

O-216-06

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO 2359301
BY WORK DIRECT LIMITED TO REGISTER THE
TRADE MARK SMALL CLAIMS R US IN CLASS 42**

AND

**IN THE MATTER OF OPPOSITION NO 92986
BY GEOFFREY, INC**

TRADE MARKS ACT 1994

**IN THE MATTER OF Application No 2359301
by Work Direct Limited to register the
Trade Mark Small Claims R US In Class 42**

and

IN THE MATTER OF Opposition no 92986 by Geoffrey, Inc

BACKGROUND

1. On 24 March 2004 Work Direct Limited applied to register the mark Small Claims R US in respect of the following specification of services in Class 42:

“Legal services; reviewing and processing small claims and small claims forms; legal serving, legal advice; legal enquiries and research; legal information research services; advice on debt recovery; information and advisory services relating to the aforesaid including advice on procedure in small claims courts.”

2. The application is opposed by Geoffrey, Inc on the basis of a notice of opposition filed on 25 November 2004. Geoffrey, Inc is a wholly owned subsidiary of Toys “R” Us, Inc and proprietor of the mark “R” US in addition to a number of marks incorporating the “R” US suffix. Brief details of the marks relied on in this action are listed in the Annex to this decision.

3. Toys “R” US also has an Internet presence through websites incorporating the elements toysrus or babiesrus.

4. The opponent’s claim in relation to use of its marks is contained in the following paragraphs:

“3. Toys “R” Us has used the mark TOYS “R” US and “R” US in the United Kingdom since 1985, and BABIES “R” US since 1996. In addition, it has used other “R” US marks, such as KIDS “R” US, BIKES “R” US, SNACKS “R” US and TOYS “R” US EASYBUY. As a result of this use, Toys “R” Us has established a significant reputation in the UK marketplace and substantial goodwill in the “R” US mark in the United Kingdom and throughout the world. The use and exposure of the TOYS “R” US and “R” US marks across the United Kingdom has ensured that the marks have, for a number of years, been ‘well-known’ trade marks in the United Kingdom in accordance with the definition of a well-known trade mark as contained within Article 6 of the Paris convention (Section 56 of the Act). By reason of extensive advertising, promotion and sale of products and services under the family of “R” US marks, these marks have acquired and enjoy fame, distinctiveness and substantial secondary meaning.

4. Toys “R” Us possesses a common law reputation in respect of the family of “R” US marks, built up through use of the trade marks in the United Kingdom sufficient to find an action of passing off against the goods and services listed in the application in suit. It has attained enormous goodwill in the TOYS “R” US and “R” US marks through use in the United Kingdom in connection with a wide range of goods and services. The marks are used on products and packaging therefor, in store signage, fascia, advertising and promotional materials.

5. Since Toys “R” Us began trading in the United Kingdom in 1985, the variety of goods and services upon which the TOYS “R” US and “R” US marks have been used has expanded to include such things as books, videos, sports equipment, furniture, cards, ice creams and snacks, credit vouchers, clothing, electronic goods, clothing, health and beauty aids, furniture, insurance services, consumer credit services, provision of information with respect to infant care and health and to health and safety matters, financial services, transportation and real estate services including leasing of property. Given the breadth of this expansion, and the variety of goods and services available under the umbrella of the “R” US marks, and the fact that the applicant’s mark contains the identical suffix “R US” following the descriptive words Small Claims, Toys “R” Us submits that consumers are likely to assume a trade connection between the respective parties in that the use of Small Claims R US by the applicant has been authorised or approved by TOYS “R” US, when it has not. This would apply were any descriptive word to be placed before the well-known marks “R” US. This therefore amounts to a misrepresentation on the part of the Applicant, which is likely to cause damage to Toys “R” Us’ significant reputation. In particular we note that the letter ‘R’ and word ‘US’ are presented in upper case within the mark Small Claims R US emphasising the ‘R US’ element.”

5. On the basis of these claims the opponent raises objections under Section 5(3), 5(4)(a) and 56, this latter being a claim that Toys ”R” Us and “R” US are well known trade marks within the meaning of Article 6 bis of the Paris Convention.

6. The applicant filed a counterstatement denying the above grounds and putting the opponent to proof of its claims.

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

8. Both sides filed evidence. The matter came to be heard on 18 July 2006 when the the opponent was represented by Mr M Edenborough of Counsel instructed by David Keltie Associates. The applicant was not represented at the hearing but filed written submissions.

Opponent’s evidence

9. Thomas DeLuca, Vice President for Product Development Safety Assurance of Geoffrey, Inc has filed a declaration. Mr DeLuca has been with the Group since 1983

and has held his current position since 1997. He says that use in the UK has been through Toys “R” Us Limited, a company that was incorporated on 18 April 1984.

10. Exhibited at TD1 is a table of all registered UK and CTM marks of the Group which consist of or incorporate “R” US.

11. Mr DeLuca says that the first UK store opened in Woking in 1985. Exhibit TD2 indicates that there are now some 64 UK stores. There are also two UK Babies “R” US stores but these were not opened until 7 August 2004 (after the material date in these proceedings). A listing of the locations of the UK stores is given in Exhibit TD3. The stores are spread throughout the UK and are generally around 45,000 square feet in size. In addition to sales through the store the Group sells its products through its mail order catalogues and websites.

12. Sales of goods and services under the TOYS “R” US name are given in Exhibit TD4. So far as the UK position is concerned sales have been as follows:

YEAR	TURNOVER
1994	in excess of £220 million
1995	in excess of £240 million
1996	in excess of £270 million
1997	in excess of £320 million
1998	in excess of £330 million
1999	in excess of £338 million
2000	in excess of £340 million
2001	in excess of £375 million
2002	in excess of £430 million
2003	in excess of £460 million
2004	in excess of £500 million

13. UK advertising expenditure is given as follows:

YEAR	TURNOVER
1994	in excess of £4.8 million
1995	in excess of £5.6 million
1996	in excess of £5.5 million
1997	in excess of £5.9 million
1998	in excess of £6.6 million
1999	in excess of £7.4 million
2000	in excess of £7.3 million
2001	in excess of £7.1 million
2002	in excess of £8.5 million
2003	in excess of £10.7 million
2004	in excess of £11 million

These figures relate to TV, radio, direct mailing and newspaper and magazine advertising.

14. The Group produces numerous catalogues for distribution through the stores, by direct mail and through door to door distribution and as newspaper supplements. Copies of some of the 2004 catalogues are exhibited at TD5. Further promotional material relating to earlier years from 1994 to 2003 is at TD6. The Group makes extensive use of television advertising. Examples of this featuring Christmas campaigns for 2003 and 2004 are exhibited at TD7 in video tape form. The marks Toys “R” US and Babies “R” US appear on delivery trucks and on materials used in the course of business such as carrier bags, swing labels, receipts etc. Examples are exhibited at TD8. I note that this material also includes photographs of other “R” US marks namely in-store signage for Bikes “R” US for 1999 and 2004 and what is said to be current signage for Kids “R” US and Snacks “R” US (Mr DeLuca’s declaration is dated 25 May 2005 so this material almost certainly post-dates the application filing date).

15. Turning to the Babies “R” US mark, this was first used in the UK in 1998 when baby products were introduced into the Toys “R” US stores under this mark. Two catalogues are produced each for Spring/Summer and Autumn/Winter. A copy of the Spring/Summer 2004 catalogue is exhibited at TD9, along with pages from the website. The Group has also operated a Mother & Baby Club under the Babies “R” US mark since 2002. Members receive five magazines per month. A sample mail magazine pack is exhibited at TD10. Sales under the Babies “R” US mark exceeded £285 million in the UK for the years 1999 to 2004. Promotional expenditure for the seven years since 1998 has been in excess of £8 million.

16. The success of the Group is said to be demonstrated by substantial press coverage. Two exhibits have been supplied in support of this. The first, TD11, contains copies of websites relating to the Group in the US and elsewhere including via publications circulating in the UK. The second, TD12, relates to articles in UK publications, mainly national newspapers. Attention is drawn to an article entitled ‘Access “R” Us’ as supporting the view that the press is aware that the use of “R” Us with other matter indicates the Group.

17. Mr DeLuca exhibits, TD13, copies of pages from the toysrus.co.uk website to demonstrate the diversified use of its mark in relation to loyalty card services, credit card services, travel club services, games club services, DVD rental, recruitment and DVD repair. Also exhibited at TD14 and 15 are copies of invoices (both after the relevant date) relating to leasing of property and a contract with a third party relating to backhauling services.

18. The remainder of Mr DeLuca’s declaration consists largely of submissions.

19. A witness statement has also been filed by Rosemary Anne Cardas, a partner in the firm of David Keltie Associates, the opponent’s professional advisors. Her evidence is filed in support of the claim that registration of the mark in suit would be detrimental to the distinctive character and repute of the Group’s earlier “R” US trade mark.

20. Ms Cardas says that the public is likely to associate the name Small Claims R US with the notorious personal injury claims industry, and in particular the ‘ambulance chasing’ type businesses. She exhibits at RAC1 a selection of newspaper articles

illustrating the bad press surrounding companies offering legal services relating to personal compensation including the widely publicised collapse of the company Claims Direct. There are 11 articles of which 10 relate to Claims Direct and are concentrated in the period July to November 2002 at or shortly after the point at which that company collapsed. The other article is from the Financial Times and relates to “Alert on hidden costs of ‘no win, no fee’”. However this article is after the relevant date. A further article obtained from The Mirror website at Exhibit RAC2 is also about the personal injury claims industry but is again after the relevant date.

21. A further batch of press articles exhibited at RAC3 deals with the so-called ‘Tesco Law’ reforms proposed by the Clementi Report and is said to raise the issue that the Group should be free to expand its range of services into the legal field. It is suggested that the law reforms will make it possible for retailers and other organisations to offer legal services to the public. The articles run from July 2003 to March 2005. Material downloaded from the Tesco website at RAC 4 indicates that the store group has started to offer self-help and DIY legal advice kits. Ms Cardas suggests that “it is not inconceivable that the ‘R’ Us Group will follow Tesco’s example.

Applicant’s evidence

22. Two witness statements have been filed. The first is by Caitriona Mary Desmond, a Trade Mark Attorney Assistant in the firm of Murgitroyd & Company. Her evidence is directed towards establishing that third parties have adopted marks incorporating or based on the presence of the element R US. She exhibits:

- CMD1 - the names and dates of incorporation (where available) or date of copyright notices of businesses utilizing the said element derived initially from the results of a Google search.
- CMD2 - extracts from the Google search referred to in relation to CMD1.
- CMD3 - website details and Companies House details (where appropriate) of the companies detailed in CMD1.
- CMD4 - details of three further R US companies resulting from a further Google search. Again the details consist of date of incorporation/date of copyright information.
- CMD5 - full details of the said Google search.
- CMD6 - similar data to CMD1 and 4 resulting from a Yahoo search.
- CMD7 - a print-out of the Yahoo search.
- CMD8 - website and Companies House details of the CMD6 companies.

23. Ms Desmond says that on reviewing the Cats-R-Us website she located an article stating that Cats-R-Us were threatened with legal action by Toys “R” US in October 1998. As a result of media attention generated by the case it also came to light that Trucks-R-Us were also threatened with legal action. It seems the dispute with Cats-R-Us was eventually settled amicably. Exhibit CMD9 provides details of an internet article on this matter.

24. There is also a witness statement from David Austin, the Managing Director of the applicant company. His evidence challenges whether the opponent company can benefit from the use relied on and comments in detail on Mr DeLuca’s evidence. This mainly goes to issues of dates and the failure of the opponent to provide disaggregated information on sales and advertising of goods and services bearing in mind the breadth of the use claimed. The material in Mr Austin’s evidence is largely submission. I do not propose to record further details here but bear his observations in mind in reaching my own view of the matter.

Opponent’s evidence in reply

25. Mr DeLuca has filed a further declaration in reply to the applicant’s evidence. It consists in large measure of counter-submissions to the criticisms of his own evidence in chief. Again I do not intend to record details here but bear them in mind for the purpose of my decision below. Two additional pieces of documentary evidence have been adduced:-

TD16 - a print-out from the toysrus.com website explaining the relationship between the various companies in the group. This is in response to a query raised by Mr Austin about the relationship between Geoffrey, Inc and Toys “R” Us (UK) Ltd.

TD17 - a further print-out from the same website regarding the history and background to the company.

26. That completes my review of the evidence.

Decision

27. Mr Edenborough’s submission at the hearing concentrated on the objection under section 5(3). As a result of regulation 7 of The Trade Marks (Proof of Use etc) Regulation 2004 Section 5(3) now reads:

“5.-(3) A trade mark which -

(a) is identical with or similar to an earlier trade mark, and

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. As is clear from the explanatory note to the regulation this amended wording in Section 5(3) came about as a result of the ECJ's decisions in *Davidoff & Cie SA & Zino Davidoff SA v Gofkid Ltd* of 9 January 2003 (C-292/00) and *Adidas-Salomon AG & Adidas Benelux BV v Fitnessworld Trading Ltd* of 23 October 2003 (C-408/01). The effect of the ECJ's decisions was to clarify that the scope of the equivalent provision in the Directive extended to identical and similar goods as well as 'not similar' goods. Nevertheless, it is implicit in the way the opponent has framed its statement of grounds that in the circumstances of this case it recognises that the applied for services are not similar to any of the goods or services on which it bases its claim to a reputation.

29. 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) RPC 767, *Daimler Chrysler v Alavi (Merc)* (2001) RPC 42 and *Creditmaster Trade Mark* (2005) RPC 21.

30. From these cases I derive the following principles:

- (a) the burden of proof is on the opponent;
- (b) the opponent must show that the relevant public would establish a "link" between the marks but confusion is not a necessary ingredient;
- (c) the link so established must be such as to cause actual detriment or take actual unfair advantage of the earlier mark or its reputation – it is not enough that some members of the public might be stimulated by the later trade mark to recall the earlier one;
- (d) the stronger the distinctive character and reputation of the earlier mark, the easier it is to establish detriment;
- (e) detriment may lie in making the earlier mark less attractive (tarnishing) or less distinctive (blurring);
- (f) unfair advantage may lie in feeding on the fame of the earlier mark to materially increase the marketability of the goods offered under the later mark.

The marks relied on and reputation.

31. It will be apparent from the Annex to this decision that the opponent advanced a large number of UK and CTM registrations in support of its case. Mr Edenborough helpfully conceded at the hearing that the opponent was content to base its case on the mark TOYS "R" US and did not rely on the other marks or a 'family of marks' argument. It will also be apparent from the Annex that the opponent's registrations of TOYS "R" US cover a large number of classes. The applicant's written submissions suggested that any claim to a reputation is limited to toys (Class 28) and the retailing thereof (Class 35). In my view that is in one respect overly generous to the opponent. The overwhelming impression left by the evidence is that the opponent is a retailer of toys and associated goods but that the goods themselves bear third party brands. I do not understand Mr Edenborough to dispute that view of the matter. He was, therefore, content to base his submissions on the opponent's reputation as a retailer of toys. In fact the scope of the reputation for retailing services probably goes slightly wider than this to include eg. bicycles and computer products, but I do not regard the scope of

any such extended range of goods as materially affecting the outcome of the case. On the strength of the evidence filed I accept that the opponent has a *Chevy* reputation in relation to the retailing of toys.

32. I should just add that whilst I have referred to the opponent's mark as TOYS "R" US it is registered and most commonly used in the following form, that is to say with the "R" reversed and in the particular script form shown:



Comparison of marks

33. The comparison is, therefore, between Small Claims R US and TOYS "R" US in the form presented above. It is well established that the marks are to be compared on the basis of their visual, aural and conceptual similarities. Points of dissimilarity must also be borne in mind, *Crooms Trade Mark Application*, [2005] R.P.C. 2. Distinctive and dominant components must also be identified.

34. The applicant's written submissions note that the opponent relies upon the presence of the common element R US to establish similarity. The applicant submits that these components are weak in terms of distinctive character and will not in themselves lead to association. Instead it is suggested that the relevant market will rely upon the totality of the respective marks which it is suggested are completely distinguishable.

35. Mr Edenborough's skeleton argument adopted the position that the incorporation of the distinctive component R US into a composite mark that contains a descriptive element does not render the marks dissimilar for which purpose he relied on *Medion AG v Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04. So, in this case it is said, the mere addition of the descriptive element Small Claims is not sufficient to make the applicant's mark distinguishable from the opponent's marks.

36. He developed this argument in submissions by suggesting that the first element of the respective marks must be considered to be weak because they are simply the names of the goods or services. Hence, the argument runs that the distinctive element must be R US. He noted too that the applicant had substituted R for are in the same way that the opponent had done.

37. I do not understand him to suggest that the elements TOYS and Small Claims should be discounted or ignored completely in making a comparison of the signs. That must be right. In any case, as was noted in the *Baby-Dry* case (2002) E.T.M.R. 3, the syntactically unusual juxtaposition of commonplace elements may contribute to or be the basis of a claim to distinctive character.

38. Whilst consumers themselves are not generally credited with analysing or deconstructing marks to see how they work it is appropriate and necessary for the tribunal in coming to a view on distinctive character to consider what it is that makes

a mark memorable and, therefore, work as an indicator of trade origin. In other words the tribunal must put itself in the position of the average consumer and try and gauge how that notional consumer will approach the marks even though the consumer will not himself analyse why he reacts that way. In relation to the opponent's mark TOYS "R" US it seems to me that the elements that combine to give it its distinctive character are:

- (i) the substitution of R for are. In this respect, whilst it is relatively commonplace particularly in advertising usage to make substitutions such as 'n' for and, 2 for two or to, I am not aware that it is at all common to substitute R for are.
- (ii) the reversal of the letter R in the opponent's mark.
- (iii) the ungrammatical construction R US.
- (iv) the fact that the pronoun US refers back to the word TOYS in contrast to the normal usage of the pronoun to refer to a person or people. As a result the mark does not work at a literal level (the company or the business is not a toy) but cleverly alludes to the proprietor's area of speciality or pre-eminence in the market place. The same principle applies no matter what noun (signifying the nature of the underlying business) is placed before "R" US.
- (v) there is also the particular script in which the mark has consistently been presented though I do not regard this as particularly eye-catching, unusual or memorable in its own right.

39. The applicant's mark differs from the opponent's in key respects notably in the use of the words Small Claims, the non-reversal of the letter R, and the fact that the mark is presented in plain upper and lower case letters. Nevertheless, in construction and content it coincides with the operative distinctive components of the opponent's mark so far as points (i), (iii) and (iv) of my above analysis is concerned. As I regard points (i) to (iv) as being the key elements giving TOYS 'R' US its distinctive character it will be apparent that I consider there is a material degree of similarity between the marks notwithstanding the clear and obvious visual, aural and conceptual difference imparted by the different first elements.

Association

40. It is not necessary for an opponent to show that there is a likelihood of confusion to succeed under section 5(3). However, the opponent does need to establish that use of the applicant's sign may give rise to an association between the sign and the opponent's earlier trade mark in the minds of the relevant public which in the context of the respective goods and services I take to be the public at large.

41. In reaching a view on that I need to address the applicant's evidence as to third party use. The applicant's written submissions conclude that there is "a proliferation of unchallenged third party use of the R US combination". I infer that the proposition the applicant is inviting me to accept is that the more familiar the public is with widespread use of the R US formulation by third parties, the less likely the public is to make any sort of association between the mark and the opponent.

42. Mr Edenborough offered a limited acknowledgment of third party interest in and adoption of R US marks and accepted that there was likely to be some recognition of this amongst UK consumers. But he challenged parts of the applicant's evidence and sought to distinguish other parts of it. His main criticisms were that many of the entities are not commercial undertakings. Rather they appear to be charities or local or specialist interest groups. Others appear to be foreign enterprises. Yet others appear to operate on a small scale only. There was generally insufficient evidence on market presence to assess the real impact of such usage. The net effect of these considerations was in his view to dilute the impact of such use in the minds of the public at large.

43. I have set out in the evidence summary the general nature and source of the material relied on by the applicant. The volume of material supplied suggests that there is a reasonably widespread desire to adopt the R US formulation on the part of both traders and non-traders. But that state of affairs on its own is little better than state of the register evidence. It only has real relevance if, through use of the names or marks, it has influenced public perception of such marks.

44. Ms Desmond's evidence attempts to get over this problem by showing dates of incorporation of the companies concerned and also identifying copyright dates where shown in supporting website material. Neither of these indications is necessarily a reliable measure of the extent of any trade or indeed even whether any trade at all has taken place. Of rather greater relevance is website material suggesting that in some cases the entities appear to be active operations but as the web prints were taken at the time of the evidence was being compiled they may not be a true reflection of the position at the relevant date. Nevertheless, some of the material survives these criticisms to a limited extent. For instance:

- Transmitters R US appears to be an active trading company which opened its doors in 1999
- Crafts 'R' US (UK) appears to be an active trading entity and has been the winner of various awards from 1997 onwards.
- the Cars 'R' US webpage refers to our tenth year in business

45. The exhibited material suggest that a number of other companies/entities have a trading presence. However, in the absence of information on the nature, extent and duration of these organisations' trading activities it is not possible to reach conclusive findings as to their impact on consumers.

46. In terms of the net effects of this part of the applicant's evidence, I think that Mr Edenborough was right to concede that there is likely to be a measure of public awareness of R US marks in the ownership of entities other than the opponent and the sheer numbers of organisations that have adopted R US marks is itself indicative of widespread awareness of this particular formulation. It is possible, of course that a number of these entities alighted on their choice of mark because they were familiar with TOYS 'R' US. I note for instance, that the SIGGYS 'R' US website print-out (CMD8) carries the footnote "SIGGYS 'R' US is in no way affiliated to Geoffrey Inc". That is close to an open acknowledgement of the source of inspiration for their mark and recognition that they felt the need to clarify that they were unrelated to the opponent company (it is not clear from the exhibited material what the nature of the

business is though there is a suggestion that it relates to birthday party supplies, which would indicate a certain proximity of trade with the opponent).

47. Like Mr Edenborough, I consider it reasonable to conclude that there is likely to be a measure of public awareness of third party usage of names constructed on the basis [descriptive name] R US . The evidence is inconclusive as to the extent of that awareness.

48. There is another possible factor in play here. Even if the public is aware that R US is used by entities other than the opponent, it is still possible that the most spontaneous association is with the opponent simply because it is in all probability the largest and best known company to have adopted the formulation (it may also have been the first). Indeed I regard it as quite probable that the average consumer faced with the mark Small Claims 'R' Us will be reminded of TOYS 'R' US because of the inventive and attractive way in which that mark is constructed and the substantial reputation built up by the opponent. In short I accept that an association will be made. The more difficult question relates to the consequence of such an association.

Unfair Advantage

49. The opponent puts its case under two heads. The first is unfair advantage. It is submitted that there was an intention to trade on the back of the reputation of the opponent. Mr Edenborough's skeleton argument posed the question – why else use the distinctive component of the opponent's marks but to gain an advantage of some sort? A further strand of his submission was that the opponent had proffered no explanation for its choice of mark or provided any evidence that its use is without due cause. I should also record that Mr Edenborough sought to explain a number of references to 'bad faith' in Mr DeLuca's evidence as not being a reference to a ground under Section 3(6) but rather to it forming part of the unfair advantage claim.

50. As regards the first of these issues my understanding of the 'due cause' provision Section 5(3) is that it operates as a potential defence to an otherwise successful attack. It does not remove the need for an opponent to make out a case under one or more of the heads of damage envisaged in the Section. As Neuberger J observed in *Premier Brands v Typhoon Europe* ".....although I accept that the words "being without due cause" are somewhat opaque in 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"".

51. So far as the bad faith point is concerned it was certainly not a pleaded ground of objection. Mr DeLuca's evidence, however, appears to be couched in terms that strongly suggest a bad faith claim had been pleaded. His reply evidence in particular refers to the adoption of the applicant's mark as "falling below the standards of acceptable commercial behaviour". That is language that is strongly reminiscent of, if not actually drawn from, the *Gromax* case (*Gromax Plasticulture Ltd & Don & Low Nonwovens Ltd* [1999] R.P.C. 367) where the standard of the test for bad faith was propounded. Any attempt to turn the references to bad faith to advantage in support of the unfair advantage case seems to me to be close to an ex post facto attempt to rationalise the otherwise anomalous presence of those references. Whether that is so or not, the underlying position is that the applicant was not facing a claim based on

bad faith in the adoption of the mark. It follows from that that there was no particular reason why it should have felt it necessary to explain its choice of mark. If, as is clearly the case, the applicant considers the objection itself to be without foundation there is no reason why it should have felt the need to explain its choice of mark or seek to activate a 'due cause' defence. I, therefore, accept Mr Edenborough's submission to the limited extent only that, if a party has been shown to have adopted a mark with improper motive, then the tribunal will take that into account in coming to a view on unfair advantage even if no separate bad faith claim has been pleaded. I do not accept that the applicant can be said to have adopted its mark with improper motive here. However, if the effect of the choice of mark is to produce unfair advantage, then the opponent will succeed regardless of the applicant's intention.

52. It remains, therefore for me to decide whether use of the mark Small Claims 'R' US for the various legal services that form the specification of No.2359301 would benefit illegitimately as a result of any association that might be made with the mark TOYS 'R' US having regard to the considerable reputation enjoyed by the latter in relation to the retailing of toys etc.

53. Although it is now clear that Section 5(3) is available as a ground of objection no matter whether the respective goods and/or services are identical, similar or dissimilar, the relative proximity or distance between the goods and/or services is a factor that is likely to have an influence on the scale of the task that an opponent faces (accepting, of course, that this is but one factor and the nature and extent of the reputation of the opponent's mark along with the degree of similarity between the competing marks will also play a part).

54. It was with this consideration in mind that Mr. Edenborough sought to "narrow the gap" between the services in issue. On the face of it I regard legal services as being some distance away from the retailing services that form the basis of the opponent's case. The opponent's evidence (Ms. Cardas' paragraph 5 et seq), draws attention to the so-called 'Tesco Law' reforms which are intended to open up the provision of legal services to a broader range of providers. A Legal Services Bill is on the current list of Government Bills but has not yet reached the statute books (my understanding is that it did not exist at the relevant date in these proceedings).

55. Even without the benefit of regulatory reform it seems that it is possible for non-lawyers to do a certain amount. My attention was drawn to exhibit RAC4, a print-out from the tescolegalstore.com website which shows that retailer offering a DIY Small Claims Kit. Other items such as DIY will writing packages may also be available. Does this suggest that there is rather greater proximity between retailing and legal services?

56. It cannot be ruled out that changing trading patterns or developments in technology may alter the relationship between goods and/or services and their relative proximity to one another. The convergence of computing and telecommunications technology is an example. But, I can see no basis for holding that there is now less distance between toy retailing services and legal services than there was before. The most that might be argued for is that changing trading practices in this field might in due course have an affect on consumer perception. As matters stand there is insufficient evidence to support the proposition that Mr. Edenborough invited me to

accept. The opponent has not itself entered the field of provision of legal services even to the limited extent that Tesco has. Nor is there any evidence of other retailers moving in that direction. Perhaps some are waiting in the wings but this is a matter of speculation as is whether they will choose to do so under their housemarks.

57. The nub of the matter, as contended for by Mr. Edenborough, is that, because of the association with the TOYS 'R' US mark, the applicant will gain an advantage for its business over and above what it would otherwise have achieved from a standing start. It was suggested that even if the impact was small in terms of the size of the opponent's business, it could still be material in the context of the applicant's business. Consumers would be more likely to remember the mark Small Claims 'R' US which in turn could result in the applicant feeding off the association with the TOYS 'R' US mark and its associated reputation.

58. The difficulty with this line of argument is that it is difficult to see what aspect of the opponent's reputation is likely to be of advantage to the applicant in the course of offering various legal services. In *C.A. Sheimer (M) Sdn Bhd's Trade Mark Application (Visa)*, [2000]+- R.P.C. 484, Mr Geoffrey Hobbs QC, sitting as the Appointed Person held that

"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 Scheimer's products more substantially than that in order to provide Scheimer with an unfair advantage of the kind contemplated by section 5(3) I am not prepared to say that requirement (iv) is satisfied."

59. The mere fact that some people who encounter the applicant's mark may be reminded of the opponent's mark does not in my view mean that they are any more likely to use the applicant's legal services as a result. I reject Mr. Edenborough's submission that any material advantage will be gained in this way. I cannot see that consumers will be minded to select a provider of legal advice simply on the strength that they have been reminded of a mark that has a reputation for toy retailing.

Detriment

60. The second leg of the opponent's case is based on detriment and in particular the adverse consequences resulting from association with what Mr. Edenborough described as litigation factories. He had in mind particularly the personal injury compensation business addressed in Ms. Cardas' evidence and the adverse publicity attaching thereto. It is suggested that some of that bad publicity will rub off on the opponent because of the association that may be made between the marks. I understand the nature of the claim, therefore, to be detriment in the sense of tarnishing.

61. The evidential basis for the claim is to be found in exhibits RAC1 and 2 of Ms Cardas' evidence. Of 11 newspaper articles in RAC1, 10 relate to the collapse of a single company, Claims Direct. The final article in RAC1 and a further article in RAC2 both relate to the 'no win, no fee' business but are strictly after the material date in the proceedings. The evidential basis for the opponent's claim is therefore, weak.

62. Furthermore, I have not been directed to any evidence indicating what the public reaction is to the term small claims. There is, of course, a Small Claims Court which deals with low value civil disputes. My understanding is that the Court is used, for instance, to recover unpaid bills, to deal with disputes over utility bills and to handle landlord/tenant disputes providing these are within the monetary threshold that such Courts are empowered to deal with. No doubt a variety of other types of disputes can find their way into Small Claims Courts. I have no reason to suppose that personal injury claims are excluded from the list. But I am not aware that consumers habitually take small claims to include or be synonymous with personal injury claims or that they regard the term small claims as having unsavoury connotations (whatever their perception might be of the personal injury claim business).

63. On that basis the opponent's case relies on an unfounded inference to arrive at the conclusion that there will be detriment to the reputation attaching to the mark TOYS 'R' US for toy retailing services. The evidence does not support such a case and I am unwilling to accept that the average consumer is likely to engage in a process of analysis that produces the result claimed by the opponent. In short I can envisage no material detriment to the distinctive character or repute of the opponent's mark. The opposition fails under Section 5(3).

Other grounds

64. The ground under Section 56 (well known mark) was withdrawn in Mr. Edenborough's skeleton argument. That still leaves the ground under Section 5(4)(a). However, this was not pursued as an independent ground at the hearing. Rather, I understand the opponent's position to be that it did not raise any materially different issues to those arising under Section 5(3) and that, even allowing for the different nature of the tests, success or failure under this head was likely to go hand in hand with the outcome under Section 5(3). That is also my view of the matter. The opponent would be no better placed under the law of passing off.

Costs

65. The applicant has succeeded and is entitled to a contribution towards its costs. I order the opponent to pay the applicant the sum of £2250. 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 02nd day of August 2006

**M Reynolds
For The Registrar
The Comptroller General**

ANNEX

Earlier trade marks relied on by the opponent (summary details only)

NO	MARK	CLASS
117870	"R"Us	28
1786946 (CTM)	"R" US	03, 05, 08, 09, 10, 11, 12, 14, 15, 16, 18, 20, 21, 22, 24, 25, 26, 27, 28, 29, 30, 32, 35, 36, 38, 39, 41, 42
400929 (CTM)	TOYS "R" US	35
1786862 (CTM)	TOYS "R" US	03, 05, 08, 09, 10, 11, 12, 14, 15, 16, 18, 20, 21, 22, 24, 25, 26, 27, 28, 29, 30, 32, 35, 36, 38, 39, 41, 42
2242881	"R"US	35
1337015	TOYS "R" US	28
2000499B	TOYS"R"US	35
2102912	TOYS "R" US EASYBUY	36
2221685A	BABIES "R" US DIRECT	35
2221685B	BABIES "R" US DIRECT	35
2104089	BABIES"R"US	12, 20, 25, 35
439158 (CTM)	BABIES"R"US	25, 28, 35
698928 (CTM)	BABIES" "US	03, 05, 12
581769 (CTM)	BABIES"R"US	10, 16