

O/378/20

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION NO. 3363931 BY
EDU-SCI LIMITED
TO REGISTER:**

EDU-SCI

AS A TRADE MARK IN CLASSES 21, 28, 29 & 30

AND

**IN THE MATTER OF THE OPPOSITION THERETO
UNDER NO. 416028 BY
TRU KIDS INC.**

BACKGROUND AND PLEADINGS

1. Edu-Sci Limited (“the applicant”) applied to register **EDU-SCI** in the United Kingdom on 30 December 2018. The application was accepted and published on 18 January 2019 in respect of the following goods:¹

Class 21

Mugs.

Class 28

Soft toys in the form of animals.

Class 29

Freeze dried and dehydrated fruits, freeze dried and dehydrated vegetables.

Class 30

Sweets, freeze dried ice cream, ice cream sandwiches.

2. On 17 April 2019, the application was opposed by Geoffrey, LLC and the opposition was continued by that company’s successor in title, TRU Kids, Inc (“the opponent”). The opposition is based on section 5(4)(a) of the Trade Marks Act 1994 (“the Act”) and concerns the goods in Classes 21 and 28 of the application.

3. The opponent claims that use of the applicant’s mark for the opposed goods is liable to be prevented under the law of passing off, owing to its goodwill attached to the sign **EDU-SCIENCE**, which it claims to have used throughout the UK from 2008 for *Games, toys and playthings; games, toys and playthings having an educational or scientific purpose*. The opponent claims that use of the mark would constitute a misrepresentation because consumers would incorrectly perceive a connection between the parties, and that damage to the opponent’s goodwill would therefore be inevitable.

¹ The application contains the following limitation: “The rights conferred in Classes 29 and 30 are limited in relation to goods which are sold primarily through gift and souvenir shops and stands, museums, toy stores and grocery stores.”

4. The applicant filed a defence and counterstatement denying the claims made and putting the opponent to proof of goodwill. In particular, it made the following points:

- Any goodwill the opponent owns relates to scientific apparatus and not the goods on which the opponent is relying;
- Any goodwill associated with the sign was generated overseas, belongs to a third party, is only residual goodwill and relates to goods which are not similar to the applicant's goods;
- The applicant has goodwill which has been generated from use of the contested mark since 2006;
- There is no misrepresentation because the opponent does not have the required reputation and the respective fields of activity in which the applicant and opponent carry out their business are not the same;
- The opponent and applicant operate in different areas of business so there could be no damage to the sales of the opponent through diversion of sales to the applicant;
- The applicant would gain no benefit from passing itself off as the opponent; and
- There is no evidence of possible confusion, damage or likelihood of damage to the opponent's goodwill.

5. Both parties filed evidence. I shall summarise this to the extent that I consider it necessary. The opponent also made written submissions on 12 August 2019.

6. A hearing took place before me via video link on 13 May 2020. The opponent was represented by Allister McManus of Elkington and Fife LLP and the applicant by Sam Carter of Counsel, instructed by McDaniel & Co.

EVIDENCE

The opponent's evidence in chief

7. The opponent's evidence in chief comes from Jason M. Barr, Secretary of Geoffrey, LLC (and later of TRU Kids, Inc). Geoffrey, LLC was a holding company for the

intellectual property associated with the Toys “R” Us brand. His affidavit is dated 12 August 2019.

8. Mr Barr states that as of 7 June 2018, Toys “R” Us was one of the world’s leading dedicated retailers of toys and baby products. Exhibits 1 and 2 contain information on its global performance. It traded in the UK between 1985 and 24 April 2018, when it had 85 stores.² Turnover in the financial year ending 28 January 2017 was £418m, down from £436m the previous year.³ According to paragraph 7 of Mr Barr’s affidavit, the opponent has “recently” announced that it intends to resume trading in the United States and relaunch the Toys “R” Us brand. He continues: “I confirm that the intention is to expand the relaunch to the UK in the near future.” Two articles relating to the US plans are contained in Exhibit 5.

9. Toys “R” Us sold several sub-brands, including EDU-SCIENCE. Mr Barr says:

“From at least as early as 2004, Toys “R” Us, Inc. used the trade mark EDU-SCIENCE and the element EDU as a prefix in the United Kingdom in relation to class 28 ‘toys, games and playthings’, in particular, ‘toys, games and playthings having an educational or scientific purpose (the ‘goods’). This included microscopes, world globes, robotic arms, excavation kits, rock tumbler kits, metal detectors, binoculars, magnifying glasses, anatomy kits, space projectors and glow in the dark planets and stars.”⁴

10. Exhibit 6 contains printouts from the Toys “R” Us UK website from December 2007, retrieved via the Wayback Machine. Goods for sale include an EDU Handheld Magnifier, EDU Science Binoculars with Compass, an EDU Bug Collecting Set, an EDU Science Armatron (a mechanical grabbing arm), an EDU Bug Shack with Accessories, and an EDU Bug Bucket with Accessories. I note that the letters EDU are sometimes used on their own, rather than with the word SCIENCE.

² See Exhibit 3 for their locations.

³ Exhibit 4, page 7.

⁴ Paragraph 10.

11. The science sections for various Toys “R” Us catalogues dating from 2007 to 2013 make up Exhibit 7. The following pages from the Christmas 2012 catalogue are representative of the goods shown in this exhibit:

EDU SCIENCE



edu science

CORE MICROSCOPE
This microscope has 150,000x magnification. It also has a rotating stage so children can quickly compare different specimens. Age 8 years +
£25.99
Available Online Ref: 142901

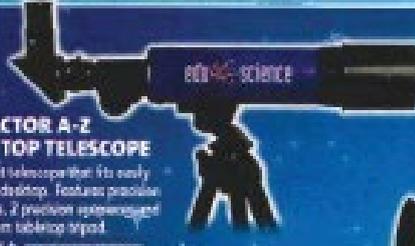


QUICK-SWITCH MICROSCOPE
With just one turn this microscope changes to a viewer. Comes with 4 slides, covers, labels, collecting vials and much more! Age 8 years +
SAVE £5
£24.99
Was £29.99
Available Online Ref: 144853



ADVANCED MICROSCOPE
Advanced microscope to help budding scientists examine the microscopic world. 150,000x magnification. Children can view small objects and slides. Age 8 years +
£44.99
Available Online Ref: 142132

REFRACTOR A-Z TABLE TOP TELESCOPE
A great first telescope that fits easily on to your desktop. Features precision glass optics, 2 precision eyepieces and an aluminium table-top tripod. Age 8 years +
£24.99
Available Online Ref: 136031



70MM REFRACTOR TELESCOPE
Features high definition optics, 7 wide field of view, 495mm eye-piece, sturdy aluminium full length tripod and red dot finderscope.
Normal Price: £69.99 from £218.12
SAVE £20
£59.99
Was £79.99
Available Online Ref: 136032



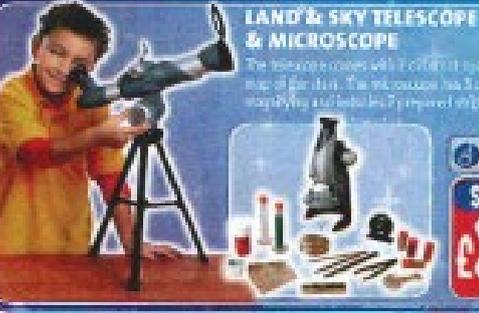
50MM REFRACTOR TELESCOPE
Take a look at the stars in the night sky with this easy to use telescope. Features precision glass optics, 2 precision eyepieces, sturdy full length aluminium tripod and red dot finderscope. Age 8 years +
Normal Price: £59.99 from £211.212
SAVE £10
£39.99
Was £49.99
Available Online Ref: 136034



114MM REFLECTOR TELESCOPE
Features high definition optics, wide angle eyepieces, sturdy full length aluminium tripod and red dot finderscope and 2 star position control dials.
Normal Price: £149.99 from £211.212
SAVE £24
£99.99
Was £124.99
Available Online Ref: 136036



LAND & SKY TELESCOPE & MICROSCOPE
The telescope comes with 1 eyepiece to view a map of the stars. The microscope has 3 different lenses for magnifying and includes 2 prepared slides to view insects.
SAVE £30
£39.99
Was £69.99
Available Online Ref: 142191



SHOP FROM YOUR MOBILE!
CHECK OUT OUR NEW MOBILE SITE NOW!
www.toysrus.co.uk



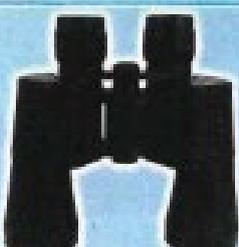




HAND HELD MAGNIFIER
Scientists can make everything bigger with this fantastic hand held magnifier. Ideal for spotting little bugs in the garden. Age 5 years +
Available Online Ref: 118792



BINOCULARS 5 x 30
Lightweight and easy to use, perfect for your first binoculars! Age 4 years +
£6.99

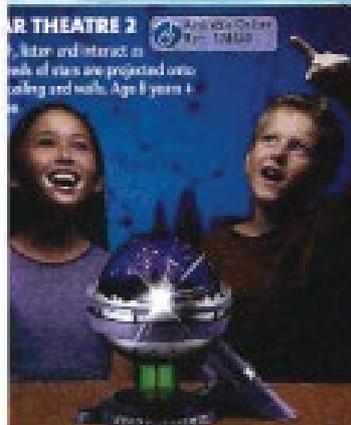


BINOCULARS 7 x 50
Full sized binoculars with coated UV lenses to reduce glare for clearer viewing. Age 8 years +
£74.99
Available Online Ref: 343753



edu science
only at
ToysRUs

EDU SCIENCE



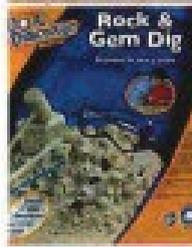
STAR THEATRE 2
Watch, listen and interact as the worlds of stars are projected onto ceiling and walls. Age 8 years +
Available Online Ref: 118432



ROCK TUMBLER & REFILL
Reveal amazing colours and patterns in everyday rocks with this fantastic rock tumbler kit. Age 8 years +
£17.99
Available Online Ref: 197131



DIGITAL METAL DETECTOR
Find coins, lost items and hidden treasures with this fantastic digital metal detector. Batteries sold separately. Age 8 years +
Available Online Ref: 382207
SAVE £10
£14.99
Was £24.99



Rock & Gem Dig
Excavate the jewel rocks to find gemstones and gold to study. Age 8 years +



"Gold" Dig
Excavate the jewel rocks to find gemstones and gold to study. Age 8 years +

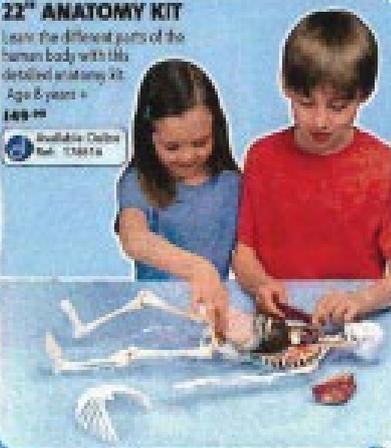
ROCK, GEM & GOLD DIG
Excavate the jewel rocks to find gemstones and gold to study. Age 8 years +
SAVE £3
£9.99
Each
Was £12.99 each



ROBOT ARM
The children's mechanics of 20" robot arm is ready for picking up those items which are just out of reach. Age 5 years +
£8.99
Available Online Ref: 141561



25CM GLOBE
This 25cm diameter 25cm globe is a great way to introduce children to the different countries, continents and oceans of our planet. Includes a stand. Age 4 years +
£19.99
Available Online Ref: 343885



22" ANATOMY KIT
Learn the different parts of the human body with this detailed anatomy kit. Age 8 years +
£49.99
Available Online Ref: 138616

Buy online @ www.toysrus.co.uk where you see this symbol

For quick shipping, simply log in to the www.toysrus.co.uk member in the search bar to get direct to your product. Please note items may not be available online. Free standard delivery - see website for details.




12. Mr Barr provides the following sales figures for goods marketed under the EDU-SCIENCE sign:

YEAR	TURNOVER
2004	£946,539
2005	£838,248
2006	£1,037,279
2007	£1,153,452
2008	£1,321,641
2009	£1,453,202
2011	£1,677,163
2012	£1,366,794
2013	£1,495,678
2014	£1,277,098
2015	£1,249,089
2016	£1,030,455
2017	£986,750

13. Mr Barr states that the goods are still available for sale in the UK as second-hand or new goods and Exhibit 8 shows some examples on undated printouts from amazon.co.uk and ebay. The goods for sale include 3D Night-Sight goggles, a Science of Flight toy, microscopes, rock tumbler and a soap science kit.

The applicant's evidence

14. The applicant's evidence comes from Kevin Wilson, Secretary of Edu-Sci Limited. His witness statement is dated 14 November 2019.

15. Mr Wilson states that the applicant

“manufactures, designs and distributes original educational and science influenced gift ware, novelties and home ware products across the UK and Europe. We supply to high street stores, on-line retailers, museums and tourist attractions.”⁵

⁵ Paragraph 5.

Stockists include The National Space Centre, Alton Towers, The Natural History Museum, The Eden Project, Hamleys and Hawkins Bazaar.⁶

16. Exhibit KW2 shows goods that Mr Wilson says have been sold under the mark: mugs, soft toys, freeze dried fruits and ice cream, pens, coasters, air fresheners, keyrings, puzzles, “a mystical decision ball”, and stress toys. The images show the mark but are undated.

17. Mr Wilson states that the company’s turnover figures are as follows:

Year	Number of Units	Turnover
2014	123,250	£1,022,340
2015	98,921	£1,215,055
2016	113,560	£1,324,474
2017	113,525	£1,061,488
2018	99,868	£770,612
2019 ⁷	105,156	£352,717

18. The applicant was incorporated in 2006 and Mr Wilson provides a printout from its website, retrieved via the Wayback Machine, and dated 9 November 2006. The mark is seen in the URL. At this point it appears that the company sold insects and aquarium pets and accessories.⁸ Exhibits KW7 to KW10 show sales and orders of food or live ants.

19. Exhibits KW11 to KW16 go to challenge the opponent’s evidence adduced to show that goods bearing the opponent’s sign are still offered for sale. They provide information on the suppliers of those goods and highlight the location of many of them as outside the UK.

⁶ Exhibit KW1.

⁷ To the date of the witness statement (14 November 2019).

⁸ Exhibit KW5.

The opponent's evidence in reply

20. The opponent's evidence in reply comes from Mr Barr and is dated 13 January 2020. The affidavit contains legal submissions as well as evidence and I shall return to those where appropriate in my decision.

21. In response to the applicant's criticism that there is no evidence of the assignment of goodwill and hence the opponent is not the owner of any rights, the opponent provides an assignment agreement made on 20 January 2019, the text of which is as follows:⁹

ASSIGNMENT AGREEMENT

This ASSSIGNMENT AGREEMENT ("Assignment") is made this January 20, 2019, between TRU Kids Inc., a Delaware corporation (the "ASSIGNEE") and Geoffrey, LLC, a Delaware limited liability company (the "ASSIGNOR").

WHEREAS, ASSIGNOR has adopted, used, and/or is using the trademarks listed in Appendix A, together with the goodwill of the business symbolized by and associated with said trademarks (the "Trademarks");

AND WHEREAS, ASSIGNOR wishes to assign to ASSIGNEE, and ASSIGNEE wishes to acquire from ASSIGNOR, all of ASSIGNOR'S right, title, and interest in and to said Trademarks;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, ASSIGNOR does hereby assign, sell, and transfer to ASSIGNEE, its successors and assigns, all its right, title, and interest in and to the Trademarks, together with the goodwill of the business symbolized by and associated with the Trademarks.

IN TESTIMONY WHEREOF, ASSIGNOR and ASSIGNEE have executed this Assignment by their duly authorized officers.

Among the trade marks listed in Appendix A is UKTM No. 1486427: **EDU-SCIENCE**.

22. Exhibit 10 contains further articles relating to the relaunch of Toys "R" Us dating from 9 October 2019 to 28 November 2019. One of these comes from dailymail.co.uk, but all refer to activities in the US. Mr Barr submits that the *Daily Mail* article shows that there is interest in the UK in the prospect of a relaunch of the Toys "R" Us business.

⁹ Exhibit 9.

23. Exhibit 11 provides more images of the earlier sign on goods for sale in the UK, including a 1987 Solar Energy Electronic Lab and a 1989 Super Gyroscope for sale on ebay, printouts from the opponent's website from 2005 to 2007 retrieved via the Wayback Machine and showing some of the goods also seen in Exhibit 6 and an extract from a 2008 catalogue as below:



24. Later examples are found in Exhibit 12, which contains printouts from 2010 to 2018 and a link to a 2011 promotional video, which was also supplied on a USB device. Screenshots from Amazon and ebay printed on 7 January 2020 show products on sale, including science kits, a rock tumbler, microscope, anatomy puzzles and glowing dinosaurs. Some of the prices are in US dollars.¹⁰

DECISION

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

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule or law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b) [...]

¹⁰ Exhibit 13.

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’.”

26. It is settled law that for a successful finding of passing off, three factors must be present: goodwill, misrepresentation and damage. HHJ Clarke, sitting as deputy Judge of the High Court, conveniently summarised the essential requirements of the law in *Jadebay Limited, Noa and Nani Limited t/a The Discount Outlet v Clarke-Coles Limited t/a Feel Good UK* [2017] EWHC 1400 IPEC:

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

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

Relevant date

27. I must first determine the relevant date. The application for the contested mark was made on 30 December 2018 and the opponent claims to have used its sign in the UK from 2008. I note that there is some inconsistency in the evidence as to the first date of use of the sign in the UK. In the notice of opposition, this is given as 2008, while Mr Barr in his first affidavit states that the sign was in use as early as 2004. Mr McManus explained this discrepancy as a consequence of difficulties in accessing company records during the evidence round. I shall return to this point should it appear to become material.

28. The applicant claims to have generated goodwill from use of the contested mark since 2006, although Mr Carter also accepted that the relevant date was 30 December 2018.

29. In *SWORDERS Trade Mark*, BL O-212-06, Mr Allan James, acting for the Registrar, summarised the position in section 5(4)(a) proceedings:

“Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.”¹¹

30. I must therefore consider what use the applicant has shown of the sign. While there are images of mugs and soft toys, these are undated. The website and invoices indicate that insects and food were sold, but these are different from the goods in the contested application. Based on the evidence before me, I cannot make any inference as to the proportion of the applicant’s turnover that was generated by the sale of mugs and soft toys. I find that the applicant has not shown antecedent use and that the relevant date for assessing whether the opponent had protectable goodwill is the date of application for the contested mark: 30 December 2018.

Goodwill

31. The concept of goodwill was considered by the House of Lords in *Inland Revenue Commissioners v Muller & Co’s Margarine Ltd* [1901] AC 217:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantages of the good name, reputation and

¹¹ This summary was cited with approval by Mr Daniel Alexander QC, sitting as the Appointed Person, in *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11.

connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has the power of attraction sufficient to bring customers home to the source from which it emanates.”

Ownership of goodwill

32. Mr Carter for the applicant submitted that the opposition should fall at the first hurdle as the opponent had, in his view, failed to show that it was the legal or beneficial owner of any relevant goodwill. The Trade Marks (Relative Grounds) Order SI 2007 No. 1976 states:

“2. The registrar shall not refuse to register a trade mark on a ground mentioned in section 5 of the Trade Marks Act 1994 (relative grounds for refusal) unless objection on that ground is raised in opposition proceedings by the proprietor of the earlier trade mark or other earlier right.”

33. Mr McManus adduced the assignment agreement between Geoffrey, LLC and the applicant, reproduced in paragraph 21 of this decision, as evidence that the applicant did own the goodwill.

34. Mr Carter’s criticisms of this evidence are twofold: first, that there is no evidence of goodwill having been assigned to Geoffrey, LLC; and second, that the assignment of any goodwill associated with the sign **EDU-SCIENCE** is limited to goodwill associated with sale of the goods covered by the specification of the trade mark, which covers goods in Class 9.¹²

35. At the time of Mr Barr’s first affidavit, Geoffrey, LLC shared an address with Toys “R” Us, Inc. At the hearing, Mr Carter said,

¹² Exhibit 9, page 5.

“I accept that Geoffrey LLC appears to have been a holding company somehow associated with the Toys R Us empire and it owned various trade marks, and so it seems likely that Toys R Us Incorporated or Limited, whichever one it was, had a licence to use some of those trade marks. That seems possible. We have not seen that licence but because we have not seen it, we do not know what the terms of any licence are. We do not know whether under the terms of any licence any goodwill generated by those entities would have been assigned back up to Geoffrey LLC or not. There is no evidence of any assignment of goodwill from Toys R Us Incorporated or Limited to Geoffrey LLC.”

36. In *Scandecor Development AB v Scandecor Marketing AB & Anor* [1999] FSR 26 the Court of Appeal stated at [38]-[39] that:

“The effects of the expansion of international trade, the globalisation of markets and the growth of multi-national corporate conglomerates, are all reflected in this and similar disputes. A company incorporated outside the United Kingdom and carrying on business in a number of other countries may expand into the UK market in a number of different ways. It may establish a branch or form a subsidiary company to manufacture or to trade in its products or services in the United Kingdom; or it may appoint an unconnected company to act as the sole or exclusive distributor of its products or the supplier of services in that local territory for a fixed term, or until terminated on notice or other specified events; or it may enter into an agreement with a local company to make and sell its products under licence. The local company may use the same marks in the territory as the foreign company uses in other territories both in its corporate name and in relation to its products and services. No problems are likely to occur while the local subsidiary, distributor, agent or licensee company is a member of the same group or is bound by a contractual arrangement containing provisions governing the use of the mark. Difficulties, like those in the present case, are likely to arise when the corporate or the contractual connection is severed and there are no express post-termination contractual provisions designed specifically to regulate the future use of the mark in the local

territory. Who is then entitled to use the mark in relation to goods or services or in the corporate or trading name?”

37. Toys “R” Us Limited, Toys “R” Us Inc. and Geoffrey, LLC were all part of the same corporate group, one of the scenarios specifically mentioned by the Court of Appeal as likely to be unproblematic, and the initial vesting of the goodwill in the UK company on its creation would not prevent the transfer of goodwill into the legal ownership of another company in the group. It seems to me likely that, on a balance of probabilities, Geoffrey, LLC was the owner of the goodwill at the relevant date.

38. I now turn to Mr Carter’s second point, that any goodwill could only have related to goods covered by the trade marks listed in Appendix A to the assignment agreement reproduced in paragraph 21. This agreement clearly assigns those trade marks and the goodwill of the business “symbolized or associated with said trademarks”. It is my conclusion that this goodwill includes goodwill created as a result of sales of goods outside the specifications of the trade marks. I note that the editors of *Wadlow on The Law of Passing-Off: Unfair Competition by Misrepresentation*, 5th edition, made the following comments on the interpretation of assignments:

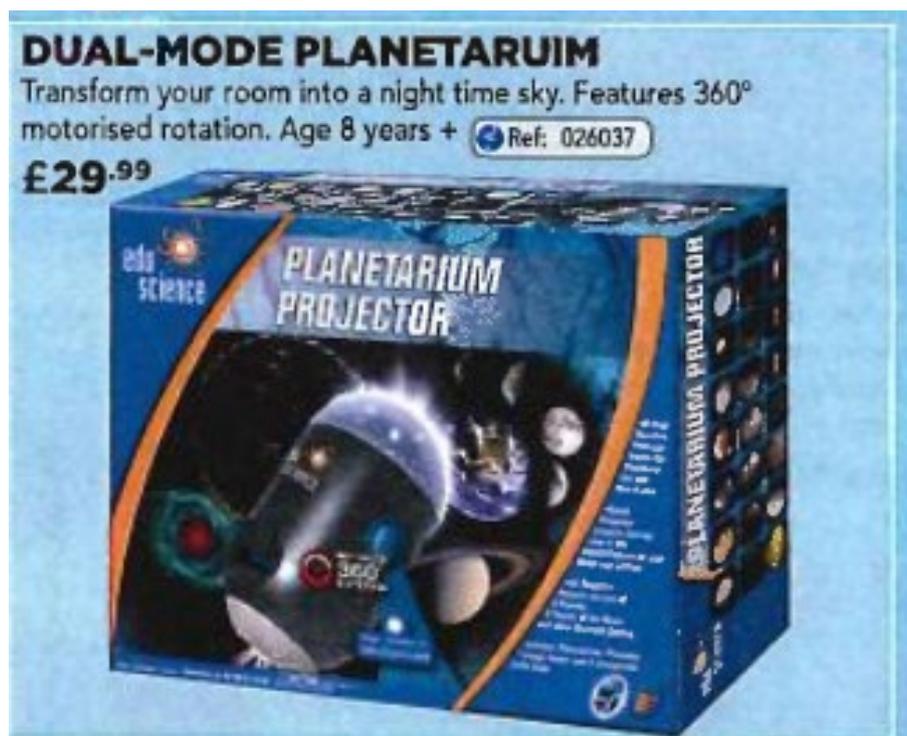
“An assignment of goodwill does not have to be in writing or any particular form, and need not mention goodwill by name. A transaction intended to assign a business as a whole necessarily passes the goodwill to the assignee. A transaction which purports to deal with specific brands or marks may be interpreted as dealing with the goodwill of the business in which they are used. It should be remembered that in construing commercial agreements the golden rule is to give effect to the common intention of the parties as expressed in the words they have chosen to use, and to that extent words such as ‘goodwill’ may be used in a variety of ways at variance with their strict legal meaning.”¹³

39. On the basis of the evidence before me I find that the opponent is entitled to oppose the registration of the contested mark under section 5(4)(a) of the Act.

¹³ 3-195.

Establishment of goodwill

40. The opponent has shown evidence of a range of products sold under the earlier sign. These products include microscopes, telescopes, binoculars, metal detectors, anatomy kits and games, robot arms, rock tumbler kits and a planetarium projector before the relevant date.¹⁴ The sign is used in the relevant pages of the catalogues, as shown in the examples reproduced in paragraphs 11 and 23 above. Mr Carter submits that in much of the evidence it is not clear what signs were used on the packaging or products themselves. However, examples can be found in the catalogue page I have already reproduced in paragraph 23 (where the sign is visible on telescopes) and the images below, where the sign can be made out in the top left corner of the packaging:¹⁵



¹⁴ Exhibit 7.

¹⁵ Exhibit 7, page 21 (from 2013); Exhibit 12, page 55 (shown on the opponent's website on 15 April 2018, retrieved via the Wayback Machine).



41. Mr Carter submitted that where the opponent has used the sign, it has done so inconsistently, sometimes in conjunction with different devices. This can be seen in the images reproduced above. However, even where there is a device, the prominent detail is “EDU SCIENCE” and this is what will be recalled by the public. Mr Carter also noted that the hyphen was sometimes present in, but more often absent from, the opponent’s sign. In my view, the public is likely to pay very little attention to that aspect of the sign. The use shown is such that the goodwill is associated with the sign EDU-SCIENCE.

42. The opponent adduced information on sales in Mr Barr’s first affidavit: see paragraph 12 of this decision. Mr Carter submitted that little weight could be given to these figures, because the branding was not consistently used on the packaging or in the catalogues. In my view, there is enough evidence for me to accept the opponent’s figures. I have already referred to the examples of packaging, and in the case of the catalogues the image shown in paragraph 11 indicates that “EDU SCIENCE” was used as a sign covering all the products shown. These goods, to my mind, represent a subset of the category *Toys, games and playthings*, namely *Toys, games and playthings having an educational or scientific purpose*.

43. It is my view that the opponent has shown that its predecessor in title had acquired a protectable goodwill by the time it ceased trading. I must now consider whether this goodwill was extant at the relevant date.

44. Mr Carter submitted that any goodwill that may have been in existence had been abandoned when Toys “R” Us ceased trading in the UK in April 2018. Mr McManus, on the other hand, submitted that there remained residual goodwill and that a period of just over eight months was insufficient for this goodwill to have disappeared.

45. Mr Carter drew my attention to the following authorities, first from Kerly’s, 16th edition, at 20-060, and the second from Wadlow’s, 5th edition, at 3-223 (with footnotes omitted). Both have been cited with approval by the courts.¹⁶

“If a business ceases or suspends trading temporarily, there remains a residual goodwill which the claimant might wish to sell or use in a reopened business. If once the business is definitely abandoned, however, so that the claimant no longer owns goodwill, there can be no passing off. Where no positive decision is made to abandon goodwill, but trade under the mark has nonetheless ceased with no concrete plan for restarting operations, the question of whether any residual goodwill survives, and for how long, is a question of fact in each case.”

“In an early trade mark case it was suggested by analogy with the law of easements that an intention to abandon goodwill was essential if it was to be extinguished, however this has subsequently been denied. The better view is that if a business is deliberately abandoned in circumstances which are inconsistent with its ever being recommenced then the goodwill in it is destroyed unless contemporaneously assigned to a new owner. Otherwise, the goodwill in a discontinued business may continue to exist and be capable of being protected, provided the claimant intended and still intends that his former business should resume active trading. It is not necessary

¹⁶ *Maslyukov v Diageo Distilling Ltd* [2010] RPC 21; *Ultraframe (UK) Ltd v Fielding* [2005] EWHC 1638 (Ch).

that the prospect should be imminent, but the mere possibility of resumption if circumstances should ever change in the claimant's favour is not enough."

46. In *SIMMONS Trade Mark*, BL O-468-12, Mr Daniel Alexander QC, sitting as the Appointed Person, made the following comments on the equivalent passages in earlier editions of both works:

"56. That extract from Kerly's neatly encapsulates the current law. It is marginally preferable to the formulation in Wadlow, because it is not necessary for goodwill to survive that the undertaking possessed of it have concrete plans for restarting operations. That said, the longer the business is left un-resumed, the more likely that the goodwill will dwindle to such an extent that it cannot found an action for passing off.

57. It is common sense that the greater the reputation originally established, the greater are the chances that a sufficient residual goodwill still existed at the relevant date: see *Knight v Beyond Properties Pty Ltd & Ors* [2007] EWHC 1251 (Ch) (24 May 2007) at [28]. That shows that the issues of abandonment and establishment of goodwill cannot always be separated. Equally, in my judgment, the extent to which the mark was kept in the public eye prior to the relevant date, for example, through the second hand market, servicing and parts, and a significant enthusiast following (as it was here), may in appropriate cases, be relevant to the overall evaluation of whether sufficient goodwill survived at that date."

47. The opponent had a presence in the UK since 1984 and the first use of the sign in the UK appears to have been in 2005. Sales in the UK from overseas suppliers would still contribute to an assessment of goodwill, as it is customers in the UK that matter. However, there is no evidence to suggest that the 1987 Solar Energy Electronic Lab or the 1989 Super Gyroscope were available in the UK when new, although it was possible to purchase them second-hand on the UK ebay site from US suppliers on 7 January 2020.¹⁷ The sales figures shown in paragraph 12 are not large and were in

¹⁷ Exhibit 11 pages 1-11.

decline after 2013. However, it seems to me that the volume of these sales and the opponent's presence across the UK at April 2018 would have resulted in residual goodwill of a moderate level at the relevant date in relation to *toys, games and 'playthings having an educational or scientific purpose*.

Misrepresentation

48. The relevant test was set out by Morritt LJ in *Neutrogena Corporation & Anor v Golden Limited & Anor* [1996] RPC 473:

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

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

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

49. In the same case, Morritt LJ explained that it was the plaintiff's customers or potential customers that must be deceived:

“This is the proposition clearly expressed by the judge in the first passage from his judgment which I quoted earlier. There he explained that the test was whether a substantial number of the plaintiff's customers or potential customers had been deceived for there to be a real effect on the plaintiff's trade or goodwill.”

50. I also note what Millet LJ stated in *Harrods Limited v Harroddian School Limited* [1996] RPC 697 (CA) about whether the parties needed to share a common field of activity:

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

‘... whether there is any kind of association, or could be in the minds of the public any kind of association, between the field of activities of the plaintiff and the field of activities of the defendant’:

Annabel’s (Berkeley Square) Ltd v G Schock (t/a Annabel’s Escort Agency) [1972] RPC 838 at page 844 per Russell LJ

In the *Lego* case Falconer K likewise held that the proximity of the defendant’s field of activity to that of the plaintiff was a factor to be taken into account when deciding whether the defendant’s conduct would cause the necessary confusion.

Where the plaintiff’s business name is a household name the degree of overlap between the fields of activity of the parties’ respective businesses may often be a less important consideration in assessing whether there is likely to be confusion, but in my opinion it is always a relevant factor to be taken into account.

Where there is no or only a tenuous degree of overlap between the parties’ respective fields of activity the burden of proving the likelihood of confusion and resulting damage is a heavy one. In *Stringfellow v McCain Foods (G.B.) Ltd* [1984] RPC 501 Slade LJ said (at page 535) that the further removed from one another the respective fields of activities, the less likely was it that any member of the public could reasonably be confused into thinking that the one business was connected with the other; and he added (at page 545) that

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

In the same case Stephenson LJ said at page 547:

‘... in a case such as the present the burden of satisfying Lord Diplock’s requirements in the *Advocaat* case, in particular the fourth and fifth requirements, is a heavy burden, how heavy I am not sure the judge fully appreciated. If he had, he might not have granted the respondents relief. When the alleged ‘passer off’ seeks and gets no benefit from using another trader’s name and trades in a field far removed from competing with him, there must, in my judgment, be clear and cogent proof of actual or possible confusion or connection, and of actual damage or real likelihood of damage to the respondents’ property in their goodwill, which must, as Lord Fraser said in the *Advocaat* case, be substantial.’¹⁸

Closeness of the mark and sign

51. Mr McManus submitted that the contested mark and sign are visually, aurally and conceptually similar to a high degree. He said:

“Visually, the applicant’s mark is contained entirely within the opponent’s mark and consumers attach more weight to the beginning of marks. The only difference is in the letters ENCE at the end. They are also phonetically similar even when you bear in mind different accents and dialects, et cetera.

¹⁸ Pages 714-715.

Conceptually, our position is that consumers will understand that the applicant's mark EDU-SCI means EDU-SCIENCE. I say that because it is common knowledge that 'sci' is an abbreviation for science."

52. At the hearing, Mr Carter accepted that there were similarities between the contested mark and the sign. His submissions on misrepresentation focused on the comparison between the goods and on the distinctiveness of the sign.¹⁹

53. I agree with the opponent that there is a high degree of similarity between the mark and the sign.

Closeness of the goods

54. In his skeleton, Mr McManus submitted that both *Mugs* and *Soft toys in the form of animals* were identical and/or similar to a high degree to the opponent's goods. Mr Carter disagreed that there was any similarity between the goods. At the hearing, Mr McManus modified his position, submitting that *Mugs* were complementary to the opponent's goods as they could be educational if they were decorated with images of animals or space, for example.

55. *Mugs* are drinking vessels generally used by people who want to consume hot beverages. Their purpose is therefore different from the scientific and educational purpose of the opponent's goods. There may be limited overlap in nature, as they could be made from similar materials. The distribution channels are different. Mugs are likely to be sold in homeware or kitchen shops, while the opponent's goods will be sold through toy retailers. I accept that both goods may be sold in souvenir shops, but that is the case with a wide variety of goods, and even so it is unlikely they will be sold on neighbouring shelves. The goods are not in competition. While it is possible that mugs may be decorated with images that could be described loosely as educational – the Periodic Table of elements might be an example – the average consumer would not, in my view, purchase a mug if they wanted to learn about a particular subject. I consider

¹⁹ He stressed that his primary submission remained that the opponent had not shown any goodwill in relation to the goods claimed as goodwill had not been transferred to the opponent and that, if it had, it was only in relation to Class 9 goods.

them to be dissimilar, but note that, per *Harrods*, this does not preclude a successful section 5(4)(a) claim.

56. *Soft toys in the form of animals* are, for the most part, purchased for children who want something soft to cuddle. There is some overlap in purpose with the opponent's goods as they are all toys and will be played with in a child's leisure time. The goods will share distribution channels and there is a degree of competition, as a child may choose between different types of toy. The goods are similar to a medium degree.

Strength of distinctiveness

57. The opponent submitted that its sign was inherently distinctive, although admitted allusiveness. Mr Carter submitted that the opponent's sign was descriptive or allusive of *games, toys and playthings having an educational or scientific purpose*, and the Registry would be able to accept comparatively small differences as sufficient to avoid confusion or misrepresentation: see *Office Cleaning Services Limited v Westminster Window & General Cleaners Limited* [1946] RPC 39 at p. 43.

58. What Lord Simonds said in *Office Cleaning Services* was this:

“... where a trader adopts words in common use for his trade name, some risk of confusion is inevitable. But that risk must be run unless the first user is allowed unfairly to monopolise the words. The Court will accept comparatively small differences as sufficient to avert confusion. A greater degree of discrimination may fairly be expected from the public where a trade name consists wholly or in part of words descriptive of the articles to be sold or the services to be rendered.”

59. In my view, “EDU” is not a word in common use. I agree with Mr McManus that the public will understand it to be an abbreviation of “EDUCATION”, but the combination of the two elements “EDU-SCIENCE” or “EDU-SCI” does not describe the goods to be sold, although in the opponent's case the sign alludes to the purpose of those goods. On balance, the ability of the opponent's sign to function as a badge of origin is, in my view, at a level between low and medium.

Findings on misrepresentation

60. While it is possible to overstate the educational content of a soft toy in the form of an animal, there is, in my view, only a small distance between these and the opponent's goods. Despite the low level of distinctiveness, the high degree of similarity between the marks and the and the public's imperfect recollection of them, lead me to find that when a significant proportion of the public see the applicant's soft toys sold under the contested mark they would assume that the goods came from the opponent, for example to raise children's awareness of endangered species. In the case of *soft toys in the form of animals*, I find that there is misrepresentation.

61. The distance between *mugs* and the opponent's goods is, to my mind, too great for a significant proportion of the public to make such an assumption. I find there to be no misrepresentation and the ground fails with respect to *mugs*.

Damage

62. In *Harrods*, Millett LJ described the requirements for damage in passing off cases at page 715:

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

63. The opponent submitted that the misrepresentation would be likely to lead to damage to its goodwill and that this damage could be in the form of injury to reputation, loss of brand control, and/or dilution of the sign. The applicant made no submissions beyond the conclusion that if the opponent had no relevant goodwill and, even if it did, there was no likelihood of deception, there could be no damage caused to the opponent's business or goodwill.

64. Where parties are in different fields of commerce, there must be clear and cogent proof of damage for a section 5(4)(a) claim to succeed: see *Stringfellow & Anor v McCain Foods (GB) Limited & Anor* [1984] RPC 501 (CA). However, in this case, the fields of activity are close, with both undertakings selling toys. In my view, a member of the public who assumes that the goods come from the same undertaking might be dissuaded from buying one of the opponent's educational or scientific toys if they were dissatisfied with a soft toy bought from the applicant. There is a likelihood of damage and so the opposition succeeds in respect of *Soft toys in the form of animals*.

Conclusion

65. The partial opposition has partially succeeded and the contested mark may proceed to registration for the following goods:

Class 21

Mugs

Class 29

Freeze dried and dehydrated fruits, freeze dried and dehydrated vegetables.

Class 30

Sweets, freeze dried ice cream, ice cream sandwiches.

Limitation: The rights conferred in Classes 29 and 30 are limited in relation to goods which are sold primarily through gift and souvenir shops and stands, museums, toy stores and grocery stores.

Costs

66. Both parties have had some success in these proceedings, with that success being evenly shared. In the circumstances, I order both parties to bear their own costs.

Dated this 3rd day of August 2020

Clare Boucher

For the Registrar

Comptroller-General