

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION No. 3177601
IN THE NAME OF FANDUEL LIMITED**

**AND IN THE MATTER OF INVALIDATION No. 501533 THEREOF
BY FANTASY SPORTS LIMITED**

**IN THE MATTER OF REGISTRATION No. 3173237
IN THE NAME OF FANTASY SPORTS LIMITED**

**AND IN THE MATTER OF INVALIDATION No. 501692 THEREOF
BY FANDUEL LIMITED**

**AND IN THE MATTER OF AN APPEAL TO THE APPOINTED PERSON
BY FANTASY SPORTS LIMITED
AGAINST A DECISION OF MR A JAMES DATED 13 NOVEMBER 2018**

DECISION

1. This is an appeal by Fantasy Sports Limited (“Fantasy”) against the decision of Mr Allan James, acting for the Registrar in consolidated invalidity proceedings, dated 13 November 2018, BL O/721/18.

Invalidation No. 501533

2. The first of these proceedings involved an application by Fantasy to declare invalid Registration number 3177601 standing in the name of FanDuel Limited (“FanDuel”).
3. FanDuel’s contested trade mark enjoyed a USA priority date of 20 June 2016 (unchallenged) and was represented as shown below:



4. It was registered on 30 December 2016 in respect of the following goods and services:

Class 9

Downloadable mobile application for fantasy sports contests

Class 41

Entertainment services in the nature of fantasy sports leagues; Information regarding sports league player performance and statistics provided by a website; Organizing, conducting and operating fantasy sport tournaments; Providing news and information in the field of sports

5. Fantasy's amended application to declare invalid FanDuel's registration was filed on 8 June 2018.
6. The alleged grounds of invalidity were under Sections 47(2) and 5(2)(b), 5(3), 5(4)(a) and 5(4)(b) and under Sections 47(1) and 3(6) of the Trade Marks Act 1994.
7. Fantasy's objections based on Section 5(2)(b) and 5(3) were clearly unfounded not least because Fantasy was not the proprietor of an earlier trade mark within the meaning of Section 6 of the Act. The dismissal of those grounds is not disputed.
8. Fantasy does, however, in its Notice of appeal filed on 13 December 2018, seek to overturn the Hearing Officer's rejection of Fantasy's grounds of invalidation based on Sections 5(4)(a) (use contrary to law in particular passing off), 5(4)(b) (infringement of copyright) and 3(6) (application filed in bad faith).
9. For the purposes of Section 5(4)(a) and (b) Fantasy had sought to rely respectively *inter alia* on claimed earlier rights in the logo represented below: (a) acquired through use in the UK since 19 April 2016; and (b) arising out of Fantasy's alleged ownership of copyright in the said logo:



Invalidation No. 501692

10. The second proceeding concerned FanDuel's application made on 14 June 2017 to declare invalid Fantasy's Registration number 3173237 of the logo shown in the above paragraph filed on 6 July 2016 in Class 41 for gambling.
11. FanDuel's ground for invalidation was under Section 47(2) and 5(2)(b) of the Act in respect of which FanDuel relied on its earlier trade mark (as represented in paragraph 3 above) in Registration number 3177601.
12. The Hearing Officer found that there was a likelihood of indirect confusion between the marks (stemming from a high degree of similarity between the logo elements which retained an independent distinctive role in FanDuel's mark) and that Fantasy's Registration number 3173237 should be cancelled.
13. There was no direct appeal against that part of the decision. However, it would obviously fold away/need revisiting were I to overturn the Hearing Officer's findings in the first proceeding in whole or in part.

Additional evidence

14. Fantasy signified its intention at paragraphs 3 and 6 of its Reasons for appeal to request the permission of the Appointed Person to introduce fresh evidence purportedly to verify: (1) the number of Fantasy's Twitter followers at the relevant

date (20 June 2016); and (2) ownership of copyright and the direction of sponsored tweets filed in evidence on which Fantasy relied in its claim of copyright infringement.

15. I issued written Directions through the Office of the Treasury Solicitor, dated 1 May 2019, including a timetable for the making of, and responding to a formal request in writing in particular addressing the *Ladd v. Marshall*¹ factors accompanied by copies of the proposed evidence sought to be introduced. I would then hear any such request as a preliminary to the main appeal.
16. In the event, Fantasy did not proceed with its requests.

Appeal representation

17. Fantasy chose not to attend the hearing of the appeal. Cloch Solicitors Limited, Fantasy's representatives who had appeared on its behalf below, filed written submissions in lieu.
18. FanDuel was represented at the hearing by Mr Tom Alkin of Counsel (Ms Jacqueline Reid of Counsel had represented FanDuel below) instructed by D. Young & Co., LLP. Mr Alkin confirmed that FanDuel had not filed a Respondent's notice.

Importance of the appeal pleadings

19. Given that there was history in this case of Fantasy seeking to introduce unpermitted further or alternative grounds, Mr Alkin stressed that in the absence of any such permission Fantasy must be confined to their Reasons for appeal. Mr Alkin referred in that regard to the well-known observations of Mr Simon Thorley QC sitting as the Appointed Person in *COFFEMIX Trade Mark* [1998] RPC 717 at 721 – 722. That said, Mr Alkin accepted that Fantasy's written submissions went no further than its Reasons for appeal.

Standard of review

20. Both sides accepted that the principles set out by Mr Daniel Alexander QC sitting as the Appointed Person in *TT Education Ltd v Pie Corbett Consultancy Ltd*, BL O/017/17 at paragraph 52 applied:

“(i) Appeals to the Appointed Person are limited to a review of the decision of Registrar (CPR 52.11). The Appointed Person will overturn a decision of the Registrar if, but only if, it is wrong (Patents Act 1977, CPR 52.11).

(ii) The approach required depends on the nature of decision in question (*REEF*). There is spectrum of appropriate respect for the Registrar's determination depending on the nature of the decision. At one end of the spectrum are decisions of primary fact reached after an evaluation of oral evidence where credibility is in issue and purely discretionary decisions.

¹ [1954] 1 WLR 1489, Denning LJ at paragraph 1491

Further along the spectrum are multi-factorial decisions often dependent on inferences and an analysis of documentary material (*REEF, DuPont*).

(iii) In the case of conclusions on primary facts it is only in a rare case, such as where that conclusion was one for which there was no evidence in support, which was based on a misunderstanding of the evidence, or which no reasonable judge could have reached, that the Appointed Person should interfere with it (*Re: B* and others).

(iv) In the case of a multifactorial assessment or evaluation, the Appointed Person should show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle. Special caution is required before overturning such decisions. In particular, where an Appointed Person has doubts as to whether the Registrar was right, he or she should consider with particular care whether the decision really was wrong or whether it is just not one which the appellate court would have made in a situation where reasonable people may differ as to the outcome of such a multifactorial evaluation (*REEF, BUD, Fine & Country* and others).

(v) Situations where the Registrar's decision will be treated as wrong encompass those in which a decision is (a) unsupportable, (b) simply wrong (c) where the view expressed by the Registrar is one about which the Appointed Person is doubtful but, on balance, concludes was wrong. It is not necessary for the degree of error to be 'clearly' or 'plainly' wrong to warrant appellate interference but mere doubt about the decision will not suffice. However, in the case of a doubtful decision, if and only if, after anxious consideration, the Appointed Person adheres to his or her view that the Registrar's decision was wrong, should the appeal be allowed (*Re: B*).

(vi) The Appointed Person should not treat a decision as containing an error of principle simply because of a belief that the decision could have been better expressed. Appellate courts should not rush to find misdirections warranting reversal simply because they might have reached a different conclusion on the , evidence the Appointed Person is entitled to assume, absent good reason to the contrary, that the Registrar has taken all of the evidence into account. (*REEF, Henderson* and others)."

21. Fantasy acknowledged that:

“... appellants cannot come to this tribunal expecting the Appointed Person to substitute his or her view for that of the Hearing Officer in the absence of an error of principle or a decision that was outside the range of reasonably held views. The fact that another reasonable tribunal might have come to the opposite conclusion is insufficient ...” (*THE ARMOUR Trade Mark*, BL O/601/18, para. 8)

but relied on principle (v) in *TT Education*.

Section 5(4)(a)

22. Fantasy challenged the Hearing Officer's decision under this head on what appeared to be two specific grounds.
23. First, Fantasy said that the Hearing Officer failed to take into account public records at Companies House that at the relevant time (20 June 2016) Fantasy: "was a trading UK company with UK registered address and its UK balance sheet accounted for around £600,000 of intangible assets (goodwill)."
24. It is trite law that it is up to the challenger in cancellation proceedings to prove its case. Whilst a hearing officer can where appropriate take judicial knowledge of well-known facts, he or she is limited to the evidence put in by the parties and is neither permitted nor required to undertake or have regard to the results of his or her own searches specifically in this case relating to the cancellation applicant at Companies House.
25. The only company records supplied in evidence by Fantasy were copy certificates of incorporation relating to itself and FanDuel. Otherwise Fantasy's evidence in so far as relevant to establishing goodwill for the purposes of passing off under Section 5(4)(a) concentrated virtually entirely on Fantasy's first use of its logo (as represented at para. 9 above) in a series of tweets commencing around 25 April 2016.
26. I accept Mr Alkin's submissions that first, this was simply an example of a representative informally seeking to give evidence; and second the evidence in the case did not permit verification of whether the figure of £600,000 intangible assets represented goodwill (or in what).
27. On my own careful review of the papers, it seems to me that the Hearing Officer was perfectly justified in his finding that there was no evidence that Fantasy was at the pertinent date an existing business with a relevant and substantial goodwill.
28. Secondly, it was claimed that the Hearing Officer misunderstood the Twitter evidence on which Fantasy had sought to rely to establish its entitlement to goodwill in the logo.
29. I pause here to note (as did the Hearing Officer) that little evidence was adduced by Fantasy itself as to the question of whether Fantasy owned sufficient goodwill in a business indicated by its logo (as represented at para. 9 above) to sustain an action of passing off at the relevant date, 20 June 2016.
30. The direct evidence from Fantasy (put in as evidence in reply) merely included a statement by Paul Aniello, a director of Fantasy, that:
 - "12. By May 2016 Fantasy Sports Limited had already publically advertised and marketed its software and sports betting goods bearing, and offered services under, its logo ... Customers were noticing, engaging with, and using the Fantasy Sports Limited goods and services by May 2016.

13. [The parties] are competitors. They both operate from Scotland in the same market. The founding directors are known to each other. News of the parties' respective goods and services will almost immediately come to the attention of the other party." Witness Statement of Paul Aniello, dated 27 November 2017

31. Instead the bulk of the evidence was put in by Fantasy's advisors, in the form of two witness statements of Philip Hannay and one witness statement of Laura Hannay², and to a significant extent comprised a number of tweets emanating from an account called "Footballfanager" commencing around 25 April 2016. A number of those showed the logo above or combined with the mark FANAGER although the Hearing Officer acknowledged that a few included the logo at issue unaccompanied by the word FANAGER. (The evidence at PAH 03 – 11 showed that the logo was introduced as part of a "FANAGER Rebrand" to announce the launch of a new fantasy football game, it seems to coincide with the EURO 2016 championships taking place that summer).

32. Fantasy did not explain in its grounds of appeal how the Hearing Officer was said to have misunderstood the Twitter evidence. Fantasy had relied on data from Twitter Analytics for the period in question (PAH 29), and it appeared from Fantasy's written submissions that Fantasy's complaint was that the Hearing Officer failed to give appropriate weight to the large number of "impressions" recorded therein. However, as the Hearing Officer correctly noted, "impressions" represent the number of times a tweet shows up in peoples' feeds but do not tell you whether or not the tweet has actually been read. As the Hearing Officer recognised, more relevant were the numbers of "engagements" or click throughs/retweets which were considerably less.

33. That said, the point was that the Hearing Officer decided that there was no evidence of any customers in the UK for Fantasy's products at the relevant date. The Hearing Officer was bound by the Supreme Court decision in *Starbucks (HK) Ltd v. British Sky Broadcasting Group Plc* [2015] UKSC 31 that goodwill requires the presence of customers for the goods and services concerned in the jurisdiction.

34. FanDuel's case was that Fantasy had not appealed the Hearing Officer's finding that Fantasy had failed to establish customers in the UK for its products under or by reference to its logo at the relevant date. Therefore, Fantasy had to rely on its Twitter evidence as pre-launch advertising sufficient to establish UK goodwill contrary to and involving a departure from *Maxwell v. Hogg* (1867) LR 2 Ch 307, CA, so not within the power of the Hearing Officer or this tribunal to find (see *Starbucks*, Lord Neuberger, para. 66).

35. I agree. Furthermore, the Hearing Officer added (and this goes back to the first ground above) that even if the law of passing protected pre-launch advertising, he would have rejected Fantasy's case for the following reasons (without footnotes):

² Witness Statement of Philip Adamson Hannay, solicitor and director of Cloch Solicitors Limited, dated 25 September 2017, Witness Statement of Laura A S Hannay, corporate analyst at Cloch Solicitors Limited, dated 25 September 2017, Second Witness Statement of Philip Hannay, dated 27 November 2017.

“30. However, even if the law permits a passing-off right to be generated by advertising activity alone, I would have rejected Fantasy’s case for these reasons:

- (i) There is no evidence that Fantasy was, at the relevant date, an existing business with a relevant and substantial goodwill;
- (ii) Therefore, in contrast to *BBC v Talbot*, the question in this case is not whether the logo at issue had become distinctive of Fantasy’s existing substantial goodwill;
- (iii) The pre-launch promotion which took place using the logo (and, usually, FANAGER) does not appear to have been an offer to provide any goods or services at that time;
- (iv) Although there are references in the Twitter promotional material to users registering for the forthcoming gambling competition, there is no evidence that potential customers could actually register their interest at that time, and no evidence that any did;
- (v) The scale of the pre-launch activity was modest, consisting essentially of a series of tweets on Twitter, and there is no evidence that it attracted a substantial level of interest in Fantasy’s goods or services by the relevant date;
- (vi) Most of the use of the logo at issue was in conjunction with the distinctive name FANAGER;
- (vii) It is not clear whether the limited use of the logo at issue on Twitter would have made a sufficiently lasting impression on those who noticed it for the subsequent use of Fanduel’s mark to have deceived a substantial number of potential customers and therefore constituted a misrepresentation to the public.”

36. The Reasons for appeal suggested that in this the Hearing Officer narrowly focussed on betting games rather than providing news and information in the field of sports, which it was submitted Fantasy’s evidence supported. Again, it was unclear whether Fantasy was claiming here that the evidence showed it had customers in the UK at the relevant date for its sporting news and information under and by reference to the logo at issue, or this was part of Fantasy’s pre-launch advertising argument.

37. I accept that the evidence contained a number of tweets in the period comprising brief comments on sporting personalities/events. However, those tweets did not in my view go to prove that Fantasy had customers for the claimed services of providing sports news and information under and by reference to the logo concerned at the relevant date. It seems to me that Mr Alkin fairly summed up the situation when he described these tweets as trailers for the forthcoming football fantasy event. If Fantasy was relying on them as further evidence of pre-launch advertising, my

previous comments apply. I do not, therefore, accept that the Hearing Officer erred in this regard.

38. Finally before leaving Section 5(4)(a), Fantasy argued that generally the registration in suit was contrary to law. There appeared from the grounds of appeal to be two purported reasons for this. First, that for policy reasons the law should prevent the granting of undue monopolies (e.g. “brandjacking”). Second, that FanDuel’s seeking of Fantasy’s consent to register FanDuel’s mark amounted to a contract (presumably not to register FanDuel’s mark without Fantasy’s consent) breach of which would be contrary to Scottish law.
39. There are several reasons why such arguments under Section 5(4)(a) were misconceived (in no particular order).
40. First, Section 5(4)(a) is concerned with relative rights and relative grounds for refusal not “brandjacking” or breaches of contract as such.
41. Second, no such cases were pleaded in the amended grounds of objection under Section 5(4)(a) which referred to the passing off case only.
42. Third, in as much as the “contrary to Scottish law” argument appears to relate back to Section 3(6), the Hearing Officer refused to allow Fantasy’s arguments based on the accepted seeking by FanDuel of consent. Fantasy’s alleged objection under Section 3(6) based on consent was not a permitted amendment to Fantasy’s statement of case.
43. Fourth, since the Hearing Officer had refused to allow the consent point to be argued by Fantasy under Section 3(6) and that refusal had not been appealed, it was not open to Fantasy to reintroduce it through the back door of Section 5(4)(a).
44. Fifth, in any event the Hearing Officer held that the mere fact of FanDuel seeking Fantasy’s consent to registration did not amount to a binding contract under Scots law or otherwise.

Section 5(4)(b)

45. Under this head Fantasy sought to argue that the Hearing Officer erred in dismissing its case under Section 5(4)(b) as regards the so called evidence of copying.
46. However, there was a more important point here.
47. The Hearing Officer dismissed Fantasy’s claim to an earlier right protected by copyright because, although he was prepared to accept that copyright subsisted in the logo at issue as an artistic work, there was no evidence as to who created or owned it. In particular, there was no evidence that Fantasy was the legal (or even the beneficial) owner of the copyright. Article 5 of the Trade Marks (Relative Grounds) Order 2007, SI 2007/1976, provided that the relative grounds of invalidity under Section 47(2)(b) (c.f. Section 5(4)) could only be brought by the proprietor of the earlier right. Since Fantasy had not proved that Fantasy was the copyright owner, Fantasy’s case under Section 5(4)(b) had to be rejected.

48. As Mr Alkin pointed out, Fantasy did not appeal this finding of the Hearing Officer or seek permission to introduce fresh evidence in order to seek to prove otherwise, so that Fantasy's appeal on issues of infringement were in any event irrelevant and could not succeed. Furthermore the Hearing Officer made findings in favour of FanDuel supported by the evidence of independent design in creating FanDuel's mark in suit³.
49. I agree with FanDuel's points. The appeal relating to the decision under Section 5(4)(b) must also fail.

Section 3(6)

50. The amended statement of case on Section 3(6) filed by Fantasy on 8 June 2018 read:

“At the relevant date (date of application and/or the priority date) (i) the Owner had knowledge of the Cancellation Applicant's use of its mark in the UK (ii) the Owner had knowledge of Cancellation Applicant's use of its mark outside the UK (namely, online) (iii) the application for registration by the Owner was in breach of fiduciary duties; all of which fall short of the behaviour expected of a reasonable director in the applicant's position, and taken together, is contrary to law.

[FanDuel] having sought consent from [Fantasy] and no unconditional consent having been given by [Fantasy] or any conditions upon which consent may have been given had not been purified, the application by [FanDuel] for registration of its mark was in all the circumstances in bad faith. Namely because, inter alia, [FanDuel] having sought consent from [Fantasy] was barred from filing its application for registration without such consent; the filing of the application could not be considered (at least in Scotland) 'good faith' (ergo it was bad faith): [FanDuel] took unacceptable risk(s); [FanDuel] filed its US application (from which it claims priority) after knowledge of [Fantasy's] mark and its use but before possibly knowing if consent in any form could be obtained (or was needed) from [Fantasy]; and/or [FanDuel's] conduct otherwise fell short of the standards of acceptable commercial behaviour judged by ordinary standards of honest people. Further comment will follow at the substantive hearing.”

51. As indicated, the Hearing Officer refused to allow the case advanced in the second paragraph relating to consent to be run because it had been introduced into the proceeding by an unpermitted amendment. Again as Mr Alkin reminded me that refusal to allow the case on consent to be advanced was not appealed by Fantasy.
52. Insofar as Fantasy's criticisms of the decision under Section 3(6) relate to this extended “consent” ground, I agree with FanDuel that they must be refused.
53. As to the original Section 3(6) ground, the Hearing Officer held that mere knowledge that someone else is using the mark whether outside the jurisdiction or within it, is not enough to establish bad faith (Case 320/12, *Malaysia Dairy Industries Pte. Ltd v. Ankenævnet for Patenter og Varemærker* EU:C:2013:435, *Hotel Cipriani SRL v.*

³ Also not the subject of appeal by Fantasy.

Cipriani (Grosvenor Street) Limited [2008] EWHC (Ch)). I have not been shown that this was in error.

54. The Hearing Officer did in fact secondarily consider Fantasy's case on consent and other arguments newly raised by Fantasy at the hearing, all of which he rejected.
55. For the sake of completeness, I have additionally reviewed the Hearing Officer's reasoning in those regards in the light of the parties' submissions and confirm the propriety of his conclusions. I would merely observe *inter alia* that the alleged breach of fiduciary duties was unparticularised, no evidence was adduced as to Scots law (said to be contravened), and the Hearing Officer found that there was no agreement between the parties that FanDuel would refrain from registering the mark in suit without Fantasy's consent.

Conclusion and costs

56. For the above reasons, Fantasy's appeal has been unsuccessful. The Hearing Officer ordered Fantasy to pay FanDuel a contribution in the sum of £4,800 towards FanDuel's costs of the consolidated invalidations. I will order Fantasy to pay FanDuel the sum of £700 in respect of this appeal. The total sum of £5,500 is to be paid by Fantasy to FanDuel within 28 days of the date of this decision.

Professor Ruth Annand, 12 July 2019

Mr Tom Alkin of Counsel instructed by D. Young & Co., LLP appeared for FanDuel Limited/the Respondent

Fantasy Sports Limited/the Appellant did not attend