

O-213-03

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 2281390
BY NATIONAL CANINE DEFENCE LEAGUE
TO REGISTER A TRADE MARK IN
CLASSES 16, 36, 41 AND 42**

AND

**IN THE MATTER OF OPPOSITION THERETO
UNDER No. 90127 BY GEOFFREY, INC**

TRADE MARKS ACT 1994

**IN THE MATTER OF Application No. 2281390
by National Canine Defence League to register
a trade mark in Classes 16, 36, 41 and 42**

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**IN THE MATTER OF Opposition thereto under
No. 90127 by Geoffrey, Inc**

Background

1. On 25 September 2001 National Canine Defence League applied to register the following mark:



in relation to the following goods and services:

Class 16

Printed matter, leaflets, pamphlets, posters, advertising materials and publications, all relating to fundraising.

Class 36

Fundraising for charitable purposes and organising charitable collections, all relating to the care and welfare of dogs.

Class 41

Education services relating to the care of dogs and responsible ownership.

Class 42

Veterinary services, legal services, computer programming.

The application is numbered 2281390.

2. On 28 February 2002 Geoffrey, Inc filed notice of opposition to this application. They are the proprietors of the various UK and CTM registrations, brief details of which appear in the Annex to this decision.

3. The opponents say there has been substantial and continuous use of the marks ‘R’ US, TOYS ‘R’ US, TOYSRUS.COM and TOYSRUS.CO.UK in the UK and elsewhere in relation to:

“Toys, games and playthings; sporting articles; sports equipment; party goods; printed matter; publications; magazines; books; posters; photographs; computer games; electronic goods; computer software, hardware and peripherals; telephones; video and audio recordings; swimming pools; food and drink; clothing; footwear; nursery furniture and equipment; bed linen; textiles and wallcoverings; items for babies and children; retail services; information, educational, promotional and advice services; financial services; internet and web site services.”

In the UK this use is said to have commenced as early as 1985.

4. On the basis of these circumstances objection is taken under the following heads:

Section 3(6) - in that adoption of the applied for mark is intended to make reference to the opponents’ business thereby associating it with cruelty to animals. Such action, it is said, falls well below normal standards of commercial behaviour;

Section 5(3) - in that the mark in issue is similar to the opponents’ earlier trade marks which cover dissimilar goods and services and have a reputation in the UK. Use of the applied for mark would, without due cause, take unfair advantage of, and/or be detrimental to, the distinctive character or the repute of the earlier trade marks;

Section 5(4)(a) - in that use of the mark applied for would be contrary to the law of passing off.

5. The applicants filed a counterstatement denying the above grounds and putting the opponents to proof of their claims.

6. Both sides ask for an award of costs in their favour.

7. Only the opponents filed evidence. The matter came to be heard on 1 July 2003 when the applicants were represented by Mr T Moody-Stuart of Counsel instructed by J. E. Evans, Jackson & Co and the opponents by Mr P Charlton of Elkington & Fife.

Evidence

8. The opponents have filed an affidavit by Peter W Weiss, their Secretary and a witness statement by Francis Charles Muzika, a Director of Toys ‘R’ Us Limited, a wholly owned subsidiary of Toys ‘R’ Us Inc.

9. There is a certain amount of duplication between the two pieces of evidence and both deal at certain points with the position in other jurisdictions. It is not necessary for me to record all such information. The following summary of the main points to emerge draws primarily on Mr Weiss’ affidavit save where otherwise indicated:

TOYS “R” US is the house mark of the Toys “R” Us Group of companies worldwide, under which it operates department stores selling a wide range of goods, both own brand and third party branded goods. This range of goods includes books, toys, games, plush toys, including animals, toy dog vet kits, radio controlled toys including animals, puzzles, videos, software and bedding of various types including such goods featuring dogs and other pets. Mr Weiss says that prominently featured in the TOYS “R” US stores in the UK is the dog mascot COSMO. This dog mascot is featured on many of the products sold in the stores. All TOYS “R” US stores are either wholly owned, directly or indirectly, by Toys “R” Us, or are operated under a franchise or license.

10. Toys “R” Us Limited commenced trading in the UK in 1985 when the first superstore was opened in Woking, Surrey (Muzika, paragraph 2). The number of UK stores has built up as follows:

| No. of UK stores |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Feb. 3, 2001 | Jan. 29, 2000 | Jan. 30, 1999 | Jan. 31, 1998 | Feb. 1, 1997 | Feb. 3, 1996 | Jan. 28, 1995 | Jan. 29, 1994 | Jan. 30, 1993 |
| 63 | 63 | 61 | 60 | 56 | 50 | 49 | 45 | 39 |

11. The stores are said to be large retail outlets (superstores) of the order of 45,000 square feet in size normally located at out of town sites that are easily accessible by car. The size and accessibility of the stores results in their making a considerable impact in their localities and having a catchment area within a 10 to 15 kilometre radius of their respective locations.

12. Throughout the world, TOYS “R” US stores display TOYS “R” US and other “R” US marks in a variety of ways, including on store signage, labels, swing tags, product information, carrier bags and safety leaflets, as well as on the packaging for various “own brand” goods. The marks also appear in advertising and promotional materials. Toys “R” Us Ltd also sells its products by means of its website (www.toysrus.co.uk). The audited number of visits per month averages 107,264. There is also a BABIES “R” US website.

13. Exhibited to Mr Weiss' affidavit (PWW5) is a print out of the financial details of the UK subsidiary obtained from Dunn & Bradstreet European financial records. Net sales for the periods are indicated as follows:

Fiscal 3 Feb 2001	Fiscal 29 January 2000	Fiscal 30 January 1999
£	£	£
430,622,000	390,036,000	371,104,000

Advertising expenditure is given as follows (all figures have been given in US \$):

2000	1999	1998	1997	1996	1995	1994
13,700,000	13,764,000	12,453,000	11,101,000	10,335,000	10,530,000	7,728,000

14. These figures appear to be broadly consistent with the figure of £46,655,000 given by Mr Muzika for the period January 1993 to January 2000. Such promotion has included national television and press advertising, leaflets, promotional events etc. Examples of the opponents' promotional activities can be found in Exhibits PWW6 and FCM5 and 6 (to Mr Muzika's evidence).

15. The success of the TOYS "R" US stores is reflected in substantial press coverage, examples of which are contained in Exhibits FCM7 and 8.

16. The above is by way of a brief overview of the evidence on the opponents' UK trading activities. The applicants have filed no counter evidence or sought to challenge these claims.

17. Mr Weiss goes on to say that the Toys "R" Us Group concentrates its charitable and sponsorship activities on the support of carefully selected children's welfare, healthcare and educational organizations. Exhibit PWW9 consists of various advertisements, pamphlets and other materials illustrating such activities undertaken in the United Kingdom, Canada and the USA. So far as the UK is concerned these consist of:

- an advertisement that appeared in the National Children's Society's Fun Book which was distributed to children's wards in hospitals throughout the UK;
- an advertisement that appeared in the ET charity premiere programme, the proceeds from which went to the National Society for the Prevention of Cruelty to Children (NSPCC).

18. One of the US pamphlets outlines the activities of the TOYS "R" US Children's Fund and how to apply for a grant. It indicates that the Children's Fund will not support (inter alia)

- programmes that focus their humanitarian efforts on causes other than children;
- advertising or fundraising drives.

19. It is not clear whether the Children's Fund operates in the UK but I infer that any charitable activities in this country would not be inconsistent with the corporate ethic.

20. Mr Muzika also gives evidence aimed at establishing that it is fairly common for commercial operations to launch appeals for or in conjunction with charities. Exhibited at FCM9 are sample articles relating to such charity campaigns and specifically aimed at children's charities involving either the auctioning of toys or the acquiring of toys for children at Christmas. The examples have been taken from the website "UK Fundraising" at www.fundraising.co.uk and are:

- "Abbey National's toy appeal" – December 2000.
- "Toys for Tots raises \$475,000 in online Christmas campaign" for Christmas 1999, which was supported [by] WNYC Public Radio, an e-card promotion with BlueMountain.com WAMU radio station and the online delivery service Webvan
- "US Toys for Tots raises \$170,000 online at Christmas" for Christmas 2000, which was supported by the online toy retailer eToys and VISA.
- "Yahoo!'s online Furby auction for charity" in which Yahoo! raised funds for the Starlight Children's Foundation.

21. Mr Muzika goes on to suggest:

"Thus, in seeing the mark TOYS AREN'T US used in connection with charitable fund raising, the public is likely to assume, incorrectly, that the campaign is in association with or authorised by TOYS "R" US.

12. In the light of the huge public awareness in the UK of the mark TOYS "R" US, and of the National Canine Defence League's ("NCDL") well known slogan/promotional campaign "A Dog Is For Life, Not Just For Christmas" (see Exhibit FCM11 referred to below), it is not credible that it should have adopted the mark TOYS AREN'T US without the intention of importing a direct reference to TOYS "R" US and its association with the purchase of gifts for children from TOYS "R" US stores, particularly at Christmas. In this regard, "R" is phonetically identical with the word "are", and other third parties have used "Toys aren't us" to make a direct, negative reference to TOYS "R" US in other contexts. This is illustrated by Exhibit FCM10 attached, which consists of a printout of three examples of such use of "Toys Aren't US".

22. One of the examples referred to in the concluding sentence is from a UK publication (The Guardian of 1 December 1999), the others are from US sources.

23. Mr Weiss reinforces the above criticism as follows:

"Without the huge recognition of the mark TOYS "R" US and its association with Christmas and gifts for children, the mark "TOYS AREN'T US" and device, would have no impact in relation to printed matter and publications et al which relate to fundraising at large, or fundraising and educational services relating to dogs as well as veterinary and

legal services. Indeed, so apparent is the reference to TOY “R” US in the mark TOYS AREN’T US and device of the present Application, that TOYS “R” US customers, would be entitled to assume this use of TOYS AREN’T US must be by, in association with, authorized or licensed by Toys “R” Us (either directly or indirectly). In addition, use of TOYS AREN’T US is likely to be seen as indicating Toys “R” Us’ approval not only of the charity concerned and the quality of the goods and services offered, but also of the content of the publications and other printed matter. Use of this mark is also likely to be seen to indicate that the publications, fundraising activities and educational services et al are appropriate for or aimed at children. In consequence, the Applicant’s use and registration of TOYS AREN’T US, has the potential to damage more than 30 years of good public relations, hard work and investment created in the mark TOYS “R” US as indicating goods and services with which it is actually associated.”

24. Finally there is a further aspect to the opponents’ case that it is dealt with at some length in Mr Muzika’s evidence. The applicants’ TOYS AREN’T US campaign is said to have been devised by Trevor Beattie (Exhibit FCM11 is filed in support of this claim). It is said that Mr Beattie is known for controversial advertising campaigns such as Wonderbra’s ‘Hello Boys’ and French Connection’s ‘FCUK’. FCM12 consists of various articles about Mr Beattie and in support of the above view. Mr Muzika suggests that, in this context, “it is hard to imagine that Trevor Beattie devised TOYS AREN’T US without full knowledge that it would be read as a direct reference to TOYS “R” US and would be objectionable to Toys “R” Us Limited, but also with the full intention that it should be”. He invites the conclusion that the applicants are thus seeking to gain a commercial advantage at little cost or effort to themselves and with the potential of detriment to the opponents’ mark in view of the negative connotations of the mark applied for.

25. That completes my review of the evidence to the extent I consider it necessary.

26. There are three grounds of opposition. All three were pursued at the hearing. However, the objection based on Section 5(3) of the Act was at the heart of the skeleton arguments and submissions at the hearing. I propose, therefore, to deal with this ground first.

SECTION 5(3)

27. The Section reads:

“5.-(3) A trade mark which -

- (a) is identical with or similar to an earlier trade mark, and
- (b) is to be registered for goods or services which are not similar to those for which the earlier trade mark is protected,

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.”

28. The scope of the Section has been considered in a number of cases notably *General Motors Corp. v Yplon SA (Chevy)* [1999] ETMR 122 and [2000] RPC 572, *Premier Brands UK Limited v Typhoon Europe Limited (Typhoon)* [2000] FSR 767, *Daimler Chrysler v Alavi (Merc)* 2001 [RPC] 42, *C.A. Sheimer (M) Sdn Bhd’s TM Application (Visa)* 2000 RPC 484 and *Valucci Designs Ltd v IPC Magazines, (Loaded)* O/455/00.

29. Mr Moody-Stuart referred me in particular to the following analysis offered by Pumfrey J in *Merc* as a starting point:

“In my view, the best approach is just to follow the section, remembering Jacobs A.G.’s warning¹ that it is concerned with actual effects, not risks or likelihoods. The enquiry is as follows. (1) Does the proprietor’s mark have a reputation? If so, (2) is the defendant’s sign sufficiently similar to it that the public are either deceived into the belief that the goods are associated with the proprietor so that the use of the sign takes unfair advantage of the mark, or alternatively causes detriment in their minds to either (a) the repute or (b) the distinctive character of the mark, or (3) even if they are not confused, does the use of the sign nonetheless have this effect, and (4) is the use complained of nonetheless with due cause.”

Reputation

30. It is, sensibly, conceded that the opponents’ evidence in this case establishes a reputation in the marks relied on. I do not, therefore, need to say a great deal on this point other than to clarify my own understanding as to where that reputation lies and the most relevant mark. It will be apparent from the Annex to this decision that the opponents have a number of registrations and applications covering a number of marks and in respect of a variety of goods and services. The opponents’ reputation is overwhelmingly that of a retailer of toys, games, playthings etc. Their activities in this respect form part of the range of services set out in the specifications of UK registration No. 2000499B and CTM No. 400929. In each case the mark consists of the words TOYS “R” US (with the R reversed). There is some very slight stylisation of the lettering used but in practice not such as to constitute a significant additional feature in its own right. As the opponents are unlikely to be in any stronger position on the basis of the other marks on which use is claimed I do not propose to give separate consideration to their claims in this regard.

31. The opponents claim that, in addition to their business as a toy retailer, they sell own brand goods under this mark. I find the evidence on this claim to be less persuasive though I have little doubt that a reputation in this respect can be more easily established on the back of the opponents’ undoubted reputation as a retailer.

¹ in the Chevy case

Similarity of respective marks

32. Whilst it is convenient and necessary to consider the individual elements that make up the test under Section 5(3) it is important not to lose sight of the fact that in the final analysis it is a composite question. In *Audi-Med Trade Mark*, 1998 RPC 863, the Hearing Officer said in relation to similarity of marks:

“Although it might appear appropriate to consider this as a preliminary point I think it must in fact be considered globally with the other relevant factors. For otherwise the question of whether one mark is similar to another begs the question “similar enough for what?” The answer to that question must be similar enough that use of the later mark will take unfair advantage of the earlier mark, or be detrimental to its distinctiveness or repute.”

33. If there is no similarity then an opponents’ case does not get off the ground. But a finding that the respective marks are similar does not in itself advance their case unless one or more of the adverse consequences of use of the applied for mark is found to exist.

34. The applicants’ position is that they concede that their mark was, to use Mr Moody-Stuart’s word, “inspired” by the marks used by the opponents. What is not conceded is that the marks are similar or similar enough to result in unfair advantage or detriment. That is a difficult but, in principle at least, not impossible argument to sustain. It is possible to be inspired by something without imitating it.

35. I remind myself that the comparison is as follows:



36. Mr Moody-Stuart submitted that the opponents’ mark carried with it the plain meaning of an association between the proprietors of the mark and the goods sold along with the distinctive feature of the R in inverted commas. Neither of these features is present in the word part of the

mark applied for which specifically disassociates itself from any connection with toys. Furthermore the applicants' mark replaces the "R" by the normal English usage AREN'T. There is in addition the depiction of the face of a dog. The combined effect of these points is in his view to negate or at least minimise any similarity.

37. Not surprisingly Mr Charlton took a diametrically opposed position. He suggested that the word elements were similar visually and conceptually; that the middle part of the applicants' mark is merely the negative of the phonetic equivalent of "R"; that the device of a dog is stylised and gives the appearance of a toy dog (and hence a further conceptual link to the opponents' business); and, in any case, that words speak louder than images.

38. In my view Mr Moody-Stuart's analysis understates the novel and unusual construction of the opponents' mark. It associates the promoters of the mark with toys but it does so in an ungrammatical and strikingly unusual way. A measure of the originality of the mark's construction is that it has spawned a succession of imitators. Mr Weiss gives evidence of the actions taken in the US and elsewhere against marks such as KIDS "R" US, ADULTS "R" US, LAMPS R US etc (see Exhibit PWW8). Although the overall idea behind the mark is a simple one and is readily communicated that does not necessarily mean it is a weak mark. On the contrary I consider it to be a mark which is highly distinctive in terms of its construction and presentation.

39. The applied for mark, in my view, unambiguously captures the distinctive character of the opponents' mark. The negative message contained in the applicants' mark does little to assist them. If it did, placing 'NOT' in front of any mark with a reputation would seem to offer a defence (that might avoid direct confusion but confusion is not a necessary ingredient under Section 5(3)). Mr Moody-Stuart sought to deal with this point by distinguishing between the position that might pertain with an invented word (KODAK say) and the sort of mark in play here which conveys a meaning. In the latter case, but not the former, the different conceptual considerations between the marks must be borne in mind. I do not accept that that makes a material difference. Nor does the device of a dog distract attention to any appreciable extent from the words.

40. The fact of the matter is that the applicants were aware of the opponents' mark and chose to base their own mark on it. In doing so they seem to me to have gone beyond inspiration and into imitation. I do not think anyone encountering the applicants' mark would fail to see the pronounced similarities with the opponents' mark. The opponents' unchallenged evidence is that the applied for mark was conceived by Trevor Beattie, an "advertising guru" who is said to have been behind a number of controversial advertising campaigns. It would be surprising if having decided to draw inspiration from the opponents' mark as a basis for, and to draw attention to, the NCDL's own activities he then failed to achieve the intended purpose in the mark he devised.

41. It nevertheless remains the case that it is not an offence to parody or play on a mark with a reputation. It is only open to objection under Section 5(3) if one or more of the adverse consequences is made out. I go on to consider the position in this respect.

Taking unfair advantage of the distinctive character or repute of the opponents' mark?

42. Mr Muzika suggests that:

“..... in the absence of the mark TOYS “R” US, and its association with the purchase of gifts for children, particularly at Christmas, a TOYS AREN’T US campaign would have little or no impact. Through this association with the hard earned goodwill and reputation in the UK in the mark TOYS “R” US, the Applicant is able to gain an immediate commercial advantage for TOYS AREN’T US at little cost or effort to itself,”

43. That is a claim which, if made out, would appear to bring the concept of unfair advantage into play. However, there is not necessarily a connection between parodying another mark and gaining a commercial advantage. In *Oasis Stores Ltd’s Trade Mark Application (EVEREADY)*, [1998] RPC 631 it was said that:

“I do not consider that simply being reminded of a similar trade mark with a reputation for dissimilar goods necessarily amounts to taking unfair advantage of the repute of that mark. The opponents chances of success may have been better if they were able to point to some specific aspect of their reputation for batteries etc sold under their mark which was likely, through (non-origin) association, to benefit the applicants’ mark to some significant extent. However, in my judgement, the opponents have not established any such conceptual connection between their reputation for batteries etc, and the goods in respect of which the applicants’ mark is to be used.”

44. In the *Visa* case the Appointed Person said:

“I think it is clear that Sheimer would gain attention for its products by feeding on the fame of the earlier trade mark. Whether it would gain anything more by way of a marketing advantage than that is a matter for conjecture on the basis of the evidence before me. Since I regard it as quite likely that the distinctive character or reputation of Visa International’s earlier trade mark would need to increase the marketability of Sheimer’s products more substantially than that in order to provide Sheimer with an unfair advantage of the kind contemplated by section 5(3) I am not prepared to say that requirement (iv) is satisfied.”

45. I have no doubt that NCDL intended to gain attention for its activities by “feeding on the fame of the earlier trade mark”. The question is whether there is any specific aspect of the opponents’ reputation, for the retail sale of toys etc that would benefit the applicants if they were to use their mark in relation to the goods and services tendered for registration. Furthermore that benefit has to be established to some significant extent.

46. The opponents make two points which might assist their cause. Firstly it is said that it is “fairly common for commercial operations to launch appeals for or in conjunction with charities”. Mr Muzika has given a number of examples in relation to children’s charities and toy appeals. One, an Abbey National toy appeal, relates to the UK. Secondly they point to the fact that the Toys “R” Us group is involved with charitable works concentrated, it would seem, on

children's welfare, healthcare and educational organisations. Do these circumstances lead to the conclusion that the public would believe the applicants' activities enjoyed the support of, or were in some way associated with, the Toys "R" Us group and would benefit to a material extent from such a belief?

47. I have little difficulty in accepting the general proposition that large companies may on occasions lend their support to, or be associated with, charitable organisations. No doubt there are mutual benefits. It shows such companies in a favourable light and provides positive benefits to the charities concerned. I do not accept that there is a general presumption that large companies will act in this way. Nor do I accept that the public would take the applicants' mark as indicating a connection of some kind with the opponents as distinct from, or in addition to, seeing their mark as a parody of the opponents'.

48. I might have come to a different view if there were more extensive evidence as to the opponents' charitable activities in this country. The opponents' evidence in this area is thin. It is dealt with in Mr Weiss' evidence (see paragraph 17 above and Exhibit PWW9). He refers to a Children's Fund which the group has established in the U.S. but there is no evidence that this Fund has been active in the UK in relation to children's charities or related organisations. The only two pieces of evidence bearing directly on the point are the advertisements referred to in my summary of Mr Weiss' evidence. Both are advertisements appearing in relation to initiatives or events organised by third parties. Absent any further explanation I would take them to be advertisements placed in the normal course of trade but without any clear indication that Toys "R" Us are providing tangible support for the underlying causes. The closest is the reference to "Toys "R" Us wish the NSPCC every success for the E.T. Premiere!". The connection with charitable activities in the UK is thus a loose and poorly substantiated one. On the material available to me there is little evidence that the public expects Toys "R" Us to be involved with charitable activities such that the mark in issue would be seen as an indication that the opponents support, or associate themselves with, the applicants' activities. In short I am not persuaded that the NCDL would gain unfair advantage in the sense of benefiting to a material extent from the association that would be made with the opponents' mark. There is a further claim that use of the mark is likely to be seen as indicating that the applicants' goods and services are appropriate for or aimed at children. However, I do not think that is the message conveyed by the mark. I cannot see any unfair advantage accruing to the applicants from this quarter.

Detriment to the distinctive character or repute of the opponents' mark?

49. The opponents' statement of grounds, written evidence and skeleton argument/submissions at the hearing develop a number of strands of argument in relation to the issue of detriment.

50. The first is an extension of the claim dealt with in relation to unfair advantage that the opponents and other large organisations associate themselves with charities. It is said that the opponents should be allowed to associate themselves with charitable events and organisations of their own choosing and in their own way, without their name having already been tarnished by association with the goods and services of a charity not of their choosing.

51. I think this claim must fail on the evidence for much the same reason that the unfair advantage claim failed. There is simply insufficient material to establish that the opponents are associated with charitable activities in the UK. In the absence of such evidence it seems to me that the claim is at best a contingent one. The Advocate General's opinion in *General Motors Corporation v Yplon SA* [1999] ETMR 122 at paragraph 43 notes that Article 5(2) of the Directive (Section 5(3) of the Act) does not refer to mere risks or likelihood but sets positive tests. I do not rule out tarnishing of the kind envisaged by the opponents as a head of damage. Furthermore, even if it is not a tarnishing association, there may still be detriment of the kind considered in *Loaded Trade Mark* based on inhibition of trade if the opponents' freedom to associate themselves with a charity of their own choosing was impaired to a material extent. But there is simply insufficient basis for reaching such a finding here.

52. A second line of argument developed in Mr Muzika's evidence but not heavily relied on at the hearing is that the opponents stand to suffer damage to their carefully nurtured image as a result of wishing on the one hand to take action to protect their brand whilst on the other exposing themselves to adverse publicity as a result of pursuing an action against a charity.

53. It seems to me that that is always a commercial judgment that an opponent or plaintiff would have to make in launching an action against a charity. But it arises from the nature of legal proceedings rather than the underlying issue of the effect of the applicants' choice of mark. I doubt that it offers a ground of objection in its own right.

54. The real issues at the heart of the opponents' case are contained in Mr Charlton's submission to the effect that use of the applicants' mark would result in the opponents' mark becoming associated in the minds of the public with cruelty to animals or to put the matter more broadly an unwanted association would occur having regard to the negative connotations of campaigns with which the applicants could become involved.

55. Before considering the effect on the opponents' business it is necessary to say a few words about the applicants. The applicants have been silent as to their status, the nature of their business and the activities conducted or to be conducted under the mark tendered for registration. Mr Moody-Stuart's skeleton argument suggested that the applicants are a well known charity whose aims and objectives include the establishment and maintenance of rescue/re-housing centres for the care and treatment of unwanted, homeless, stray etc. dogs. That may be the case but the submission suffers from two defects. Firstly, it is in effect giving evidence on the applicants' behalf. Secondly it may not tell the whole story. It projects the applicants' activities in a decidedly 'soft-focus'. The only piece of evidence that touches on the applicants' activities is contained in Exhibit FCM11 to Mr Muzika's evidence. This is a lengthy article from The Guardian Weekend of 24 May 1997. It has been filed for the purposes of demonstrating Trevor Beattie's involvement with the creation of the slogan Toys Aren't Us. The article is about the role of the RSPCA but draws comparisons at various points with other organisations. I note the following passage:

“The NCDL, most famous for advertising guru ‘Trevor Beattie’s Toys Aren’t Us’ posters in support of its campaign A Dog Is For Life, is growing in popularity and membership. It was the first to protest to Kenneth Baker about mandatory destruction of dogs under the

Dangerous Dogs Act, but it was the RSPCA that reaped the PR benefits. The NCDL was also the first to campaign vigorously against puppy farming last year, yet the bill drafted by the multi-agency working group set up to tackle the problem was hijacked by the RSPCA.”

56. Destruction of dogs and puppy farming are, in my view, inherently more controversial subjects than simply the general care of dogs. They are both emotionally charged and politically contentious subjects.

57. I bear in mind also that the applicants have applied for broad specifications which save for the services in Class 36 are not restricted to charitable purposes and would permit them to engage in a wide range of campaigns and activities. An organisation dedicated to the welfare of dogs might well wish to campaign, for instance, against animal testing, an activity that many people find repugnant. Indeed campaigns against such activities can be expected to contain words and graphical images that many will find disturbing. I make the point merely to demonstrate the scope of the activities the applicants could engage in as part of normal and fair use of their mark.

58. When allowance is made for the fact that the applicants’ mark could be used in relation to campaigns which have as their focus cruelty to animals or use of animals for purposes which are highly controversial then the opponents’ concerns become very real indeed. Their success depends on maintaining an appeal to children and parents alike. It is not that the opponents’ customers would think that Toys “R” Us had anything to do with cruelty to animals. But use of the mark in circumstances over which the opponents had no control would be harmful to the distinctive character or repute of their mark in the sense that it would bring with it wholly unwanted associations. It was said in the *Visa* case that:

“It seems to me that if a trade mark proprietor ought to be free to decide for himself by what goods he will make (or break) the reputation of his trade mark in the United Kingdom (*Colgate-Palmolive Ltd v. Markwell Finance Ltd* [1989] R.P.C. 497 at page 531, *per* Lloyd L J) he ought also to be able to prevent other traders, on the terms and conditions laid down in section 5(3), from using his trade mark so as to cause it to carry connotations, when used by him, that are truly detrimental to the distinctive character or repute that the trade mark would otherwise enjoy in his hands.”

and

“I cannot see any justification for permitting Sheimer to register a trade mark which would, when used, burden Visa International’s own use of its earlier registered trade mark with connotations of birth control and sexual hygiene that would alter perceptions of the mark negatively from the point of view of a provider of financial services in the position of Visa International. Visa International should not have to carry the burden of advertising condoms and prophylactics at the same time as it promotes its own services.”

59. Although the factual mix is quite different here I believe the outcome points to the opponents’ succeeding on the detriment aspect of their Section 5(3) case.

60. There is, however, one point which has caused me to hesitate over the outcome even though, strictly, it is not a point that is being run by the applicants themselves. In the *Visa* case and the other main cases reviewed by Mr Hobbs during the course of that decision (see pages 505 and 506) the applicants'/defendants' products and the associations they give rise to were the direct source of the problem. It might be said that the goods and services applied for by NCDL have perfectly laudable objectives and that it is the activities campaigned against that have or may have the undesirable connotations. I have decided that that is a distinction that will be lost in terms of the impact on consumers. I do not mean this as a criticism of the NCDL as such. It is simply that by electing to adopt the mark in issue they would, in my view, cause the damage that Section 5(3) is intended to prevent. The mark, and the message behind the mark, will be inextricably linked to the activities campaigned against.

Without due cause?

61. The applicants may have a defence to my above finding if their use can be said to be with due cause.

62. Mr Moody-Stuart's skeleton argument put his client's case as follows:

“The applicant's primary submission on “due cause” is that all charitable use is “with due cause” by definition and that as a result even if the applicant's use were to be of detriment to or take unfair advantage of the repute or distinctiveness of the opponent's marks, such harm or advantage would not prevent registration under s. 10(3) [5(3)].”

63. The submission is founded on the proposition that, as a matter of law and public policy, charities exist for the overall benefit of society and that, if a charity stops acting for the benefit of the public, it is acting outside of its charitable status. It is accepted that such a defence is only likely to be arguable if a charity is registered.

64. It seems to me that there are a number of factual hurdles that the applicants will have difficulty surmounting. Firstly, as they have filed no evidence, I have no authoritative information as to their status. Secondly, only their Class 36 specification is restricted to services for charitable purposes and then not services offered by a registered charity. Thirdly other services such as legal services and computer programming appear on the face of it to have a rather tenuous connection with charitable activities.

65. But these factual difficulties, important though they are in their own right, only fall to be considered if I accept that there is merit in the submission on which they are based, namely that charities are a special category when it comes to considering whether activities can be said to be with due cause.

66. The scope of the provision was considered by Mr Justice Neuberger in the *Typhoon* case. He referred in particular to the following passage from *Lucas Bols* [1976] I.I.C. 420 where the effect of the words without due cause were considered by the Benelux Court. The Court said:

“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 damages 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.....”.

67. It was also noted that 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”.

68. Section 5(3) of the Act is based upon Article 4.4(a) of the Directive (89/104). I find nothing in the wording of either, or in the recitals to the Directive, to suggest that the drafters of the legislation intended to create what would amount to a block exemption for a particular category of organisation, namely charities. It is reasonably well known that charities and/or those giving to them benefit from certain tax advantages. I am not aware that charities enjoy immunity from the effects of legislation (employment law, health and safety law, etc) on a more general basis. It seems highly improbable that it was the intention to confer on charities the privilege sought by the applicants in this case. The effect would be to give charities a free hand to adopt marks that are similar or even identical to earlier trade marks and to be able, with impunity, to exploit those marks and the reputation attaching to them. By the same token holders of earlier trade marks with a reputation would be powerless to avoid such exploitation.

69. Nor can I see what public policy would be served by such a state of affairs. It is one thing to, for instance, accord tax privileges which assist charities but do not harm other organisations. It is quite another matter to give charities the sort of immunity argued for here which carries the prospect of very real damage to traders who have expended time and resources in building up their brands. I reject the applicants’ primary ‘with due cause’ claim.

70. Mr Moody-Stuart’s secondary submission was expressed as follows in his skeleton argument:

“The applicant’s secondary submission on “due cause” is that the question of “due cause” cannot be considered without considering the level of harm or unfair advantage caused by the mark applied for. Thus minor harm or unfair advantage would be held to be “with due cause” more easily than more serious harm or more unfair advantage. Conversely, the better the cause for the use leading to any harm or unfair advantage such, the greater the harm or advantage that will be tolerated before an opposition (or infringement claim) succeeded. Use for charitable purposes is use for a good cause indeed, and is recognised as such by public policy. As a result, the harm or unfair benefit that the opponent must show before the applicant’s use ceases to be with “due cause” is great indeed. That threshold has not been passed on the evidence.”

71. I accept the first sentence of this submission so far as it goes. It has been held in a number of cases that Section 5(3) is not intended to have the sweeping effect of preventing the registration of any mark which is the same as, or similar to, a trade mark with a reputation. It is a

question of degree. In *Oasis Store's Ltd's Trade Mark Application* [1998] RPC 631 the Hearing Officer noted when considering detriment to repute that:

“By ‘damaged or tarnished’ I mean affected in such a way so that the value added to the goods sold under the earlier trade mark because of its repute is, or is likely to be, reduced on scale that is more than de minimis.”

72. However, Mr Moody-Stuart’s submission seeks to introduce into the argument a test which balances the worthiness of the cause against the degree of damage inflicted. It turns, as the primary submission did, on charities enjoying a privileged position in relation to the operation of Section 5(3) because they serve worthy causes. On the basis of the secondary submission it would seem that the proprietors of marks with a reputation would enjoy partial protection only depending on how much damage would be done.

73. I cannot accept this submission either. There is not a separate test for charities. Once I am satisfied that the opponents have established their case that is an end to the matter unless the applicants can point to something particular about their circumstances which suggest, to adopt the wording of *Lucas Bols*, that they are under such a compulsion to use this very mark that they cannot honestly be asked to refrain from doing so regardless of the damage the owner of the earlier mark would suffer from such use. No such case has been made out. The opposition thus succeeds under Section 5(3).

SECTION 3(6)

74. The Section states that:

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

75. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379, Lindsay J. said in relation to Section 3(6):

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined.”

76. The operation of the Section is not dependent on it being established that an applicant should actually have appreciated that he was acting dishonestly (see *Daawat Trade Mark* [2003] RPC11).

77. In the *Visa* case the Appointed Person held as follows:

“I now return to the objection under section 3(6). This appears to me to go hand in hand with the objection under section 5(3). Since I consider that Visa International’s earlier trade mark was the target of Sheimer’s desire to use a famous name for the products [it]

intended to market under application No. 2012498, I am not prepared to hold that any other goods specified in that application would be free of the objection I have upheld under section 5(3). Conversely all of the goods specified in that application are goods which I take to have been specified by Sheimer with the awareness I have mentioned: an awareness that as its VISA products became famous for being products of the same name as that under which Visa International's services were provided for the benefit of customers in the United Kingdom, so Visa International's services would become correspondingly "famous" for being services supplied under the same name as the "condoms; contraceptive devices and appliances; rubber articles for medical or surgical purposes". In my view, that suffices to justify a finding of bad faith in relation to application No. 2012498 even if Sheimer did not anticipate that its actions would give rise to a successful objection to registration under section 5(3). I take the view that this is not a case which tests the limits of section 3(6) of the Act (article 3(2)(d) of the Directive) from the point of view of Community law because the objection on the ground of bad faith falls entirely within the limits of objectionability prescribed by section 5(3) of the Act in accordance with the Directive."

78. I have found that the applicants were fully aware of the opponents' mark and that they adopted a mark that relied strongly on its similarity to that of the opponents. I have also found that damage will ensue if it is used, as it plainly could be, in relation to campaigns that would carry undesirable associations for the opponents' business. I am not suggesting the applicants set out to harm the opponents' business in this way. I can see no reason why they would wish to do so. But their subjective intention cannot in itself save them. It seems to me that the position is that they adopted their mark knowing that it was calculated to bring to mind the opponents' mark and they did so without considering the effect on the opponents' business. That suggests a disregard for the consequences of their actions which falls short of the standards of acceptable commercial behaviour referred to in *Gromax*. In the circumstances the opponents also succeed under Section 3(6). As in the Visa case success under this head goes hand in hand with the objection under Section 5(3).

SECTION 5(4)(a)

79. This Section reads:

"(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, or
- (b)

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

80. Guidance on the approach to be adopted has been given in *WILD CHILD Trade Mark* [1998] RPC 455, as follows:

"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] AC 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."

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House's previous statement, should not, however, be treated as akin to a statutory definition of 'passing off', and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House."

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.”

81. The opponents have, in addition, referred me to two cases – *Gleneagles Hotels Ltd v Quillco 100 Ltd* (Court of Session, Scotland, A372/03) and *British Telecommunications Plc & Others v One In A Million Ltd & Others*, [1999] ETMR 61. The first is a case where, in the Opinion of the Court, the defender had sought deliberately to attract the attention of the public by borrowing the pursuer’s name and goodwill. Their proposed business was to be in close proximity to the Gleneagles Hotel, golf course and related facilities and was said to involve overlapping services (I note in passing that a prima facie case of infringement was also established under both Section 10(2) and 10(3)). The British Telecommunications case involved the application of the law of passing off in circumstances where the defendant was equipped with, or was intending to equip another with, an instrument of fraud. Whilst I note these cases their factual circumstances and the issues they gave rise to do not directly assist me in applying the law in the case before me.

82. This is not a case where there can be any doubt about the opponents’ goodwill. They have a very significant reputation as a toy retailer under the mark TOYS “R” US (by which I mean in the form of the registered marks with the R reversed). Issues arise in relation to misrepresentation and damage. I note that in the *Visa* case the Appointed Person commented as follows:

“The concept of “misrepresentation... leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff” is quite flexibly interpreted with a view to preventing the mixing and switching of identities between different goods, services and businesses. An action for passing off can succeed in the absence of competition between the parties to the dispute.”

and

“The concept of “damage as a result of the erroneous belief engendered by the defendant’s misrepresentation” also embraces cases where the use of the later mark is liable to take unfair advantage of or be detrimental to the distinctive character or repute of an earlier trade mark, with adverse consequences for the proprietor of the goodwill of an existing business. Misrepresentation nevertheless remains an essential element of the action for passing off and it is not possible at the present time to say that the action prevents “association” independently of confusion symptomatic of misrepresentation.”

83. Mr Hobbs was nevertheless of the view that, if people were deceived or confused by Sheimer’s (the applicants) use of the word VISA for condoms etc. into thinking that the goods in question were being marketed by or for or in conjunction or association with Visa International (the opponents’), there would be an actionable misrepresentation even if Sheimer would gain no additional custom of its own as a result.

84. His analysis of the case before him suggested that there would be a range of possible reactions with some people making an association between the respective signs but regarding the idea of a commercial connection as being too improbable to be true; others might reach the contrary view and assume a commercial connection; and a third group who might have cause to wonder about such a connection and might, if they reflected on the matter, believe there was if they saw the mark in the form which was presentationally closer to the form used by Visa International. He concluded that, whilst it might be possible to establish the necessary likelihood of misrepresentation he was unable to reach such a conclusion on the evidence before him.

85. Approaching the matter on that basis I have no doubt that people exposed to the applicants’ mark would see it as a play on the mark TOYS “R” US. That is what is intended and that is what has been achieved. But the negative in the applied for mark and the distance between the parties’ goods and services are such that I do not think it at all likely that they would be misled into assuming a trade connection or other link. In the *Visa* case consideration was given as to whether the presentational aspect of the applicants’ past use (employing a mark similarly styled to Visa International’s own mark) might act as a further visual prompt. There is no such circumstance here. The device of a dog might be said to act as a link between toys and the applicants’ business but in each case it is little more than a descriptive indicator and insufficient in itself to suggest that it would have a material impact on consumer perceptions. Taking all the circumstances into account, the likelihood of misrepresentation has not been made out and the opposition under Section 5(4)(a) must fail.

86. The opponents have succeeded under Sections 5(3) and 3(6) and are entitled to a contribution towards their costs. I order the applicants to pay the opponents the sum of £2000.

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 29th day of July 2003

**M REYNOLDS
For the Registrar
the Comptroller General**

Opponents' registrations and applications

UK registrations

No.	Mark	Class
2000499A		35, 41


 The logo consists of the words "TOYS 'R' US" in a bold, black, sans-serif font. The letters are closely spaced, and the apostrophe in "R" is clearly visible.

2000499B

35


 The logo consists of the words "TOYS 'R' US" in a bold, black, sans-serif font. The letters are closely spaced, and the apostrophe in "R" is clearly visible.

1495962

9


 The logo consists of the words "TOYS 'R' US" in a bold, black, sans-serif font. The letters are closely spaced, and the apostrophe in "R" is clearly visible.

1337015

28


 The logo consists of the words "TOYS 'R' US" in a bold, black, sans-serif font. The letters are closely spaced, and the apostrophe in "R" is clearly visible.

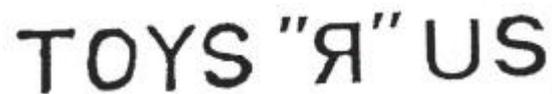
1177870

28


 The logo consists of the word "R" in a large, bold, black, sans-serif font, followed by the word "US" in a smaller, bold, black, sans-serif font. The apostrophe in "R" is clearly visible.

1289890

25


 The logo consists of the words "TOYS 'R' US" in a bold, black, sans-serif font. The letters are closely spaced, and the apostrophe in "R" is clearly visible.

1212567

25


 The logo consists of the word "R" in a large, bold, black, sans-serif font, followed by the word "US" in a smaller, bold, black, sans-serif font. The apostrophe in "R" is clearly visible.

2158489

20, 24, 27

TOYS "R" US

2197320

29, 30, 32

"R" US

"R" US

2242881

"R"US

35

CTM Registration

439232

TOYSRUS.COM

42

400929

35

TOYS "R" US

1398361

9, 28, 35

TOYS "R" US