiday; two other catalogues emanate from after the date of application. The spring 2004 gift catalogue has two references to the TOYS “R” US Travel Club. However, there is no indication as to when the catalogue was distributed, whether before or after the date of application. The competition at the back of the catalogue gives a final entry date of 30 April 2004. At TD26 there is material relating to joint promotions with holiday companies and competitions for which the prize is a holiday. The identity of the holiday provider in the promotions is clear eg Airtours, Haven and Express by Holiday Inn. A catalogue for Christmas 2003, which from internal evidence was issued before 23 November 2003, shows the TOYS “R” US Travel Club, with clear reference to Thomas Cook. So this shows the TOYS “R” US Travel Club was functioning prior to the date of application. Exhibited at TD22 is a Gold Card Rewards brochure, on the back of which is an advertisement for the travel club with no reference to Thomas Cook. However, the internal evidence of the brochure indicates that it was issued in 2005. The spring gift catalogue exhibited at TD22 shows written underneath Travel Club the words “in association with Thomas Cook” as well as the Thomas Cook name and logo; as does an advertisement in the autumn gift catalogue for 2004. Prior to the material date all of the material seems to show that use of TOYS “R” US Travel Club was in conjunction with Thomas Cook.

8) Exhibited at TD25 are pages downloaded from the Companies House website. These show that Hotelsrus Limited was previously called Hotels Are Us Limited.

9) Evidence for HL comes from a number of sources. Ms Newton works as marketing director of HL. She has worked with the company since its creation. She comments that she has heard some mispronunciations of the name of the business and misconceptions of to what it relates. However, she has never been asked if the business is connected to TOYS “R” US or questions about TOYS “R” US. She has spoken to all seven members of staff and none of them can recollect being asked about TOYS “R” US or toys by any of HL’s customers.

10) Mr Jorgensson is a regular customer of HL. From 6 April 2005 to 15 July 2005 he made seven separate reservations with HL. He first came across HL through an advertisement appearing on Google. Mr Jorgensson states that he has never confused Hotelsrus.com with TOYS “R” US.

11) Ms Gallagher is the product manager of HL. She has dealt with a number of customer requests and enquiries over the telephone since joining HL. She has never heard anything which would lead him to believe that anyone has connected HL in anyway with TOYS “R” US.

12) Mr Roy Allan is director of HL. HL was registered at Companies House on 13 February 2002 and registered for VAT on 1 March 2003. HL is a service company providing hotel accommodation in the United Kingdom, Europe, North and South America, Australia and Thailand. He states that currently no other service, other than hotel accommodation, is provided. The accommodation is sold in pounds sterling and is collected via an on-line payment “gateway”. HL advertises itself upon the Internet through search engines such as Google and Overture. In the first year of business there was no business activity. In the second year there was very little trading, around £20,000 in sales, with most effort being driven into building up the website. Unfortunately, Mr Allan does not state when trading actually commenced. Mr Allan states that in the future HL will work with affiliates, its booking engine sitting in other companies’ websites. The advertising will be carried out by the affiliate, for which a commission will be paid by HL for each booking that is made through its website.

13) The domain name hotelsrus.com was registered on 5 March 2001 by David Webb, from whom the domain name was bought on 3 March 2003. Mr Allan states that the domain name hotelsrus.co.uk was registered by Travco on 18 October 1999, he understands that Travco still own the domain name. He states that two further domain names: hotels-r-us.co.uk and hotels-r-us.com were registered on 21 June 2004 and 12 March 2000 respectively.

14) Mr Allan states that at the time HL was started he thought that the designation X R Us, X being a description of the business, had been used in a number of areas of business but had not been used in relation to hotels and in particular in the booking of hotels. He thought that designations based upon this formula had the advantage of being very descriptive on the one hand but quite distinctive on the other. He did not think that anyone else, who was already using the same formula, would be concerned at the adoption of the name because it never occurred to him that anyone would think that that the business had any connection with any other business using the R Us ending.

15) Initially HL was registered in error on 13 February 2002 with Companies House as Hotels Are Us Ltd. This was amended to Hotelsrus Ltd on 4 March 2002.

16) Mr Allan states that at the time of the coining of the name it was his perception that there were a good number of organisations using the R Us ending. It was not something that seemed to be important to remember at the time. He now recalls TOYS “R” US and Tiles ‘R’ Us. Mr Allan is not aware of HL ever being mistakenly connected to TOYS “R” US or any other company using the ending R Us.

17) Mr Khan, a solicitor acting for HL, conducted research into the existence of other businesses in the United Kingdom which use the designation X R Us in their names by conducting searches on the Internet. The results of his research are exhibited at RBK 1. At RBK 2 are exhibited the results of a search of the Companies House website for companies using the same formula in their names. His research also

revealed companies using this formula in the United States, Canada, Australia and New Zealand. The result of these searches are exhibited at RBK 3. Furthermore, exhibited at RBK 4 are the results of a trade mark search carried out on a similar basis. All of the material exhibited at RBK 1 was downloaded after the material date. Basic details of the results of the search are given below:

Axesrus – guitars
Baggers ‘r’ us – a blog
Cars R Us – vehicles
Cells Are Us – cancer research
Chicken ‘R’ Us – restaurant
Crafts ‘R’Us (UK) – *arts and crafts materials*
Disabilities-R-Us – Internet chat site for those with physical disabilities
DrugsRus – a reference in a posted comment on HairSite.com
Essays-R-Us – supplying essays
Flats-R-Us – *buying, letting and selling flats*
Greyhounds R Us – greyhound rehoming and rescue charity
cars ‘R’us – care hire
History-R-US - a website that links historical websites
Hogs ‘R’Us – in Ireland – supplier of motorbikes
Homes R Us – linen hire, laundry and other services for those letting out property
Homes ‘R’Us – property company
Hooves-R-Us – a guide to making one’s own hooves (sic)
Italiansrus – guide to Italy and Italian culture on the web
Kidz R Us – youth theatre company
Portraits ‘R’ Us – photography service
Printfix R’ Us – *printer repair service*
Ratz R Us – a site for those who keep rats as pets
Rugs-R-Us – rugs
Snax R Us – restaurant
Spare R Us – spare parts for domestic appliances
Steaks R Us – restaurant
Tiles R Us – *tiles, bathrooms, showers and fitted kitchens*
Transmitters ‘R’Us – suppliers of radio transmission equipment
Wheels R Us – cycle shop
Wigs ‘R’ Us – *wigs*
Vacs-R-Us – *vacuum cleaner spare parts*

Where there is internal evidence that the site predated the date of application, the name has been highlighted. Where the site also relates to a business in the United Kingdom the reference has been italicised. Those which are businesses and for which there is evidence indicating that they were trading before the date of application are:

Flats-R-Us – *buying, letting and selling flats*
Printfix R’Us – *printer repair service*
Tiles R Us – *tiles, bathrooms, showers and fitted kitchens*
Wigs ‘R’Us – *wigs*
Vacs-R-Us – *vacuum cleaner spare parts*

The material relating to **Printfix R'Us** shows that its services are limited to parts of the north of England and North East Wales.

18) As I am interested in the position in the United Kingdom, use in other jurisdictions will not have an effect upon my decision, and so I will make no comment about the contents of RBK 3. The state of the Register evidence, whether from Companies House or for trade marks does not tell me what is happening in the market place. Even if companies are active it does not mean that they are using their company name as a trade mark or trading name. The state of the trade mark register evidence is notable for the predominance of Geoffrey as the owner of R Us trade marks. The normal lack of relevance of state of the register evidence has been noted in *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281 and *GfK AG v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-135/04. The best that can be said of state of the register evidence is that it might be indicative that a particular term is lacking in distinctiveness and so will carry less weight in the comparison of trade marks. From the evidence I cannot see that I can draw that conclusion in relation to use of R Us as a sign in business. Especially as the evidence of actual use as per RBK 2 is, in fact, quite sparse.

19) There was some confusion as to the import of statements made on behalf of HL. Geoffrey gained the impression that HL was arguing that HOTELSRUS would not be pronounced as hotels are us. However, in a second witness statement, Mr Allan makes it clear that HL's use and the majority of use is in the phonetic form hotels are us. It seems that the evidence that led to this misunderstanding was not meant to cast doubt on the nature of the pronunciation but to show that there has been no confusion with TOYS "R" US; where there had been confusion the cause had been totally different; some individuals had mispronounced the name as hotels-rus, and thought HL was a Russian company or dealt only with Russian hotels. Telephone calls had also been received asking if HL was the Hotel Russell.

DECISION

Material date(s)

20) There was argument as to what the material date(s) should be in this case. In relation to section 5(3) there was no argument that the material date was other than the date of application for registration. It is well established that the material date for passing-off is the date of the behaviour complained of (see *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] RPC 429 and *Inter Lotto (UK) Ltd v Camelot Group PLC* [2004] RPC 8 and 9). Section 5(4)(a) is derived from article 4(4)(b) of First Council Directive 89/104 of December 21, 1998 which states:

“rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark”.

Consequently, the material date cannot be after the date of application.

21) In his skeleton argument Mr Hamer submitted:

“HOTELS have used the mark “Hotelsrus” since February 2002 in relation to the reservation of hotel rooms:”

Of course, this is contrary to the evidence of Mr Allan who states that in the first year there was no trading and in the second year only a small amount. So it could be that the trade mark was not used until 2004. The evidence shows that use of Geoffrey’s TOYS “R” US Travel Club commenced prior to 23 November 2003. Again there is a lack of precision in relation to the exact date. It is frustrating that neither party has been able to give clear dates as to when their operations commenced. However, it can be held that the evidence cannot support any claim that HL had a senior claim in relation to travel services.

22) At the hearing Mr Hamer moved from the position in his skeleton argument. He advanced the proposition that the behaviour complained of was the registration of the company name in February 2002. Of course, that was not when the current company name was registered, which was 4 March 2002. Effectively Mr Hamer is deciding for Geoffrey what the behaviour complained of is. It seems to me that Geoffrey should decide the behaviour which is the subject of its complaint. The basis for the claim under section 5(4)(a) of the Act is that use of the trade mark is liable to be prevented; that is the matter with which this tribunal is seized. Geoffrey has not objected to the registration of the company name in these proceedings, this tribunal would have no jurisdiction if it had. The basis of the objection relates to use of the trade mark in relation to the services of the application; that is the behaviour or future behaviour that is the subject of the complaint. If Mr Hamer is correct then a company name laying dormant at Companies House for decades, would effectively represent senior use. In this case, there is not even any indication in the company registration details as to the business of the undertaking; there is the simple notation “other business activities”. I accept that the registration of a company name could lead to a successful passing-off action. Aldous LJ in *British Telecommunications Plc and others v One In A Million Ltd and Others* [1999] FSR 1 held:

“In my view there can be discerned from the cases a jurisdiction to grant injunctive relief where a defendant is equipped with or is intending to equip another with an instrument of fraud. Whether any name is an instrument of fraud will depend upon all the circumstances. A name which will, by reason of its similarity to the name of another, inherently lead to passing off is such an instrument. If it would not inherently lead to passing off, it does not follow that it is not an instrument of fraud. The court should consider the similarity of the names, the intention of the defendant, the type of trade and all the surrounding circumstances. If it be the intention of the defendant to appropriate the goodwill of another or enable others to do so, I can see no reason why the court should not infer that it will happen, even if there is a possibility that such an appropriation would not take place. If, taking all the circumstances into account the court should conclude that the name was produced to enable passing off, is adapted to be used for passing off and, if used, is likely to be fraudulently used, an injunction will be appropriate.

It follows that a court will intervene by way of injunction in passing-off cases in three types of case. First, where there is passing off established or it is threatened. Secondly, where the defendant is a joint tortfeasor with another in passing off either actual or threatened. Thirdly, where the defendant has equipped himself with or intends to equip another with an instrument of fraud. This third type is probably mere *quia timet* action.”

Even if Mr Hamer is correct, and the registration of the company name could be seen as the behaviour complained of in proceedings under the Act, the actual nature of the company name and the business, applying the considerations listed by Aldous LJ, would mean that in this case it could not be considered as the behaviour complained of.

23) Taking account the lack of any precise date in relation to the commencement of trading by HL, I will take the date of application as the material date for passing-off proceedings. As I have noted above in relation to travel services, Geoffrey has established use of TOYS “R” US Travel Club prior to 23 November 2003 and so in relation to such services HL cannot, on the basis of the evidence before me, make out a claim to senior use. Although that is not to state that Geoffrey has a protectable goodwill in relation to the travel club.

24) So the material date for both sections 5(3) and 5(4)(a) of the Act is the date of application, 11 March 2004.

Average consumer

25) The average consumer for the services of the application will be the public at large. HL is effectively acting as a middleman. I have to consider the specification in all its possible variations. It could be used for a high street shop or, as it appears in this case, an Internet site. In the former case the consumer is likely to be more aware and take notice of the name, owing to signage of the premises, uniforms of staff etc. In the latter case they may well pay more attention to the name of the ultimate provider of the service, eg the name of the hotel, than the undertaking which is facilitating the supply of the service. I consider it reasonable to assume for both grounds of opposition that the average consumer is reasonably well informed and reasonably circumspect and observant (as per *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* [2000] FSR 77).

Similarity of trade marks and sign.

26) In relation to the section 5(3) objection I can only consider the trade mark:

TOYS'R'US

In relation to the passing-off claim Geoffrey relies upon the sign TOYS "R" US. HL's trade mark is, of course, HOTELSRUS.

27) In considering the trade marks/signs I will follow the guidance given by the European Court of Justice (ECJ) in *Sabel BV v Puma AG* [1998] RPC 199, *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* [2000] FSR 77 and the Court of First Instance (CFI) in *Succession Picasso v OHIM - DaimlerChrysler (PICARO)* Case T-185/02. Of course, passing-off is not a matter of the law of the European Union, however, the criteria set out by the ECJ and CFI in the comparison of trade marks are not redundant because of this.

28) The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details (*Sabel BV v Puma AG*). The visual, aural and conceptual similarities of the marks must, therefore, 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*). Consequently, I must not indulge in an artificial dissection of the trade marks, although taking into account any distinctive and dominant components. The average consumer 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 and he/she is deemed to be reasonably well informed and reasonably circumspect and observant (*Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV*). "The analysis of the similarity between the signs in question constitutes an essential element of the global assessment of the likelihood of confusion. It must therefore, like that assessment, be done in relation to the perception of the relevant public" (*Succession Picasso v OHIM - DaimlerChrysler (PICARO)*).

29) In his submissions Mr Edenborough looked to the judgment of the ECJ in *Medion AG v Thomson Multimedia Sales Germany & Austria GmbH* Case C-120/04 to support his claim that the trade marks/signs are similar. He particularly identified

paragraphs 30 to 36. I think it useful also to look at what the ECJ said in paragraph 29:

“29 In the context of consideration of the likelihood of confusion, assessment of the similarity between two marks means more than taking just one component of a composite trade mark and comparing it with another mark. On the contrary, the comparison must be made by examining each of the marks in question as a whole, which does not mean that the overall impression conveyed to the relevant public by a composite trade mark may not, in certain circumstances, be dominated by one or more of its components (see *Matratzen Concord*, paragraph 32).

30 However, beyond the usual case where the average consumer perceives a mark as a whole, and notwithstanding that the overall impression may be dominated by one or more components of a composite mark, it is quite possible that in a particular case an earlier mark used by a third party in a composite sign including the name of the company of the third party still has an independent distinctive role in the composite sign, without necessarily constituting the dominant element.

31 In such a case the overall impression produced by the composite sign may lead the public to believe that the goods or services at issue derive, at the very least, from companies which are linked economically, in which case the likelihood of confusion must be held to be established.

32 The finding that there is a likelihood of confusion should not be subject to the condition that the overall impression produced by the composite sign be dominated by the part of it which is represented by the earlier mark.

33 If such a condition were imposed, the owner of the earlier mark would be deprived of the exclusive right conferred by Article 5(1) of the directive even where the mark retained an independent distinctive role in the composite sign but that role was not dominant.

34 This would be the case where, for example, the owner of a widely-known mark makes use of a composite sign juxtaposing this mark and an earlier mark which is not itself widely known. It would also be the case if the composite sign was made up of the earlier mark and a widely-known commercial name. In fact, the overall impression would be, most often, dominated by the widely-known mark or commercial name included in the composite sign.

35 Thus, contrary to the intention of the Community legislator expressed in the 10th recital in the preamble to the directive, the guarantee of the earlier mark as an indication of origin would not be assured, even though it still had an independent distinctive role in the composite sign.

36 It must therefore be accepted that, in order to establish the likelihood of confusion, it suffices that, because the earlier mark still has an independent distinctive role, the origin of the goods or services covered by the composite sign is attributed by the public also to the owner of that mark.”

The context of this judgment does not fit easily with the issues of this case as it deals with likelihood of confusion where the goods are identical. The question before the ECJ is given at paragraph 18:

“The referring court asks essentially whether Article 5(1)(b) of the directive is to be interpreted as meaning that where the goods or services are identical there may be a likelihood of confusion on the part of the public where the contested sign is composed by juxtaposing the company name of another and a registered mark which has normal distinctiveness and which, although it does not determine by itself the overall impression conveyed by the composite sign, has an independent distinctive role therein.”

The question and the judgment relate directly to the use of an earlier trade mark, not part of an earlier trade mark. It was Mr Edenborough’s submission that the distinctive element of Geoffrey’s trade mark/sign is R US, the other part being descriptive, so this element was effectively the trade mark. It might be that R US is the dominant and distinctive element, however, that does not make it the trade mark; that is a question of fact. HL has not taken the TOYS “R” US trade mark and juxtaposed it with another element. I consider that the consideration of the trade marks/signs must be as per paragraph 29 of the judgment and that is the way I will make the comparison.

30) HL does not dispute that in normal oral use its trade mark will be pronounced hotels are us. If the average consumer is going to pronounce the trade mark in that manner, it must be the case that the trade mark will be perceived in that fashion. In relation to both the earlier sign and the earlier trade mark, I consider that the endings will be pronounced and perceived as are us. So the respective sign and trade marks follow a common pattern, a descriptive word and are us in some form. (Obviously toys is a descriptive word in relation to Geoffrey’s core reputation; in the use in relation to the travel club – for which there is no *Chevy* reputation - toys is clearly not descriptive.) The registered trade mark includes a reversed, stylised R, this gives a different visual impression, however, it will not overcome conceptual or phonetic similarity. Mr Edenborough argued that R US is the distinctive and dominant element of the trade marks/sign. In his submissions he was effectively looking for the beginning to be discounted. Mr Hamer submitted that R US is laudatory; it tells the customer that the provider of the goods or services is the best provider. I consider that Mr Hamer has a point here, however, balanced against this, is the incorrect grammatical nature of the R US. I accept that the average consumer is not a grammarian but the use is clearly out of line with normal correct usage. HL attempted in its evidence to show that R US was in common usage in the United Kingdom in trade. However, the evidence is to the opposite effect. Despite trawling the Internet the number of businesses and non-businesses, as shown in RBK 1, using R US was remarkably small. Geoffrey might be prejudiced to some extent by its own success; owing to the fame of TOYS “R” US it is very difficult to perceive of the novelty of the R US element. The very pattern: descriptive noun plus R US was a novelty as far as can be seen from the evidence. The format has clearly struck a chord with the public, hence the use for Baggers ‘r’ us, Cells Are Us and Greyhounds R Us. Indeed, in my own experience the R US formula is used in common speech. However, possible use in speech is not to be conflated with use in trade. The Mc from

McDonald's has been used in speech, usually in a pejorative manner, that does not give other traders a carte blanche to use Mc plus trade marks. The issues in this case relate to trade use and the effects that such use would have.

31) A large part of the premise of Mr Edenborough's submissions was that the first element of the trade marks/sign should be effectively ignored as it is descriptive. At first blush this seems a sensible approach, after all it is the conventional approach. It seems to conform to the approach consistently adopted by the CFI. In *José Alejandro SL v Office for Harmonization in the Internal Market (Trade Marks and Designs), Anheuser-Busch Inc Intervening*(Case T-129/01) [2004] ETMR 15 the CFI stated:

“The Court notes that the public will not generally consider a descriptive element forming part of a complex mark as the distinctive and dominant element of the overall impression conveyed by that mark.”

This is a view that the CFI has also upheld in *Koubi v OHIM – Flabesa (CONFORFLEX)* Case T-10/03, paragraph 60 and *Grupo El Prado Cervera v OHIM – Debuschewitz (CHUFAFIT)* Case T-117/02, paragraph 51. However, the CFI was not stating that a descriptive element should be ignored; it could not, that would be contrary to the case law of the ECJ. One is simply deciding what is the distinctive and dominant component. The average consumer will not ignore the beginnings of the trade marks. They have to be considered and, of course, in this case they are phonetically and visually different and conceptually dissonant. A mechanistic approach of applying rules and formulae can easily ignore the public perception, which is what the consideration of similarity of signs is about. Yes, the trade marks/sign do follow a similar pattern but they also have a notable difference; at the beginning. Beginnings that are conceptually dissonant, if non-distinctive in the most part. The CFI in *Phillips-Van Heusen Corp v Pash Textilvertrieb und Einzelhandel GmbH* Case T-292/01 [2004] ETMR 60 noted the effects of conceptual difference (in this case, the first elements are more than different, they are dissonant):

“54. Next, it must be held that the conceptual differences which distinguish the marks at issue are such as to counteract to a large extent the visual and aural similarities pointed out in paragraphs 49 and 51 above. For there to be such a counteraction, at least one of the marks at issue must have, from the point of view of the relevant public, a clear and specific meaning so that the public is capable of grasping it immediately. In this case that is the position in relation to the word mark BASS, as has just been pointed out in the previous paragraph. Contrary to the findings of the Board of Appeal in paragraph 25 of the contested decision, that view is not invalidated by the fact that that word mark does not refer to any characteristic of the goods in respect of which the registration of the marks in question has been made. That fact does not prevent the relevant public from immediately grasping the meaning of that word mark. It is also irrelevant that, since the dice game Pasch is not generally known, it is not certain that the word mark PASH has, from the point of view of the relevant public, a clear and specific meaning in the sense referred to above. The fact that one of the marks at issue has such a meaning is sufficient - where the other mark does not have such a meaning or only a totally different meaning - to counteract to a large extent the visual and aural similarities between the two marks.”

32) The use of R as a substitute for are adds something but not an enormous amount to the distinctiveness of the final element of the earlier trade marks/sign; one is used to the substitution of letters for words eg bar-b-q. More is added to the distinctiveness of the earlier trade mark by the use of the reversed R; which, of course, is not reproduced in the trade mark. The case law insists that trade marks are considered in their entirety, although analysis will often require a consideration of separate elements. That signs or trade marks have similarities does not make them similar; it is the effect of the similarities on the perceived perception of the average consumer of the goods or services that leads to a decision that signs or trade marks are similar. The differences between the respective trade marks/sign also have to be considered (see *Croom's Trade Mark Application* [2005] RPC2).

33) In coming to a decision as to whether the trade marks/sign are similar, various conflicting principles and facts have to be considered and balanced; it may not be possible to resolve them. A simplistic, mechanistic approach could be adopted: trade marks/sign follow the same pattern, have the same ending. So, the signs must be similar. However, an unduly mechanistic approach to the analysis of similarity of signs can give birth to legal chimera. A purely subjective approach cannot be correct as it will ignore the case law, and so be wrong, and make any case a lottery based on who the hearing officer was and how he or she was feeling on that day. My conclusion is that the trade marks/sign are similar but not very similar. Owing to the stylisation of the earlier trade mark there is a lesser degree of similarity in respect of the trade mark comparison.

34) The evidence shows that both sides have placed the letter R in a star on website banners; although the stars look different and HL's R is not reversed. This presentation gives an element of similarity of get-up. Mr Hamer was of the view that the nature of the use on HL's website should not be taken into account. In *Open Country Trade Mark* [2000] RPC 477 Aldous LJ held:

“However, no court would be astute to believe that the way that an applicant has used his trade mark was not a normal and fair way to use it, unless the applicant submitted that it was not. It does not follow that the way that the applicant has used his trade mark is the only normal and fair manner. However in many cases actual use by an applicant can be used to make the comparison. I believe that this is such a case.”

The judgment may give rise to contradictory positions in trade mark law; it is easy to envisage normal and fair use not being use in a form differing in elements which does not alter the distinctive character of the mark in the form in which it was registered; and so allowing for revocation for non-use. However, there is nothing to say that the law will always be coherent or logical. I would consider that the use of HL on the banner could be seen as normal and fair use. Sauce for the gander, means that the same must apply to Geoffrey's trade mark. I think it reasonable, in relation to the passing-off claim, to take cognisance of use of the reversed R in a star by Geoffrey; there is plenty of evidence to this effect in the material exhibited at TD6. This common use of the R in a star, despite the different format of the R, does increase the degree of similarity. Although whether the average consume will have taken or will take notice of it is open to a good deal of doubt, in my view. Consumers do not make

a forensic analysis of signs used in trade. There are no other common elements between the get up on the HL banner and Geoffrey's usage; in all other matters their get-ups are different. As I have noted the stars look different, despite each having five points; I doubt that the average consumer will count the points of a star, which is certainly very much a minor element of the signs. In the end I do not consider that anything will turn upon this point.

Section 5(3) of the Act

35) Section 5(3) of the Act reads:

“(3) A trade mark which is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark, in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

36) As Geoffrey is relying on two Community trade marks, the reputation must be in the European Union. At the date of application there were fifteen member states. The ECJ in *General Motors Corporation v Yplon SA* Case C-375/97 [2000] RPC 572 (*Chevy*) ruled on what constituted a reputation for the purposes of section 5(3) of the Act:

“The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.”

I do not believe that Mr Hamer deferred from Geoffrey having the requisite reputation. Most of the evidence goes to use in the United Kingdom, however, exhibited at TD4 are sales figures for the United Kingdom, Germany, Austria, France, Belgium, Spain, Portugal, the Netherlands, Sweden, Denmark and Italy. Advertising figures are also included for various of the countries. I consider that Geoffrey has the requisite reputation in relation to its retailing of toys. Mr Hamer referred to the manufacture of toys, there is very limited evidence of use of the brand on toys; but I do not consider that anything turns upon this.

37) In *Premier Brands UK Ltd v Typhoon Europe Ltd* [2000] FSR 767 Neuberger J dealt with the issue of “without due cause”:

“Secondly, although I accept that the words “being without due cause” are somewhat opaque in their effect, I consider that they have to be read as not merely governing the words “the use of the sign”, but also as governing the words “takes unfair advantage of, or is detrimental to”. Section 10(3) must be read in a commercially sensible way. Bearing in mind its overall purpose, it appears to me that (without at this stage intending to indicate where the burden of proof lies) it requires the defendant to show not merely that the use of the allegedly infringing sign in connection with the defendant's goods is “with due cause”; it also requires him to show that although the use of the sign might

otherwise be said to "take unfair advantage of or is detrimental to" the mark, the advantage or detriment are not "without due cause".

Thirdly, it appears to me that this conclusion is consistent with the view of the Benelux Court in *Lucas Bols* [1976] I.I.C. 420 at 425, where, when discussing the meaning of "without justifiable reason" which appeared in a similar context in the Uniform Benelux Trade Mark Act as "without due cause" in section 10(3), the Court said this:

‘What this requires, as a rule, is that the user (of the mark) is under such a compulsion to use this very mark that he cannot honestly be asked to refrain from doing so regardless of the damage the owner of the mark would suffer from such use, or that the user is entitled to the use of the mark in his own right and does not have to yield this right to that of the owner of the mark....’

On the same page, the court went on to suggest that a "justifiable reason" may be "if the user can assert an older right than that of the [registered proprietor]" but went on to emphasise that whether the alleged infringer can establish a "justifiable reason" must be "resolved by the trial judge according to the particular facts of each case".

In my judgment, those observations represent the approach which should be adopted to the words "being without due cause" in section 10(3), although it is fair to say that two criticisms can be made of this conclusion. The first criticism raises a practical problem, in the sense that this construction could be said to produce a degree of uncertainty; the second point which may be made is that, on this construction, it is not entirely to see what function the words "being without due cause" actually have. So far as the practical problem is concerned, I do not consider that it has a great deal of weight. Most cases of alleged trade mark infringement turn on their own particular facts; further, the protection potentially accorded to a trade mark proprietor by section 10(3) can be pretty wide. It does not therefore seem to me inappropriate that the tribunal considering the question of infringement under this provision is accorded some degree of flexibility as to how the provision is to be enforced. It should be made clear that I am certainly not suggesting that the court has some sort of roving commission or wide discretion; the observations I have quoted from *Lucas Bols* are quite clear on that point.

So far as the second criticism of my conclusion is concerned, it is fair to say that it is not easy to see how the use of a sign could take "*unfair* advantage" of a registered mark and yet be *not* "without due cause". In my judgment, however, there are two answers to that point. First, it is conceivable that, in certain circumstances, the court might conclude that, notwithstanding the fact that the alleged infringer's use of a sign took "unfair advantage" of a mark, this was outweighed by the use being with "due cause", within the limited meaning of that expression as explained in *Lucas Bols* [1976] 7 I.I.C. 420. Secondly, the words "being without due cause" apply not only to a case of alleged unfair advantage, but also to a case where the use of the sign is allegedly "detrimental" to the mark: there is no difficulty in envisaging circumstances

where a "detrimental" use could not be "without due cause" within the sense I have suggested.

Having come to this conclusion as to the meaning and effect of the words "being without due cause" in section 10(3), it appears clear to me that those words do not assist TEL in the present case. Its use of the TYPHOON sign in relation to its kitchenware started little more than a year ago, and only a very short time before these proceedings were begun by Premier. Indeed, TEL did not wait to see if its application to register the TYPHOON sign was challenged by anyone before it launched its kitchenware under that sign. Premier's TY.PHOO mark has been in substantial commercial use for nearly a century, and has been on the register for over 70 years; it is a very well known, and plainly a very valuable, mark. In these circumstances, I have no real hesitation in reaching the conclusion that, if Premier can otherwise succeed in its claim for infringement under section 10(3), TEL obtain no assistance from the words "being without due cause" in that section. The conclusions I have reached on the facts of this case, whether Premier's analysis of the law is correct (as I believe to be the case) or if TEL's analysis is correct, are reached irrespective of where the onus of proof lies. However, it is right to record that in my view on either analysis the onus of proof would rest on TEL. I cannot pretend that the point is straightforward, because there is obvious force in Mr Bloch's contention that, where a proprietor of a trade mark alleges infringement under a particular statutory provision, it is up to him to establish each of the prescribed statutory ingredients necessary to establish infringement. However, as I see it, the words "being without due cause" although not plainly expressed as such, really represent a proviso or exception to the generality of section 10(3). In those circumstances, if an alleged infringer, such as TEL, wishes to rely on those words, it is up to it to establish that it falls within the exception, rather than up to a proprietor of the mark to establish that the proviso does not apply. It is fair to say that this is a conclusion I would have reached even if I had held that TEL's analysis was correct. It follows that Premier will succeed in establishing infringement under section 10(3) provided that it can show that TEL's use of the TYPHOON sign "takes unfair advantage of" and/or "is detrimental to" "the distinctive character or repute of the [TY.PHOO] mark". Premier's case is now based solely on detriment, as Mr Arnold (rightly I think) abandoned what was always Premier's secondary argument based on unfair advantage."

In *Julius Sämann Ltd and others v Tetrosyl Limited* [2006] EWHC 529 (Ch) Kitchin J stated:

"84..... The fact that the sign complained of was innocently adopted is not sufficient to invoke the exception. The defendant must show not only that the use complained of is "with due cause" but also that the taking of unfair advantage or causing of detriment are not "without due cause". All of these matters point to a relatively stringent test....."

38) Due cause only comes into play if it is decided that use of the trade mark would take unfair advantage of the distinctive character or the repute Geoffrey's trade mark. There is nothing in the evidence that, applying the criteria of *Premier Brands UK Ltd*

v Typhoon Europe Ltd, would allow HL to claim that it could benefit from this provision.

39) In *Mango Sport System SRL Socio Unico Mangone Antonio Vincenzo v Diknah SL* (Case R 308/2003-1) [2005] ETMR 5, the First Board of Appeal gave a very helpful summary of the factors that are to be considered in relation to section 5(3) of the Act:

“13 The infringements referred to in that article, where they occur, are the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a connection between the sign and the mark, that is to say, establishes a link between them even though it does not confuse them. The protection conferred thereby is not conditional on a finding of a degree of similarity between the mark with a reputation and the sign such that there exists a likelihood of confusion between them on the part of the relevant section of the public. It is sufficient for the degree of similarity between the mark with a reputation and the sign to have the effect that the relevant section of the public establishes a link between the sign and the mark (see, to that effect, *ADIDAS*, at [29] and [30] and Case C-375/97 *General Motors* [1999] E.C.R. I-5421, at [23]).

14 The existence of such a link must, just like a likelihood of confusion, be appreciated globally, taking into account all factors relevant to the circumstances of the case (see, to that effect, *ADIDAS*, at [30]).

15 The condition of similarity between the mark and the sign, referred to in the above article, requires the existence, in particular, of elements of visual, aural or conceptual similarity (see, to that effect, judgment of the Court of 23 October 2003 *Adidas Salomon AG and Adidas Benelux BV v Fitnessworld Training Ltd* in Case R C-408/01 "*ADIDAS*", at [28]).

16 A knowledge threshold is implied in the above provision as regards both the public concerned and the territory concerned. The degree of knowledge must be considered when the earlier mark is known by a significant part of the public concerned, either the public at large or a more specialised public depending on the product or service marketed and covered by that mark. Territorially, the knowledge condition is fulfilled where the trade mark has reputation in a substantial part of the territory of the Member State in question (see, to that effect, judgment of the Court of 14 September 1999 in Case C-375/97 *General Motors Corp v Yplon SA ("Chevy")* [1999] E.C.R. I-5421, at [22] to [28]).

17 If the condition as to the existence of reputation is fulfilled as regards both the public concerned and the territory in question, it must next be examined whether use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

18 The requirements of the latter condition are not cumulative. It is sufficient that the mark applied for would either take unfair advantage of the distinctive character or the repute of the earlier trade mark, or that the mark applied for

would be detrimental to the distinctive character or the repute of the earlier trade mark.

19 As to unfair advantage, which is in issue here since that was the condition for the rejection of the mark applied for, that is taken when another undertaking exploits the distinctive character or repute of the earlier mark to the benefit of its own marketing efforts. In that situation that undertaking effectively uses the renowned mark as a vehicle for generating consumer interest in its own products. The advantage for the third party arises in the substantial saving on investment in promotion and publicity for its own goods, since it is able to "free ride" on that already undertaken by the earlier reputed mark. It is unfair since the reward for the costs of promoting, maintaining and enhancing a particular trade mark should belong to the owner of the earlier trade mark in question (see, to that effect, decisions of the First Board of Appeal of 8 February 2002 in Case R 472/2001-1-- BIBA/BIBA (fig. MARK), First Board of 20 October 2003 in Case 2003-R 1004/2000-1-- KINDERCARE (fig. MARK)/kinder et al., at [26], and of the Fourth Board of Appeal of 26 July 2001 in Case R 552/2000-4 COSMOPOLITAN COSMETICS/COSMOPOLITAN).

20 In that regard, it should be observed that the stronger the earlier mark's distinctive character and reputation the easier it will be to accept that unfair advantage has been taken or detriment has been caused (see, to that effect, judgment of the Court of 14 September 1999 in Case C-375/97 General Motors Corp v Yplon SA ("Chevy") [1999] E.C.R. I-5421, at [30]).

21 Furthermore, the closer the similarity between the marks the greater is the risk that unfair advantage will be taken. An identity or a very high degree of similarity is a factor of particular importance in establishing if an unfair advantage will be taken (see KINDERCARE (fig. MARK)/kinder et al., and Decision of the Second Board of Appeal of 8 November 2001 in Case R 303/2000-2-- Magefesa (fig. MARK)/ Magefesa (fig. MARK), at [21] and [23]).

22 The greater the proximity between the goods and the circumstances in which they are marketed, the greater the risk that the public in question will make a link between the mark and the sign in question. The existence of the similarity of the goods may be taken into account to the extent that the greater the similarity between the goods in question, the greater the risk that unfair advantage will be taken of the earlier mark (see decision of the Third Board of 25 April 2001 in Case R 283/1999-3 HOLLYWOOD/HOLLYWOOD)."

40) In his opinion in *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd* C-408/01 [2003] ETMR 91 AG Jacobs analysed the nature of taking unfair advantage in the following manner:

"39. The concepts of taking unfair advantage of the distinctive character or repute of the mark in contrast must be intended to encompass instances where there is clear exploitation and free-riding on the coattails of a famous mark or an attempt to trade upon its reputation'. Thus by way of example Rolls Royce

would be entitled to prevent a manufacturer of whisky from exploiting the reputation of the Rolls Royce mark in order to promote his brand. It is not obvious that there is any real difference between taking advantage of a mark's distinctive character and taking advantage of its repute; since however nothing turns on any such difference in the present case, I shall refer to both as free-riding.”

The nature of the issue is clearly put in the decision of the First Board of Appeal to which I have referred above:

“In that situation that undertaking effectively uses the renowned mark as a vehicle for generating consumer interest in its own products. The advantage for the third party arises in the substantial saving on investment in promotion and publicity for its own goods, since it is able to "free ride" on that already undertaken by the earlier reputed mark. It is unfair since the reward for the costs of promoting, maintaining and enhancing a particular trade mark should belong to the owner of the earlier trade mark in question....”

41) In *Mastercard International v Hitachi Credit (UK) Plc* [2005] RPC 21 Smith J held that there “must be real possibilities as opposed to theoretical possibilities” of the damage claimed. In *Electrocoin Automatics Limited v Coinworld Limited and others* [2004] EWHC 1498 (Ch) Mr Geoffrey Hobbs QC (sitting as a deputy judge) stated:

“102. I think it is clear that in order to be productive of advantage or detriment of the kind proscribed, 'the link' established in the minds of people in the market place needs to have an effect on their economic behaviour. The presence in the market place of marks and signs which call each other to mind is not, of itself, sufficient for that purpose.”

42) Mr Edenborough in his submissions spent some time on commenting on the sixth paragraph of Mr Allan's first witness statement. He interpreted this paragraph as showing that Mr Allan had deliberately set out to take advantage of Geoffrey's reputation; a matter that would also have an effect on the claim of passing-off. I consider it useful to consider the comments of Walker J in *United Biscuits (UK) Limited v Asda Stores Limited* [1997] RPC 513:

“In the Harrods case Millett L.J. said at page 706, "Deception is the gist of the tort of passing-off, but it is not necessary for a plaintiff to establish that the defendant consciously intended to deceive the public if that is the probable result of his conduct. Nevertheless, the question why the defendant chose to adopt a particular name or get up is always highly relevant. It is "a question which falls to be asked and answered": see *Sodastream Ltd. v. Thorn Cascade Co. Ltd.*[1982] R.P.C. 459 at page 466 per Kerr L.J. If it is shown that the defendant deliberately sought to take the benefit of the plaintiff's goodwill for himself, the court will not "be astute to say that he cannot succeed in doing that which he is straining every nerve to do": see *Slazenger & Sons v. Feltham & Co.* (1889) 6 R.P.C. 531 at page 538 per Lindley L.J.”

In the Harrods case Millett L.J. (at page 712), approving what was said by Farwell J. in *British Legion v. British Legion Club (Street) Ltd.* (1931) 48

R.P.C. 555, characterised the connection rather more widely, as a suggestion that the plaintiff was in some way responsible for the defendant's goods or services. Plainly that includes the manufacturer of a supermarket's own-brand product, even if the supermarket shares that responsibility through its own-brand commendation.

Is it sufficient for a substantial part of the general public to be led to suppose, or assume, or guess at such a connection? In *Ewing* (1917) 34 R.P.C. 232 at page 238 Warrington L.J. put it in terms of what a customer "might well think" and went on to say,

"It seems to me that the plaintiff has proved enough. He has proved that the defendants have adopted such a name as may lead people who have dealings with the plaintiff to believe that the defendants' business is a branch of or associated with the plaintiff's business."

43) I do not interpret the sixth paragraph of Mr Allan's witness statement in the same manner as Mr Edenborough. I read it simply as saying that the trade mark formula of X R Us appeared to him as a good one, as it would both be descriptive and distinctive and so help a rapid growth in trade. There is no hint that Mr Allan thought he would benefit from the reputation of Geoffrey. He clearly admits his knowledge of TOYS "R" US and TILES R US and that he did not envisage any conflict with Geoffrey. Mr Allan was looking at the formula for a trade mark and not the reputation of Geoffrey. I have commented on the use of the star on the banner of the HL website. I certainly do not consider that this is indicative of any attempt to identify the business of HL with that of Geoffrey. As I have noted there is nothing else similar in the get-up. If there had been a reversal of the R, then matters would be very different. So I am not with Mr Edenborough that the evidence shows that HL set out to piggyback upon the reputation of Geoffrey. So I can put the considerations of *United Biscuits (UK) Limited v Asda Stores Limited* to one side. However, HL can fall foul of section 5(3) of the Act despite innocent adoption of the trade mark; this equally applies to the case under passing-off.

44) Mr Edenborough considered that the joint promotions between the travel industry and Geoffrey as indicating a natural synergy between the toy trade and travel. Clearly children are the main users of toys and children and their families go on holiday, however, it is difficult to see where the synergy is. There is no evidence that this is common in the trade, which is of importance in relation to public perception. There is not a great deal of evidence of much in the way of promotions prior to the material date. I do not consider that the competitions where the prizes were holidays is of assistance to Geoffrey; holidays and cars are standard fare for prizes in all walks of life. Geoffrey had by the material date established its TOYS "R" US Travel Club. Prior to the material date all the material appears to make a clear identification with Thomas Cook. One assumes that Thomas Cook see the club as a useful way of getting business but again that does not show a synergy, just a marketing opportunity. If Geoffrey's case is to be made out that there is a synergy between the toy industry and the travel industry it really needs to show this happening on a wider spectrum. This is not a case like with clothing and perfumery where there is a long established link in relation to brand expansion.

45) Geoffrey has a distinctive trade mark which is enhanced by an enormous reputation; a reputation that transcends the trade that it is in. However, I cannot see any link between *temporary accommodation, booking and reservation services for holiday accommodation* and the retailing of toys, games and playthings. There is no evidence that others involved in the toy industry have also been involved in the travel industry, or vice versa; so the public has not been taught to consider such a link the norm, as it has with couture and perfumery. As I have stated I do not consider the respective trade marks very similar. I am not convinced that on seeing the trade mark that the average consumer will consider that there is a link to TOYS “R” US. I certainly do not consider that there will be any effect on the economic behaviour of the consumer. Nor do I consider that HL will benefit from the reputation of Geoffrey by getting a free ride. The nature of the businesses are just too distant. Having made a global appreciation of the matter I doubt that there is even a theoretical possibility that HL would gain advantage from the reputation of Geoffrey.

46) The ground of opposition under section 5(3) of the Act is dismissed.

Passing-off – section 5(4)(a) of the Act

47) Section 5(4)(a) of the Act states:

“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,”

I intend to adopt the guidance given by the Appointed Person, Mr Geoffrey Hobbs QC in the *Wild Child case* [1998] RPC 455. In that decision Mr Hobbs stated that:

"A helpful summary of the elements of an action for passing off can be found in Halsbury's Laws of England 4th Edition Vol 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in *Reckitt & Colman Products Ltd v Borden Inc* [1990] RPC 341 and *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1979] ACT 731 is (with footnotes omitted) as follows:

"The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

(1) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation."

.....Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

“To establish a likelihood of deception or confusion in an action for passing-off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff 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 feature 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 successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact. In arriving at the conclusion of fact as to whether deception or confusion is likely, the court 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 plaintiff and the defendant carry on business;
- (c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;
- (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 confusion or 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.””

48) I have already decided that the material date for this case is the date of application. On the basis of the evidence HL cannot lay claim to a concurrent goodwill; I have already decided that it cannot claim seniority. It may be that HL did have earlier use but I have no clear evidence to the point.

49) I will first consider the core goodwill of Geoffrey, the “toy goodwill”. The difficulty of establishing confusion where there is a distance between the fields of activities was considered by Millet LJ in *Harrods v Harrodian School* [1996] RPC 697 Millet LJ stated:

“It is not in my opinion sufficient to demonstrate that there must be a connection of some kind between the defendant and the plaintiff, if it is

not a connection which would lead the public to suppose that the plaintiff has made himself responsible for the quality of the defendant's goods or services"

In the same case Millet LJ held:

"The absence of a common field of activity, therefore, is not fatal; but it is not irrelevant either. In deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration."

In *Stringfellow v McCain Foods (GB) Ltd* [1984] RPC 501 Slade LJ considered the difficulty of establishing damage where the parties are in different lines of business:

"even if it considers that there is a limited risk of confusion of this nature, the court should not, in my opinion, readily infer the likelihood of resulting damage to the plaintiffs as against an innocent defendant in a completely different line of business. In such a case the onus falling on plaintiffs to show that damage to their business reputation is in truth likely to ensue and to cause them more than a minimal loss is in my opinion a heavy one."

In *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1980] RPC 31 Lord Fraser commented upon what the plaintiff must establish:

"That he has suffered, or is *really likely* to suffer, substantial damage to his property in the goodwill by reason of the defendants selling goods which are falsely described by the trade name to which the goodwill is attached."

Lord Fraser refers to substantial damage to his property.

50) In *Lego System Aktieselskab and Another v Lego M Lemelstrich Ltd* [1983] FSR 155 the distance between the fields of activity was bridged by an enormous reputation, Lego being classed as a household word, and survey evidence.

51) Christopher Wadlow in "The Law of Passing-Off" (third edition) at 4-23 puts forward the following proposition:

"Most of the authorities may perhaps be reconciled with the proposition that the risk of damage is sufficiently real if:

1. Confusion between the parties will be widespread and inevitable, even though there may be no immediate reason to believe that actual damage in any particular form will occur, or
2. There will be some confusion of the parties, and the defendant's business poses a special risk to the claimant because of the way it is currently conducted or because of future developments which can actually be expected.

If confusion with the claimant is slight and tangible damage speculative then there is no liability for passing off."

52) The same considerations effectively apply to the passing-off as to the section 5(3) of the Act grounds. There is no common field of activity. There is a distance between the trade mark and the earlier sign. Geoffrey has the requisite goodwill but I do not consider that there will be deception or confusion and owing to the distance between the service of HL and the nature of the “toy goodwill” I do not envisage that there could be damage. I consider that the best that can be said for Geoffrey is that there might be a mere bring to mind of its trade mark, and I am doubtful of even that. I do not consider that the average consumer will believe that there is a connection between the business of HL and that of Geoffrey.

53) The matter does not end there, however, Geoffrey has also run its TOYS “R” US Travel Club. The usage by the material date was as far as I can see was very limited. It is not possible to know when the use commenced. The scale of usage by the material date is not known. The use before the material date all appears to be with the Thomas Cook name and logo. The services are clearly supplied by Thomas Cook. The average consumer is likely, in my view, to identify the service provider as Thomas Cook. These services are also clearly supplied under the umbrella of the TOYS “R” US toy business. To benefit from use in relation to travel services, Geoffrey has to establish a goodwill in such a business. There are no hard and fast rules in relation to establishing a goodwill (as noted by Richard Arnold QC, sitting as the appointed person in BL O/178/06 paragraph 15). In the case of travel services, TOYS of course becomes distinctive and so the sign and trade mark no longer share a common pattern; this increases the effect of conceptual difference. Taking the nature of the use into account and the difference in the signs, even if Geoffrey can claim a goodwill in relation to travel services, I do not consider that it has established that use of HL’s sign would give rise to deception or confusion.

54) In his submissions Mr Hamer referred to a lack of evidence of confusion. In relation to trade mark issues a lack of evidence of confusion seldom tells one anything (see *The European Limited v The Economist Newspaper Ltd* [1998] FSR 283 and *Compass Publishing BV v Compass Logistics Ltd* [2004] RPC 41). However, in this case HL has been using its trade mark for the hotel booking services and, of course, Geoffrey can only rely on its use as far as passing-off is concerned. So this is a case where there has been some testing in the market place. So whilst the absence of confusion might not be telling, it is not something that can be ignored. Geoffrey has not been able to provide any witnesses who had contacted it asking if it was involved with HL’s business. HL has produced one witness who has stated that he has used its services and never thought that Geoffrey had anything to with them. The case cannot turn upon the absence of evidence of confusion, however, it does support the conclusion that I have come to in relation to passing-off. Mr Hamer also criticised Geoffrey for not furnishing survey evidence. The problems with survey evidence are well-known and legion. The conducting of a truly valid survey is a task at which Sisyphus would baulk. However, surveys can serve a purpose as witness gathering exercises. In relation to Geoffrey’s case it might have been helpful if they had sought the views of the average consumer, but I can say no more than that.

55) The ground of opposition under section 5(4) of the Act is dismissed.

COSTS

56) Mr Edenborough wanted taken into account the wasted effort in relation to the original bad faith claim, based upon HL not being initially recorded as a legal entity; its limited company status was missing from the application form. Mr Hamer considered this frivolous. I do not consider that it was frivolous, cases have been successful upon this basis (see BL O/175/02). However, by the time of Mr DeLuca's first declaration, the tack for the basis of a claim of bad faith (see paragraph 38) had changed; although the statement of grounds has not been amended. Taking into account the latter point and that there was no onerous task involved in relation to the ground, I did not consider that there should be any compensation in relation to this ground of opposition. Mr Hamer wanted compensation from Geoffrey for the dropping of various grounds at a late stage. It would certainly not benefit anyone to penalise parties from dropping grounds. It would just encourage them to run grounds for the avoidance of additional costs. The evidence of Geoffrey focused on establishing a reputation, a family of trade marks and use in relation to travel. HL accepted that Geoffrey had a reputation, however, this was no admission that it would satisfy the *Chevy* test. In the end Geoffrey decided not to run the family of trade marks argument but I do not see that this should be penalised. The worst that can be said about the conduct of the case by Geoffrey is that it made very vague and broad claims in its statement of grounds in relation to its reputation. However, HL did not object to this when the opposition was served. HL's position in relation to this is not the strongest anyway, as the form of its counterstatement is somewhat less than conventional. I see no reason to vary from the normal scale of costs in this case.

57) Hotelsrus Limited having been successful is entitled to a contribution towards its costs. I order Geoffrey, Inc to pay Hotelsrus Limited the sum of £2,500. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 15th day of July 2006

**David Landau
For the Registrar
the Comptroller-General**