

O-468-13

TRADE MARKS ACT 1994

**APPLICATION No. 2599123
BY OCEAN OUTDOORS UK LIMITED
TO REGISTER 'THE TWO TOWERS'
AS A TRADE MARK IN CLASS 35**

AND

**OPPOSITION No. 103114
BY THE SAUL ZAENTZ COMPANY**

Background and pleadings

1. This is an opposition by The Saul Zaentz Company, a US corporation incorporated in the State of Delaware, to an application filed on 26 October 2011 by Ocean Outdoor UK Limited to register THE TWO TOWERS in class 35 of the register as a trade mark for:

Rental of digital advertising billboards and hoardings; hire and leasing of digital advertising billboards and hoardings.

2. The opponent is the proprietor of two earlier Community trade marks consisting of the words THE TWO TOWERS (CTM 2209195 “the 195 mark”) and THE LORD OF THE RINGS THE TWO TOWERS (CTM 3029378 “the 378 mark”). The 195 mark was registered on 16 July 2002 in classes 9, 28 and 41. The 378 mark was registered on 14 April 2005 in classes 9, 16, 20, 25 and 28. The opponent relies, in particular, on the registration of these marks for goods in classes 9 and 16.

3. The lists of goods and services for which the opponent’s mark are registered are set out in annex A. The opponent claims that the goods and services for which the earlier CTMs are registered, at least in classes 9 and 16, are similar to the services covered by the application in class 35, and that the respective marks are the same (in the case of THE TWO TOWERS) or similar (in the case of THE LORD OF THE RINGS THE TWO TOWERS).

4. The opponent claims to have used the earlier CTMs in the UK and in the EU in relation to the goods/services for which they are registered. As a result it is claimed that the marks have acquired a reputation and enhanced distinctiveness.

5. The opponent says that it is the owner of the intellectual property rights in the well known literary works by J.R.R. Tolkien called The Lord of the Rings and The Hobbit. The following related claims are made.

i) The second volume of The Lord of the Rings trilogy of books, published in 1954, is called The Two Towers, or is otherwise known as The Lord of the Rings The Two Towers.

ii) The literary works were hugely successful and have subsequently been made into films, as well as radio and TV series. The second of a famous trilogy of films was called The Two Towers. It was released in 2002 and grossed over £57m in the UK.

iii) The opponent is a film production company and also runs a successful merchandising business whereby third parties licence the opponent’s rights, including its rights in THE TWO TOWERS and THE LORD OF THE RINGS THE TWO TOWERS.

iv) Merchandise bearing these marks has been licensed throughout the world, including in the UK. The marks have therefore acquired a high degree of goodwill and reputation.

6. The opponent therefore claims that the earlier registered CTMs qualify as well known marks under Article 6*bis* of the Paris Convention. This claim appears to mean that the earlier marks should qualify for protection in relation to licensing services, in addition to the goods/services for which they are actually registered.

7. On the basis of the claimed similarities between the respective marks and goods/services, it is claimed that there is a likelihood of confusion on the part of the public and the application should therefore be refused under s.5(2)(a) and (b) of the Act.

8. It is further claimed that the relevant public will associate the applicant's mark with the opponent's marks and this *"will attract them to the applicant's services, due to the substantial reputation accumulated in the Earlier Rights and in the Earlier Registered Marks, both as to their recognition as a badge of origin designating the opponent and the quality of the goods and services sold under them. The applicant will thus be able to take unfair advantage of the distinctive character and repute of the Earlier Registered Marks by exploiting the opponent's investment to the benefit of its business"*.

9. Further, given the highly distinctive nature of the opponent's marks, use of the applicant's mark would have an adverse effect on the distinctive character of the opponent's marks. In addition, if the services provided under the applicant's mark fall below the standard expected of the opponent, use of the applicant's mark will be detrimental to the repute of the opponent's marks.

10. Registration would therefore be contrary to s.5(3) of the Act.

11. Finally, having regard to the goodwill and reputation of the earlier marks, and the opponent's licensing business, use of the applicant's mark is liable to be prevented under the law of passing off. Registration would therefore also be contrary to s.5(4)(a) of the Act.

12. The applicant filed a counterstatement denying the grounds of opposition and putting the opponent to proof of use of the earlier marks.

13. Both sides seek an award of costs.

The evidence

14. The opponent's evidence occupies five ring binders. The summary that follows brings out what I consider to be out the most significant points, but I have taken all of the evidence into account. The evidence comes from:

i) Al Bendich, the opponent's Vice-President for Business Affairs. He provided a witness statement with 135 exhibits covering the history of the opponent as a film company, the creation of the works of Tolkien, including the name The Two Towers, the opponent's chain of title to the rights in the works, the fame of the said literary works, the Lord of the Rings films, and the licensing of the opponent's rights, including THE TWO TOWERS mark, in relation to a range of merchandise and sales promotions.

ii) Fredrica Drotos, is a Director of the opponent company with responsibility for business affairs. She provides a witness statement which gives further information about the opponent's licensing of the THE TWO TOWERS mark in relation to third party promotions.

iii) Paul Brufton, is the General Manager of Warner Bros. Consumer Products UK, which is a division of Warner Bros. Entertainment UK Limited, which is a subsidiary of Warner Brothers Entertainment Inc. ("WBE"). WBE is a licensee of the opponent company. Mr Brufton gives evidence of WBE's business in sub-licensing the rights in the UK and beyond.

15. Mr Bendich's evidence is that the opponent was founded in 1972 and has made several well known films, including 'One flew over the Cuckoo's Nest'. It runs a mixing and editing facility in California which has been used for over 200 films. In 1976 the opponent's predecessor in interest acquired the film, stage, TV and merchandising rights based on Tolkien's famous literary works, 'The Hobbit' and 'The Lord of the Rings', the latter comprising three books called 'The Fellowship of the Ring', 'The Two Towers' and 'The Return of the King'. The "*entertainment and merchandising rights*" rights were acquired from United Artists Corporation (which had acquired them from Tolkien's British publisher and executor). Mr Bendich claims that the opponent acquired the rights, including the rights in the marks THE TWO TOWERS and THE LORD OF THE RINGS THE TWO TOWERS ("the marks") in 1978. According to Mr Bendich, the opponent therefore owns the rights to use and license "*the fanciful names, characters, places and scenes*" from these works.

16. It does not appear to be in dispute that the opponent is the legal owner of whatever rights exist in the marks in relation to entertainment and merchandising. Consequently, it is unnecessary to go any more deeply into the chain of title.

17. Mr Bendich provides evidence that The Lord of the Rings has been voted the UK's best loved novel and that these books and The Hobbit regularly feature in various lists of top novels. There can be no room for argument about the fame of these works so again it is not necessary to closely examine the evidence on this point.

18. The opponent licensed New Line Cinema to create feature films and related merchandise based on its rights. Between 2001 and 2003, New Line Cinema released the well known trilogy of The Lord of the Rings films. The films were called

The Lord of the Rings in combination with the name of the book covered by the film, so the second film was entitled 'The Lord of the Rings: The Two Towers'. According to the 2011 UKFC statistical yearbook, this film is the 7th highest grossing film worldwide based on stories created by a UK writer. It took nearly £60m in the UK alone. The film has since been shown on several occasions on Channel 4 TV attracting 3.7m viewers in 2005, 2.8m in 2006 and 1.8m in 2008.

19. Since the acquisition of the entertainment and merchandising rights in Tolkien's works the opponent has established a worldwide licensing program. According to Mr Bendich, the marks have been licensed in relation to:

Films; DVDs; video games; audio books; recorded CDs; music; desktop wallpaper; software; watches; coin sets; posters; movie cards; publications, including companions to The Two Towers film, guide books; sheet music; autograph cards; binders; stickers; trading cards; mugs; plates; ornaments; light shades; clothing; wallpaper; card games; strategy games; toys; chess sets; gift sets; puzzles; figurines; film cell presentations and sales promotions.

20. Licensees of the opponent's rights for merchandise are contractually bound to use a trade mark notice on the licensed products which states as follows:

"The Lord of the Rings, The Two Towers and the names of the characters, items, events and places therein are trademarks of the [opponent]"

Requests for licences are denied if the would-be sub-licensor is unable to provide suitable merchandise of the required quality.

21. Examples of licences to Games Workshop Limited and The Noble Collection Inc. are provided at exhibit AB15. THE TWO TOWERS is listed as one of several hundred 'trade marks' relating to the literary and artistic works associated with The Lord of the Rings and The Hobbit.

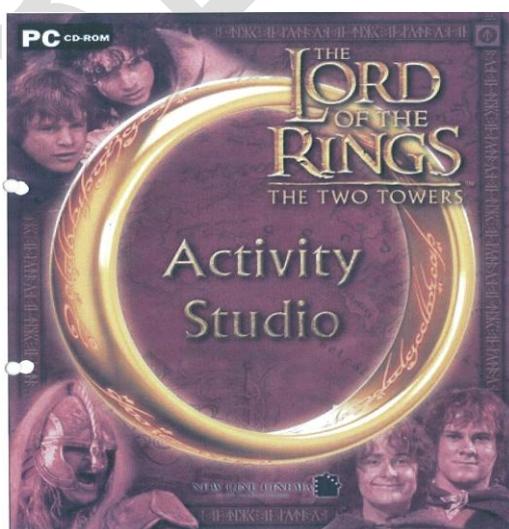
22. The following table sets out the licensed use of the marks from Mr Bendich's evidence.

Mark shown	Exhibit	Goods/services	Licensee	Where	When
The Lord of the Rings: The Two Towers	AB22-28	DVDs	Entertainment Film Distributors	UK, where 5m sold by 2010	2003-2010
As above	AB29-33	Soundtrack on CD	Not clear	UK	At least 2002-2006
As above	AB34-38	Books, guides linked to the film of the same name	Harper Collins	UK	2002-2004. Out

					of print since 2004 but still sold on eBay etc.
As above	AB39-AB43	Sheet music	International Music Publications Limited/Faber Music	UK	2003 to 2005
Mainly White Dwarf, occasional secondary use of The Lord of the Rings The Two Towers. One special edition under this name.	AB44-AB48	Monthly publication about battle games. Date of special edition unclear.	Games Workshop Limited	UK	2003-2006
The Lord of the Rings The Two Towers	AB49-53	Games rulebook	Games Workshop Limited	UK	2002 to Date
As above	AB54-AB58	Computer games software on CD-ROM and mouse mats	Alternative Software Limited	UK	2002 to date
As above	AB59-AB64	Trading cards on CD with digital content linked to film of same name	Serious Global Holdings Limited	UK	2002-2005
As above	AB65-AB67	Figurines	Toy Biz	Some in the UK	2002-2005
As above	AB68-AB71	Figurines	Applause Toys	US, some resold in the UK	2002
As above	AB72-AB75	Games	The Character Group plc	UK	2002-2006
As above	AB76-AB77	Role playing game	Decipher Inc.	Not clear, some resold in UK	2002-2006
As above	AB78-AB80	Games with figurines	Games Workshop Limited	UK	2002 to date
As above	AB81-AB83	Board games	Impact International UK	UK	2003

As above	AB84-AB88	Games	Winning Moves UK Limited	UK	Not clear
As above	AB89-AB93	Video games software	EA Games Limited	UK	From 2002
As above	AB94-AB97	Posters and prints	GB Eye Limited	UK	2002 to date
As above	AB98-AB100	China plates	Danbury Mint	UK and abroad	2002-2003
As above	AB101 - AB102	Pewter plates	Royal Selangor International of Malaysia	World wide	2003 to date
As above	AB103 - AB107	Collectible cards/film memorabilia	Topps Company Inc.	World wide	2003 to 2006
The Two Towers	AB108 & AB109	Chess pieces	The Noble Collection, Inc.	UK	Since 2007
The Lord of the Rings The Two Towers	AB110 - AB115	Statues and busts	Sideshow Inc. and Weta Limited of New Zealand	US, some resold in the UK	Since 2008
As above (Sunday Times) and The Two Towers (Royal Mail)	AB116 119	Give away posters and game cards – sales promotions for newspapers and stamps, respectively.	Sunday Times and Royal Mail. 14 million cards given away by Royal mail.	UK	2002

23. The following example of use, taken from exhibit AB55, is typical.



However, I have noted that a few of the uses shown, e.g. exhibits AB24 and AB101 show the use of the words The Two Towers more prominently than the words The Lord of the Rings.

24. Mr Bendich says that up until 31 March 2008 licensing of the opponent's rights was organised through New Line Cinema. He provides a table showing the licensing income received during this period. This information, and certain other financial information in the next two paragraphs, is the subject of a confidentiality order. Therefore it will not appear in the version of this decision that is made available to the public. [REDACTED

] These amounts reflect the total income received from licensing all THE LORD OF THE RINGS marks. Mr Bendich suggests that it would be reasonable to assume that a third of this income came from licensing THE TWO TOWERS mark since the licensed products featured the name of one of the three books/films. That may be so, but the above amounts represent worldwide licensing income. Only an unspecified-but-probably-significant proportion of that income is attributable to licensing that took place in the UK or EU.

25. [REDACTED

] Again, this appears to have been the cost of worldwide promotion. Mr Bendich attributes a third of this figure to promoting the licensing of THE TWO TOWERS mark.

26. Mr Bendich also provides licensing revenue income for the UK for 2009-2011¹, during which time the licensing program was run on the opponent's behalf by Warner Brothers Consumer Products. The income reflects the income received "*from licensees authorised to ship product to the United Kingdom for use of The Two Towers Property and imagery from THE TWO TOWERS film*".

27. Ms Drotos gives further evidence about the use of THE TWO TOWERS mark in relation to third party promotions of their own goods/services. She explains that the mark was used by Cereal Partners for what she describes as co-branded packaging for cereals called Cherios. She shows a picture of the packaging, which includes towards the bottom of the front of the packet 'The Lord of the Rings' and underneath the words (in much smaller letters) 'The Two Towers'. The marks were used in relation to a free action sticker given away as a promotion for the cereal. According to exhibit FD-02, this happened in 2002.

¹ See AB131

28. A similar promotion for Cadbury's chocolate products was run over Christmas 2002 and Easter 2003. Promotional cards depicting scenes from the film were given away.

29. HP ran similar promotions for special packs of its beans in 2002 and 2003. Purchasers were given the chance to win an entertainment system and various merchandise from the film, including a watch, mouse mat, key ring, cap and bag. I note that, compared to the other promotions, the words The Two Towers were used more prominently than the words The Lord of the Rings on these give-away products, although I cannot see any trade mark notice on the products themselves.

30. The same sort of promotion was run in 2002 in relation to special packs of Panda Pops drinks. Around this time there were also promotions with Air New Zealand, The Mirror Newspaper and Sainsbury's.

31. Mr Bufton states that by 2010 when the opponent's next film – The Hobbit - was in prospect, his company hosted a 'showcase' at an address in London of The Hobbit and Lord of the Rings marks and associated imagery. Around 600 people from 50 companies were invited. It is not clear how many turned up, but Mr Bufton states that the event was attended by *"the majority of our major licensing and retail partners in the toy, clothing, promotions, food and beverages, stationery, collectibles and gifting industries, from Europe, Middle East and Asia"*. Similar marketing took place at the Licensing International Expo in Las Vegas in June 2011 and at Brand Licensing Europe on 18-20th October 2011 in London. 5610 retailers, licensees and sales promotions professionals attended the 2011 event in London. However, it appears from exhibits PB-7 and PB-9 that the promotion was aimed at securing licensing or promotions opportunities for the latest film based on the works of Tolkien – The Hobbit. Mr Bufton also provides some UK sales figures for licensed products in the period 2009-2012. These are significantly higher than the figures provided by Mr Bendich. This may be because they cover all the opponent's IP rights in The Lord of the Rings series, not just the name and imagery from The Two Towers.

32. The applicant's evidence comes from Richard Malton who is the Marketing Director of the applicant company. Mr Malton explains that his company adopted the mark THE TWO TOWERS because of the location of its digital advertising boards, which are commonly placed on both sides of a major road or motorway. Exhibit A to his statement consists of a picture of two such digital billboards on either side of a dual carriageway. The digital advertising boards are raised high above the carriageways on metal tower-like structures. They carry the opponent's name 'Ocean'.

33. Mr Malton says that his customers are advertising and media agencies.

The Hearing

34. A hearing was held on 13 September 2013 at which the opponent was represented by Mr John Olsen of Edward Wildman Palmer UK LLP. The applicant was not legally represented, but Mr Tim Bleakley, the Chief Executive Officer of Ocean Outdoor UK Limited appeared on its behalf.

35. I wrote to the parties on 28 October 2013 inviting them to make written submissions on the question of whether the opponent's use of THE TWO TOWERS as a title constituted use of that sign as a trade mark. I subsequently received written submissions from the opponent explaining why, in its view, the use qualified as trade mark use and was relevant to the passing off right claim.²

Proof of use of the earlier marks

36. Section 6A of the Act is as follows.

6A Raising of relative grounds in opposition proceedings in case of non-use

(1) This section applies where-

- (a) an application for registration of a trade mark has been published,
- (b) there is an earlier trade mark of a kind falling within section 6(1)(a), (b) or (ba) in relation to which the conditions set out in section 5(1), (2) or (3) obtain, and
- (c) the registration procedure for the earlier trade mark was completed before the start of the period of five years ending with the date of publication.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.

(3) The use conditions are met if –

- (a) within the period of five years ending with the date of publication of the application the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or
- (b) the earlier trade mark has not been so used, but there are proper reasons for non- use.

(4) For these purposes -

- (a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and

² Described in paragraph 42 below

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(5) In relation to a Community trade mark or international trade mark (EC), any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Community.

(6) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.

37. The opponent's earlier Community trade marks had been registered for over 5 years at the date of publication of the opposed mark. Consequently, in accordance with s.6A of the Act the earlier marks can only be asserted in opposition proceedings to the extent that they have been put to genuine use in the 5 year period ending on the date of publication: this means 17 December 2006 to 16 December 2011. As the earlier marks are registered at Community level, the relevant question for this purpose is whether they have been used in the Community.

38. For the purposes of the s.5(2) ground, the opponent relies, in particular, on the registration of THE TWO TOWERS in class 9 for:

Apparatus, instruments and media for recording, reproducing, carrying, storing, processing, manipulating, transmitting, broadcasting, retrieving and reproducing music, sounds, images, text, signals, software, information, data and code.

Photographic and cinematographic films prepared for exhibition; computer software.

And on the registration of The LORD OF THE RINGS THE TWO TOWERS in classes 9 & 16 for:

Apparatus for recording, transmission or reproduction of sound or images; compact discs featuring fantasy games, fantasy films, and music; pre-recorded audio cassettes, pre-recorded CD-ROMS, pre-recorded DVD discs, pre-recorded laser discs, CD-ROMS, DVDs and compact discs, featuring animated cartoons, fantasy films, and music, video discs featuring fantasy games, fantasy films, and music

and

Photographs; posters.

39. The opponent originally also placed particular reliance on the registration of the 195 mark for certain entertainment services in class 41. However, by the time of the

hearing the opponent's best case had shifted to the registration of that mark in class 9. This may be because there is no evidence of the use of THE TWO TOWERS in relation to services in class 41, although it is true that there is evidence that the film 'The Lord of the Rings: The Two Towers' was broadcast on TV once during the relevant period (in 2008). The use relied on in class 9 is the use of the marks for DVDs, CDs and video and computer games software. It is therefore convenient to start by examining the use of the marks in relation to the goods in classes 9, 16 (as described in paragraph 38 above) and 41. There is evidence of substantial use of the composite 378 mark on DVDs. Mr Bendich's evidence indicates that a second 'special edition' of the soundtrack from the film was released on 7 November 2006 (about 6 weeks prior to the start of the relevant period) bearing the 378 mark. No doubt this was intended to, and probably did, attract sales in the run up to Christmas 2006 (within the relevant period). I am therefore prepared to accept that the 378 mark appeared on soundtracks on CDs marketed during the relevant period with the opponent's consent. There is also evidence that the 378 mark was applied to the packaging for video games and computer software on CD-ROMs offered for sale in the UK in 2012 (after the relevant period). There is no licensing income recorded³ against any of the licensees said to have been responsible for UK sales of these goods in the period 2009-2011. The relevant licensees for video games, computer software on CD-ROMs (Alternative software Limited and EA Games) do, however, appear in the global list of licensees that provided income in the period 2002 - 31 March 2008. I am therefore prepared to accept that the 378 mark was applied to the packaging for goods sold in the relevant period. I also accept that the 378 mark was applied to posters and prints (photographs) sold on a small scale during the relevant period with the opponent's consent.

The law on genuine use

40. The requirements for genuine use were conveniently summarised by Ms Anna Carboni as The Appointed Person in *Pasticceria e Confetteria Sant Ambroeus Srl v G & D Restaurant Associates Ltd (Sant Ambroeus Trade Mark)* [2010] RPC 28⁴. The summary, which I gratefully adopt and re-produce below, is drawn from the judgments of the Court of Justice of the European Union (CJEU) in Case C-40/01, *Ansul BV v Ajax Brandbeveiliging BV*, Case C-259/02, *La Mer Technology Inc. v Laboratoires Goemar*, and Case C-495/07, *Silberquelle GmbH v Maselli-Strickmode GmbH*.

(1) Genuine use means actual use of the mark by the proprietor or third party with authority to use the mark: *Ansul*, [35] and [37].

³ In exhibit AB131

⁴ Approved by Arnold J. in *Stichting BDO and others v BDO Unibank, Inc and others* [2013] EWHC 418 (Ch)

(2) The use must be more than merely token, which means in this context that it must not serve solely to preserve the rights conferred by the registration: *Ansul*, [36].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin: *Ansul*, [36]; *Silberquelle*, [17].

(4) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, i.e. exploitation that is aimed at maintaining or creating an outlet for the goods or services or a share in that market: *Ansul*, [37]-[38]; *Silberquelle*, [18].

(a) Example that meets this criterion: preparations to put goods or services on the market, such as advertising campaigns: *Ansul*, [37].

(b) Examples that do not meet this criterion: (i) internal use by the proprietor: *Ansul*, [37]; (ii) the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle*, [20]-[21].

(5) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including in particular, the nature of the goods or services at issue, the characteristics of the market concerned, the scale and frequency of use of the mark, whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them, and the evidence that the proprietor is able to provide: *Ansul*, [38] and [39]; *La Mer*, [22] -[23].

6) Use of the mark need not always be quantitatively significant for it to be deemed genuine. There is no de minimis rule. Even minimal use may qualify as genuine use if it is the sort of use that is appropriate in the economic sector concerned for preserving or creating market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor: *Ansul*, [39]; *La Mer*, [21], [24] and [25].

41. As noted at point 3 of the above list, genuine use requires use in accordance with the essential function of a trade mark, which is to distinguish the commercial source of the goods. In *The Law of Passing-Off* by Professor Christopher Wadlow, 4th ed., it is stated at paragraph 8-124 that:

“Cases on the title of an individual book, or that of a play, film or similar work, raise an issue which is fundamentally different to that of the title of a periodical

such as a magazine. When many different issues of a work have a common title then that title may properly be regarded as having trade mark significance. The same applies to works such as legal or medical textbooks which go into many editions, perhaps under different editors. The same conclusion does not apply to a single work. The distinction has often been overlooked, and discussion of the titles of books (and of plays, films and the like) has often proceeded on the assumption that the title is either descriptive or is distinctive of the publisher in the same way as for periodicals. It is possible for an action based on the title of a book to fail because the title is not exclusively associated with the claimant's work, for instance because it is prima facie descriptive, hackneyed, used by others, or used on too small a scale or too long ago to be remembered. However, even a title which is novel, striking, arbitrary and universally known cannot normally be said to be distinctive of the publisher of that book. If it is distinctive at all, it is distinctive of the book itself."

42. It is submitted on behalf of the opponent that:

- i) Professor Wadlow is wrong to suggest that the titles of single works are not protected under the law of passing off.
- ii) THE TWO TOWERS is an inherently distinctive and registrable name, like 'Rewards and Fairies' in the example given in *Mathieson v Sir Isaac Pitman & Sons Ltd.*⁵
- iii) Professor Wadlow's acknowledgment that a book title may be distinctive of the book "*and perhaps its author*" shows that a title may be associated with one or more undertakings associated with the work, and therefore functions as a trade mark if "*it remains capable of distinguishing between undertakings*".
- iv) Whether the title THE TWO TOWERS is associated solely with the book by that title and/or its author J.R.R. Tolkien, and/or the various undertakings which published the book over time is an academic issue [in the context of the law of passing off], because passing off within the context of book titles is not concerned with confusion as to origin, but confusion as to content.
- v) The distinction between a title being distinctive of the book itself, as opposed to the undertaking responsible for its publication, is not one known to registered trade mark law. This is because trade mark law is based on EU law whereas passing off is a common law tort.

⁵ (1930) 47 RPC 541

- vi) The Board of Appeal at OHIM does not treat marks consisting of titles any differently to other marks, e.g. decision R 156/2008-1 of the First Board of Appeal in *Talkability*.
- vii) Other parties have registered book and film titles as trade marks.

43. On the first point, I agree that Professor Wadlow does not say that book and film titles are not protected under the law of passing off, only that they are not usually distinctive in a trade mark sense. This is an important point because once a work is out of copyright third parties will usually need to use the title of the work in order to distinguish products in which it is embodied. They should not be prevented from doing so if all the trade mark owner has done is to use the title of the works as a title during the period in which the works were protected by copyright.

44. On the second point, I accept that THE TWO TOWERS is inherently distinctive. The question is not whether it could be used as a trade mark for the registered goods, but whether it has been used as a trade mark.

45. On the third point, the CJEU has stated that the essential function of a trade mark is:

“.. to enable the public concerned to distinguish the product or service from others which have another commercial origin, and to conclude that all the goods or services bearing it have originated under the control of the proprietor of the trade mark to whom responsibility for their quality can be attributed.”⁶

46. A title which identifies the author of a work does not necessarily identify the goods of one undertaking. The same author's works are often commercialised through the goods of numerous undertakings. And nobody would think that J.R.R. Tolkien was responsible for the quality of the DVDs sold under the opponent's marks. Consequently, even if THE TWO TOWERS is distinctive of its author, I do not accept that this means that it has been used in accordance with the essential function of a trade mark. I note that the General Court of the European Court of Justice has expressed similar doubts as to whether use of the name of the composer of a copyright work constitutes trade mark use: see *Eugenia Montero Padillo v OHIM*.⁷

47. On the fourth point, I accept that the answer to the question of whether the mark is distinctive of a trade source is not necessarily decisive of the question of whether THE TWO TOWERS could be protected under some circumstances under the law of

⁶ Paragraph 47 of the CJEU's judgment in *Philips v Remington*, Case C-299/99.

⁷ Case T-255/08

passing off. However, whether the mark has been used to indicate the trade source of the products for which it is registered is decisive of whether it has been used in accordance with its essential function as a trade mark.

48. On the fifth point, I agree that trade mark law cannot be interpreted through, of by analogy with, the law of passing off. However, whether the specific uses made of a sign are likely to be seen as indicating the undertaking responsible for the quality of the goods is a question of fact.⁸ The answer will not depend on whether the question is posed in a trade mark case or a passing off case.

49. On the sixth point, I note the decision of the Board of Appeal in *Talkability*, but it is irrelevant because it is concerned with inherent distinctiveness and the registrability of that mark. The question here is not whether THE TWO TOWERS could fulfil the essential function of a trade mark, but whether it has.

50. On the seventh point, I note the various registrations that the opponent cites, but they say nothing about whether those marks have been used in accordance with the essential function of a trade mark, still less about whether THE TWO TOWERS has.

51. There is no evidence before me which helps me to assess whether consumers recognise THE LORD OF THE RINGS: THE TWO TOWERS as serving a trade mark function or as simply the title of a film. It is therefore necessary to look at the nature of the use shown in the evidence and all the surrounding circumstances.

52. I do not consider that the broadcasting of the film *The Lord of the Rings: The Two Towers* by Channel 4 television on one occasion in the relevant period establishes that the mark was put to genuine use as a trade mark for entertainment services with the consent of the proprietor of the marks. This is because the use of the mark was in relation to the film, not in relation to the TV entertainment service. If that were not so the title of every film ever broadcast would be a trade mark for entertainment services, which would not be in accordance with the perception of average consumers.⁹ The same film is often broadcast on different channels over a period of time, but no one would regard the first TV channel as having any responsibility or connection to subsequent broadcasts of the same film on different channels. This confirms that film titles are not trade marks for TV entertainment services. Further, there is no evidence that the opponent consented to the broadcast on Channel 4 in its capacity as the proprietor of the marks.¹⁰

⁸ See, by analogy, *R v Johnstone* [2003] UKHL 28 [2003] 1 WLR 1736

⁹ The position is likely to be different where the broadcast relates to a regular TV show where the public are likely to expect that the undertaking responsible for each episode is the same.

¹⁰ I infer that the opponent consented to the broadcast in some form or another as the holder of the copyright in the works.

53. There also a serious question in my mind as to whether the uses of the marks in relation to the DVD of the film and its soundtrack on CD are really trade mark uses or merely uses of the words THE LORD OF THE RINGS THE TWO TOWERS as the title of the works. The point is stronger in relation to the significance of THE TWO TOWERS alone, which is clearly the name of a single work, whereas THE LORD OF THE RINGS is arguably the collective name for, inter alia, a series of three books and three associated films all released on different dates. The same doubts arise with respect to use of the marks in relation to goods which are purely promotional items for, or stills from, the films, e.g. posters and photographs. The applicant has not been able to offer me much assistance on this point because it is not legally represented. The opponent was obviously alive to the issue from the outset because Mr Bendich's evidence makes great play of the obligations imposed on those licensed to use the marks for merchandise to publically acknowledge the marks as trade marks, and he draws attention to the public statements made by some of the opponent's licensees on the packaging for their goods. Whether the marks have been used in accordance with their essential function is a matter I am bound to determine as part of my assessment as to whether, and to what extent, the opponent has shown genuine use of its marks.¹¹

54. For present purposes, I am prepared to accept that THE LORD OF THE RINGS was used as a trade mark for DVDs. This is because after three different films/DVDs containing that name it seems plausible (I put it no higher than that) that the public would have expected the same undertaking to be responsible for further DVDs including that name. By extension of the same reasoning, it is at least arguable that THE LORD OF THE RINGS was used on a quasi trade mark basis for soundtracks on CDs, computer games software, video games, and in relation to posters and photographs. If that is right, THE LORD OF THE RINGS THE TWO TOWERS (as a whole) was used in accordance with its essential function as a trade mark for all of these goods. Assuming this in the opponent's favour, does that mean that there has been genuine use of THE TWO TOWERS mark for DVDs and the other goods on which the opponent particularly relies in the registration of the 195 mark in class 9?¹²

55. The CJEU has recently given judgment in *Colloseum Holdings AG v Levi Strauss & Co.*,¹³ which concerned the use of one mark with, or as part of, another mark. The court found that:

“31 It is true that the ‘use’ through which a sign acquires a distinctive character under Article 7(3) of Regulation No 40/94 relates to the period before its registration as a trade mark, whereas ‘genuine use’, within the meaning of Article 15(1) of that regulation, relates to a five-year period following registration

¹¹ See paragraph 17 of the decision of Mr Geoffrey Hobbs Q.C. as The Appointed Person in *Dosenbach-Ochsner Ag Schuhe Und Sport v Continental Shelf 128 Ltd* BL 0-404-13

¹² The 195 mark is not registered in class 16, so the question of whether there has been genuine use of the 195 mark for posters and photographs does not arise.

¹³ Case C-12/12

and, accordingly, 'use' within the meaning of Article 7(3) for the purpose of registration may not be relied on as such to establish 'use' within the meaning of Article 15(1) for the purpose of preserving the rights of the proprietor of the registered trade mark.

32 Nevertheless, as is apparent from paragraphs 27 to 30 of the judgment in *Nestlé*, the 'use' of a mark, in its literal sense, generally encompasses both its independent use and its use as part of another mark taken as a whole or in conjunction with that other mark.

33 As the German and United Kingdom Governments pointed out at the hearing before the Court, the criterion of use, which continues to be fundamental, cannot be assessed in the light of different considerations according to whether the issue to be decided is whether use is capable of giving rise to rights relating to a mark or of ensuring that such rights are preserved. If it is possible to acquire trade mark protection for a sign through a specific use made of the sign, that same form of use must also be capable of ensuring that such protection is preserved.

34 Therefore, the requirements that apply to verification of the genuine use of a mark, within the meaning of Article 15(1) of Regulation No 40/94, are analogous to those concerning the acquisition by a sign of distinctive character through use for the purpose of its registration, within the meaning of Article 7(3) of the regulation.

35 Nevertheless, as pointed out by the German Government, the United Kingdom Government and the European Commission, a registered trade mark that is used only as part of a composite mark or in conjunction with another mark must continue to be perceived as indicative of the origin of the product at issue for that use to be covered by the term 'genuine use' within the meaning of Article 15(1)". (emphasis added)

56. Having regard to the nature of the use shown in the evidence, I do not find it plausible that the uses described above of THE TWO TOWERS in relation to DVDs and soundtracks on CDs would have been seen by relevant consumers as anything more than the use of the title of a particular book/film. That status is reinforced by the secondary significance accorded to those words (compared to the words 'The Lord of the Rings') in most of the uses shown in the evidence.

57. I do not think that the use of the letters 'TM' after the composite mark, usually in very small letters, would have been noticed by relevant consumers and/or countered the effect of the nature of the use in question so that an average relevant consumer would perceive THE TWO TOWERS as being a trade mark for DVDs etc. (as well as a film title). The same applies to the odd instance where THE TWO TOWERS was used more prominently (compared to THE LORD OF THE RINGS) for special edition

DVDs. I therefore find that there was no genuine use THE TWO TOWERS as a trade mark because those words would not have been perceived by average relevant consumers as indicating the trade origin of DVDs and associated soundtracks on CDs.

58. Is the position any different with regard to the use shown of the composite 378 mark in relation to video games software and computer games software on CD-ROMs? Undoubtedly the mark will attract those consumers who are fans of the books/films. However, the use of a mark as a badge of support or affiliation does not necessarily exclude the possibility that the mark is also serving a trade mark function¹⁴. On the other hand, use which would be perceived as merely descriptive of the character of the goods is incapable of fulfilling the essential function of a trade mark.¹⁵

59. Given that:

- i) THE TWO TOWERS is an independent element of THE LORD OF THE RINGS THE TWO TOWERS, and
- ii) The title of a film is not purely descriptive of the content of computer games software and video games software in the way it is of the film itself on DVDs and associated paraphernalia (such as posters)

- the use of THE TWO TOWERS as part of the composite 378 mark may have been perceived by average consumers of computer games software and video games software as indicating that all such goods bearing that mark are under the control of one undertaking which is responsible for their quality. If that is so, such use qualifies as genuine use of the 195 mark in relation to computer games software on CD-ROMs and video games software. I will proceed on the basis that THE TWO TOWERS element of the 378 mark would have been perceived by consumers as indicating the trade origin of computer games software and video games software and therefore qualifies as genuine use of the 195 mark for such goods.

60. Turning to the other uses of the marks shown in the evidence, the use of the 378 mark on the cover of Games Workshop's monthly publication WHITE DWARF was plainly just descriptive use (or at least non-trade mark use) and/or has not been shown to have occurred in the relevant period. The use of the marks in relation to give-away items, such as game/promotional cards, watches, caps, key rings was clearly not intended to create a market for those goods and in any event took place in 2002/3 prior to the relevant 5 year period for assessing genuine use. So it does not count for this purpose.

¹⁴ *Arsenal Football Club plc v Reed*, CJEU, Case C-206/01

¹⁵ See *Elvis Presley Enterprises Inc. v Sid Shaw* [1999] RPC 567 & *Score Draw v Finch* [2007] EWHC 462

61. The evidence suggests that there was use of the 378 mark in the EU in relation to games rulebooks (Games Workshop Limited), sheet music (Faber Music), collectible cards in the nature of film memorabilia (Topps Inc.), mouse mats (Alternative Software Limited), games (Games Workshop Limited, The Character Group plc), pewter plates (Royal Selangor International of Malaysia) and statues and busts (Sideshow Collectibles/WETA). Apart from the use claimed in relation to pewter plates and sheet music, I accept that THE LORD OF THE RINGS THE TWO TOWERS was used in the EU during the relevant period in relation to these goods. I also accept that there was use of the 195 mark in relation to chess pieces (by The Nobile Collection, Inc.). The extent of the use of the marks during the relevant period is not clear. It was likely to have been on only a small scale. Indeed although there is evidence of mouse mats, sheet music and pewter plates being offered for sale in the UK in 2012 (after the relevant period) by third parties, there is no licensing income recorded¹⁶ against the licensees said to have been responsible for UK sales in the period 2009-2011. The relevant licensee for mouse mats (Alternative software Limited) does appear in the global list of licensees that provided income in the period 2002 - 31 March 2008. By contrast, the licensees said to be responsible for selling pewter plates and sheet music under the marks (Royal Selangor International of Malaysia and Faber Music) do not appear in either list.

62. The burden of showing use of the marks falls on the opponent¹⁷. Unsupported assertions and trade by third parties are not enough to show use of the marks with the consent of the trade mark owner. I do not therefore accept that the opponent has shown use of the marks with the proprietor's consent in the relevant period in the UK or EU in relation to pewter plates or sheet music. I find that the evidence also establishes use of the composite 378 mark THE LORD OF THE RINGS THE TWO TOWERS in the relevant period for:

1. Games rulebooks
2. Games, including figurines
3. Chess pieces
4. Collectible memorabilia cards

And it establishes use of THE TWO TOWERS in relation to statues and busts.

Arriving as a fair specification for the goods in classes 9 and 16

63. The goods in question are DVDs, soundtracks on CDs, computer games software on CD-ROMs and video games software in class 9, and posters and photographs in class 16. I have already found that the only trade mark use of THE TWO TOWERS for any of the goods for which it is registered in class 9 is the use of

¹⁶ In exhibit AB131

¹⁷ See s.100 of the Act.

that mark as part of the composite 378 mark in relation to computer games software on CD-ROMs and video games software.

64. The correct approach to arriving at a fair specification has been considered in a number of cases at national level, and in relation to CTMs, by the General Court of the European Union.¹⁸ I do not consider it necessary to review these authorities in detail because this case does not call into question the basic legal principles to be applied in arriving at a fair specification. These were summed up as follows by Mr Geoffrey Hobbs Q.C. as The Appointed Person in *Euro Gida Samayi Ve Ticaret v Gima (UK)*:

“In the present state of the law, fair protection is to be achieved by identifying and defining not the particular examples of goods or services for which there has been genuine use but the particular categories of goods or services they should realistically be taken to exemplify. For that purpose the terminology of the resulting specification should accord with the perceptions of the average consumer of the goods or services concerned.”

65. I find that a fair description of the goods in class 9 upon which the opponent particularly relies, and for which I have accepted that THE TWO TOWERS has been used as a trade mark, is ‘computer games software and video games software’.

66. The broader description of goods contended for by the opponent¹⁹ is far too broad to be a fair description of such specific uses of the mark. Further, there is no use shown of the mark in relation to goods with some of the functions listed in the description used in the specification, such as ‘recording’, ‘manipulating’, and ‘broadcasting’ of data etc.

67. THE LORD OF THE RINGS THE TWO TOWERS has plainly been used for the same goods in class 9 as THE TWO TOWERS, but the opponent is no better off relying on the composite mark for these goods. In relation to the additional goods upon which the opponent particularly relies for the opposition based on the 378 mark,²⁰ I find that a fair specification for the use shown would be:

Compact discs featuring fantasy games, fantasy films, and music; pre-recorded audio cassettes, pre-recorded CD-ROMS, pre-recorded DVD discs,

¹⁸Including *Reckitt Benckiser (España) SL v OHIM (ALADDIN)* Cast T-126/03, *Munipharma v OHIM*, Case T-256/04, *Thomson Holidays Ltd v Norwegian Cruise Line Limited* [2003] R.P.C. 32, *West v Fuller Smith & Turner* [2003] F.S.R. 44, *Euro Gida Samayi Ve Ticaret v Gima (UK) Limited*, BL O/345/10 and *Pan World Brands v Tripp* (Extreme Trade Mark) [2008] R.P.C. 2.

¹⁹ Apparatus, instruments and media for recording, reproducing, carrying, storing, processing, manipulating, transmitting, broadcasting, retrieving and reproducing music, sounds, images, text, signals, software, information, data and code.

²⁰ See paragraph 38 above.

CD-ROMS, DVDs and compact discs, featuring animated cartoons, fantasy films, and music, video discs featuring fantasy games, fantasy films, and music.

and

Photographs; posters.

68. I find that these descriptions would accord with the average consumer's likely perception of the uses shown in the evidence.

69. I have not included 'pre-recorded laser discs', which the opponent contends should also be included, because I can see no use of the 378 mark in relation to those goods.

70. I noted earlier that the opponent also relied on the marks being well known marks in relation to licensing services and thereby entitled to protection under s.6(1)(c) of the Act in relation to such services (in addition to the goods/services for which the marks are registered). There is no need to examine this claim closely because although licensing its own intellectual property to third parties is an important part of the opponent's business, it is not a service provided to others. It is not therefore a service protected under the Act.²¹

Assessment of the Section 5(2)(a) ground of opposition based on the 195 mark

71. Sections 5(2)(a) is as follows:

(2) A trade mark shall not be registered if because –
(a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected ... there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.

Comparison of goods and services

72. In comparing the respective services, I take account of the judgment of the CJEU in *Canon* where the court stated at paragraph 23 of its judgment that:

"In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary".

²¹ As opposed to the sale of goods/services under the licensed trade marks, which are of course protected.

73. In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*²², the General Court stated that “complementary” means:

“... there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking”.

74. The position appears to be straightforward so far as the 195 mark is concerned: *Video and computer games software* are different in nature, purpose and method of use to *Rental of digital advertising billboards and hoardings; hire and leasing of digital advertising billboards and hoardings*. The respective goods and services are not in competition. I cannot see how the opponent’s goods could be used in relation to the applicant’s services. As the goods and services share no similarity, the s.5(2)(a) claim based on the 195 mark is bound to fail.²³

75. And even if the opponent has shown genuine use of THE TWO TOWERS mark for certain other goods in classes 16 and 28,²⁴ it would be no better off relying on those goods because they are no more similar to the applicant’s services than computer and video games software.

Outcome of s.5(2)(a) ground of opposition

76. For the reasons given above, I reject the s.5(2)(a) ground of opposition based on the 195 mark.

Assessment of the Section 5(2)(b) ground of opposition based on the 378 mark

77. Section 5(2)(b) is as follows:

(2) A trade mark shall not be registered if because –
(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.

Comparison of goods and services

78. The opponent argues that the applicant’s *rental/hire/leasing of digital advertising billboards and hoardings* service uses storage discs loaded with content, such as *compact discs featuring fantasy games, fantasy films, and music; pre-recorded audio cassettes, pre-recorded CD-ROMS, pre-recorded DVD discs, CD-ROMS, DVDs and*

²² Case T- 325/06

²³ See *Waterford Wedgewood v OHIM* Case C-398/07

²⁴ Listed in paragraph 52 above.

compact discs, featuring animated cartoons, fantasy films, and music, video discs featuring fantasy games, fantasy films, and music for which I have found that the 378 mark is entitled to protection. The opponent therefore submits that these goods are complementary to the applicant's services.

79. I am aware of recent comments by Mr Daniel Alexander Q.C. as The Appointed Person²⁵ to the effect that the complementary relationship between goods and services is but one aspect of the similarity assessment which should not be given undue weight or be applied too rigidly.

80. I am also aware that in *Sanco SA v OHIM*²⁶ the General Court indicated that goods and services may be regarded as 'complementary' and therefore similar to a degree in circumstances where the nature and purpose of the respective goods and services are very different, i.e. *chicken* against *transport services for chickens*. I remind myself that the purpose of examining whether there is a complementary relationship between goods/services is to assess whether the relevant public are liable to believe that responsibility for the goods/services lies with the same undertaking or with economically connected undertakings. As Mr Alexander noted in *Sandra Amelia Mary Elliot v LRC Holdings Limited*:

"It may well be the case that wine glasses are almost always used with wine – and are, on any normal view, complementary in that sense - but it does not follow that wine and glassware are similar goods for trade mark purposes."

Whilst on the other hand:

".....it is neither necessary nor sufficient for a finding of similarity that the goods in question must be used together or that they are sold together.

81. The reason that the General Court accepted that chickens and chicken transport services are complementary appears to be because professional businesses that purchase chickens may expect the same provider to provide both chickens and specialist transportation services for chickens. The same sort of complementary relationship between goods and services could also arise where goods and services are provided together to the general public (as opposed to professional consumers), e.g. pizza and pizza delivery services.

82. Turning to the facts before me, I accept that users of services for the *rental/hire/leasing of digital advertising boards* etc. will also use data stored on electronic media, which might include *pre-recorded CD-ROMS* and *pre-recorded DVD discs*. However, there is no evidence that undertakings that rent out digital billboard and hoardings also provide data content. On the contrary, one would expect the undertakings that rent or lease the billboards/hoardings to provide the digital content for their advertisements. On that basis I find that there is no complementary similarity

²⁵ See *Sandra Amelia Mary Elliot v LRC Holdings Limited* BL-0-255-13

²⁶ T-249/11

between the opponent's goods in class 9 and the applicant's rental services in class 35.

83. If I am wrong about this and there is a complementary relationship between the above class 9 goods and the applicant's services, then I assess the degree of similarity as low. This is because I see no other similarity between these goods/services.

84. The opponent's submits that *posters* and *photographs* covered by its 378 mark are similar to the opponent's rental and leasing services. However, this submission suffers from a similar defect. The applicant's services do not cover the rental and leasing of digital *content*, but of the means through which such content can be shown to the public. Users of services for the *rental/hire/leasing of digital advertising billboards and hoardings* might expect the service provider to also rent conventional billboards and hoardings, upon which third party posters may be displayed, but they would not expect such a service provider to market posters and photographs. I therefore see no complementary similarity between these goods/services. Further, the goods and services differ in nature, method of use and are not in competition.²⁷ I accept that posters and photographs might be said to share a general purpose with rental of digital display billboards and hoardings, i.e. displaying images as against providing apparatus on which images may be displayed, but the similarity of purpose is tenuous and only at the highest level of generality. In my judgment, there is no material similarity of purpose between the *applicant's rental/hire/leasing services for digital advertising boards/hoardings* and the opponent's *posters and photographs*.

85. Earlier I found that the opponent's composite 378 mark is also entitled to protection for computer games software on CD-ROMs, video games software, games rulebooks, games, statues and busts and collectible memorabilia cards. I also found that computer games software and video games software are dissimilar to the applicant's services. None of the other goods are even arguably similar to the applicant's services. Consequently, I find that the s.5(2)(b) ground of opposition cannot succeed on the basis of any of the other goods for which the opponent has established genuine use of the composite 378 mark.

Distinctive character of THE LORD OF THE RINGS THE TWO TOWERS

86. There is no doubt that The Lord of the Rings is a well known name. Whatever doubts there may be as to the trade mark status of the words 'The Lord of the Rings The Two Towers', those words are not inherently descriptive of the types of goods for which the 378 mark is entitled to protection. Further, it is a complex and unusual combination of words. I therefore consider that the mark has an above average level of inherent distinctiveness. The name has no doubt become more famous still following the release of the blockbuster film of the same name in 2002. However, in

²⁷ A party offering rental services for conventional billboards would be in competition with the applicant, but a party marketing posters and photographs would not.

relation to the goods in classes 9 and 16 on which the opponent has to mainly rely for the purposes of its s.5(2)(b) ground, namely: *compact discs featuring fantasy games, fantasy films, and music; pre-recorded audio cassettes, pre-recorded CD-ROMS, pre-recorded DVD discs, CD-ROMS, DVDs and compact discs, featuring animated cartoons, fantasy films, and music, video discs featuring fantasy games, fantasy films and music and photographs, posters*, it cannot be assumed that all relevant consumers will perceive the mark as a trade mark. Because of the nature of the use made of it, some consumers are likely to see it as being no more than the title of films and will regard the signs used by the maker and distributor of the films as indicating the undertakings responsible for the products. However, the average consumer may (again, I put it no higher than that) regard THE LORD OF THE RINGS element as also serving a quasi trade mark function. I will therefore assess the likelihood of confusion on the basis that the use shown has established that the composite 378 mark has acquired an enhanced distinctive character for DVDs.

87. I do not accept that the use shown has materially enhanced the distinctive character of the mark for the other goods in classes 9 and 16 for which there is relatively limited use shown in the evidence.

88. THE TWO TOWERS element alone is less complex than the composite 378 mark as a whole and more mundane than 'The Lord of the Rings'. It therefore has less inherent distinctive character for the goods at issue than the composite mark as a whole. I assess the inherent distinctiveness of that element alone as 'average'. For the reasons given earlier, I do not accept that the distinctiveness of that element has been enhanced through the use of the composite mark.

Similarity of Marks

89. The opponent's 378 mark is plainly not identical to THE TWO TOWERS, but it includes those words. This introduces a medium degree of visual and aural similarity between the marks. The additional words at the beginning of the opponent's mark - 'The Lord of the Rings' - means that the marks also have significant visual and aural differences. Further, the words 'The Two Towers' alone could mean two towers in any context, whereas following 'The Lord of the Rings' they will be recognised as meaning exclusively the second book/film of The Lord of the Rings trilogy. The marks as wholes do not therefore have exactly the same conceptual identity. Nevertheless, because the Tolkien meaning is at least one of the possible meanings of The Two Towers, I accept that there is a significant degree of conceptual similarity between the marks.

Average consumer

90. The applicant submits that the end users of its services are advertising and media agencies. The opponent written submissions²⁸ stated that I should consider:

"users likely to use both the goods and services covered by the earlier mark and the product covered by the mark applied for (judgment of 01/07/2008, T-328/05, 'QUARTZ' para. 23)". In the present case, the Opponent submits that because the goods covered by its marks attract both the general public as well as specialised public, and the Contested services are aimed solely at business customers, the relevant public for the purposes of assessing the likelihood of confusion here will be limited to business customers.

91. It therefore appears to be common ground that users of the applicant's services are business customers and I see no reason to doubt that the principal users will be advertising and media agencies. Such consumers are likely to pay a relatively high level of attention when selecting the services covered by the application (compared to everyday purchases, such as a DVD). I have more difficulty accepting that the relevant public for the opponent's goods are business customers, by which I think it means licensees and potential licensees of its rights. The CJEU has examined the question of the relevant public for the purposes of trade mark law. In *Matratzen Concord AG v Hukla Germany SA*²⁹ the court found that:

"In fact, to assess whether a national trade mark is devoid of distinctive character or is descriptive of the goods or services in respect of which its registration is sought, it is necessary to take into account the perception of the relevant parties, that is to say in trade and or amongst average consumers of the said goods or services, reasonably well-informed and reasonably observant and circumspect, in the territory in respect of which registration is applied for (see Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, paragraph 29; Case C-363/99 *Koninklijke KPN Nederland* [2004] ECR I-1619, paragraph 77; and Case C-218/01 *Henkel* [2004] ECR I-1725, paragraph 50)." (emphasis added)

92. The court had earlier addressed the significance of the trade's perception of trade marks in more detail in *Björnekulla Fruktindustrier AB v Procordia Food AB*³⁰ where the court found that:

"24. In general, the perception of consumers or end users will play a decisive role. The whole aim of the commercialisation process is the purchase of the product by those persons and the role of the intermediary consists as much in detecting and anticipating the demand for that product as in increasing or directing it.

²⁸ At paragraph 34

²⁹ Case C-421/04

³⁰ Case C-371/02, [2004] R.P.C. 45 (CJEU)

25. Accordingly, the relevant circles comprise principally consumers and end users. However, depending on the features of the product market concerned, the influence of intermediaries on decisions to purchase, and thus their perception of the trade mark, must also be taken into consideration.”
(emphasis added)

93. Thus the perception of the trade in the form of intermediaries between the trade mark owner and consumers/end users of the goods at issue may be relevant, but whether their perception is relevant depends on the market for the goods and on the influence that such intermediaries have on consumers’ decision to purchase the goods. On that basis it is clear that the perception of doctors, who prescribe pharmaceuticals for their patients, are relevant when assessing the likelihood of confusion between trade marks for those products because any confusion on their part will affect decisions to purchase the goods.³¹ On the other hand, the perception of bakers does not appear to be relevant to the question of whether a trade mark is generic for bread rolls because bakers have little influence over consumers’ decisions to purchase those goods.³²

94. The goods for which the opponent’s 378 mark is entitled to protection are plainly intended for the general public. The opponent’s (potential) licensees are not typical consumers or end users of pre-recorded DVDs etc. I doubt that a licensee is an ‘intermediary’ in the sense described in the above cases. This is because the licensee of a trade mark has a similar relationship to the goods sold under the licensed mark to that of the proprietor of the mark. In any event, they have no influence over the public’s decisions to purchase those goods apart from making the goods available for purchase and promoting them. That would apply to any licensee of any product and cannot therefore be what the CJEU meant by intermediaries. The perception of consumers or end users of DVDs etc. therefore plays a decisive role in this assessment.

95. I therefore conclude, contrary to the opponent’s argument, that the average consumer for the goods for which the opponent’s mark is entitled to protection is a notional member of the general public. It is true that the general public includes those who work in advertising and media agencies, and to that extent there is some limited overlap of relevant consumers.

Likelihood of confusion

96. In considering the likelihood of confusion I take account of the principles established by the Court of Justice of the European Union (CJEU) in cases *Sabel BV v Puma AG* [1998] RPC 199; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*

³¹ See paragraphs 56-58 of the judgment of the CJEU in *Alcon, Inc. v OHIM*, Case C-412/05P

³² See the Opinion of Advocate General Pedro Cruz Villalon in Case C-409/12, *Backaldrin Österreich The Kornspitz Company GmbH v contre Pfahnl Backmittel GmbH*.

[1999] RPC 117; *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77; *Marca Mode CV v Adidas AG & Adidas Benelux BV* [2000] E.T.M.R. 723; *Matratzen Concord GmbH v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)*, Case T-6/01; *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH* C-120/04; *Shaker di L. Laudato & C. Sas v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* C-334/05P.

The principles

- (a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;
- (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;
- (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;
- (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;
- (f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element in that mark;
- (g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;
- (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

97. The matter must be judged at the date of the opposed application: 26 October 2011. The opponent relies on the judgment of the CJEU in *Medion AG v Thomson multimedia Sales Germany and Austria GmbH*³³ as support for its argument that the public will see THE TWO TOWERS as an independent distinctive element of its earlier mark THE LORD OF THE RINGS THE TWO TOWERS. The opponent argues that when combined with the alleged complementary relationship between some of the opponent's goods and the applicant's services, there is a likelihood of confusion.

98. However, I have found that:

- i) THE TWO TOWERS element of the opponent's mark has an average degree of inherent distinctiveness, and the distinctiveness of that element as a trade mark has not been enhanced through the use made of it.
- ii) The opponent's goods are not similar to the applicant's services or, if I am wrong about that, there is only a low degree of similarity between digital media in class 9 and rental/hire/leasing of digital advertising billboards and hoardings in class 35.
- iii) There is a medium degree of similarity between the opponent's composite 378 mark and the applicant's mark.
- iv) The average consumer for the opponent's goods is a notional member of the general public whereas the average consumer for the applicant's services is an advertising and/or media business. The latter is likely to pay a relatively high degree of attention when selecting the services covered by the application.

99. Taking account of all relevant factors, I find that there is no likelihood of confusion, including the likelihood of association. This includes the likelihood of so-called 'initial interest confusion', which the opponent's representative submitted was likely citing *Och-Ziff Management Europe Limited and Another v Och Capital and*

³³ Case C-120/04

*Others.*³⁴ I do not accept that an average consumer of *renting/hiring/leasing digital advertising billboards and hoardings*, paying a relatively high degree of attention when selecting such services, would be likely to believe (initially or otherwise) that the undertaking responsible for providing those services under the mark THE TWO TOWERS was also responsible for such different goods as *compact discs featuring fantasy games, fantasy films, and music; pre-recorded audio cassettes, pre-recorded CD-ROMS, pre-recorded DVD discs, CD-ROMS, DVDs and compact discs, featuring animated cartoons, fantasy films, and music, video discs featuring fantasy games, fantasy films, and music* under the mark THE LORD OF THE RINGS THE TWO TOWERS, or that the undertakings concerned were economically connected. The mere fact that the applicant's mark constitutes one element of the opponent's 378 composite mark does not require a different conclusion.³⁵

100. As this represents the opponent's best arguable case under s.5(2)(b), it follows that this ground of opposition fails.

Assessment of the Section 5(3) ground of opposition

101. Section 5(3) is as follows:

5(3) A trade mark which -

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark or international trade mark (EC) 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.

102. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel*, [2009] ETMR 13, Case C-408/01, *Addidas-Salomon*, [2004] ETMR 10 and Case C-487/07, *L'Oreal v Bellure* [2009] ETMR 55. The law appears to be as follows.

a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors*, *paragraph 24*.

(b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors*, *paragraph 26*.

(c) It is necessary, but not sufficient, for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case

³⁴ [2010] EWHC 2599 (Ch) at paragraph 87.

³⁵ See, for example, *Gateway Inc. v OHIM*, CJEU, Case C-57/08

where the public calls the earlier mark to mind; *Adidas Saloman*, paragraph 29 and *Intel*, paragraph 63.

(d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks, the goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark's reputation and distinctiveness; *Intel*, paragraph 42

(e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the future; *Intel*, paragraph 68; whether this is the case must also be assessed globally, taking account of all relevant factors; *Intel*, paragraph 79.

(f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious likelihood that this will happen in future; *Intel*, paragraphs 76 and 77.

(g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel*, paragraph 74.

(h) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party where it seeks to ride on the coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image; *L'Oreal v Bellure*, Court's answer to question 1.

The reputation of the earlier marks

103. The matter must again be assessed as at the date of the opposed application: 26 October 2011 ("the relevant date"). The opponent's representative stated at the hearing that the opponent's reputation commenced in 2002, which appears to base the reputation on the films that exploited the opponent's rights.

104. As is apparent from paragraph 26 of the judgment of the CJEU in *General Motors*, the reputation of the opponent's marks must be established in relation to the goods for which they are registered.

105. Considering first THE TWO TOWERS, I have already held that it has not been established that the words have a reputation as a trade mark in relation to DVDs, or soundtracks on CDs. Therefore any reputation attached to those words merely as the title of a particular film is irrelevant.

106. There is evidence that the composite 378 mark THE LORD OF THE RINGS THE TWO TOWERS has also been used in the UK and in the EU in relation to computer games software, video games software, posters and prints (photographs), collectible cards/memorabilia, games rulebooks, games and statues and busts. And that the 195 mark, THE TWO TOWERS, was used in relation to chess pieces.

107. According to paragraph 27 of the CJEU's judgment in *General Motors*, in order to assess whether a mark has acquired a relevant reputation it is necessary to consider:

“.....all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.”

108. The opponent appears to have spent a significant amount [REDACTED] promoting the marks (along with the associated copyright material from the films) in the period from 2002 to early 2008, but only an unspecified proportion of this was spent promoting the marks in the UK and EU. Substantial royalty income was received during this period from licensing the opponent's rights, including the marks at issue, in relation to games, video games, chess pieces and statues and busts. However, the bulk of the use in relation to statues and busts appears to have taken place in the USA.

109. It is not clear how much the opponent spent promoting the marks in the following 3.5 year period leading up to the date of the opposed application. What is clear is that income from UK licensees during this period was pretty modest [REDACTED] and declining [REDACTED

].

110. I do not know the size of the UK or EU market for games, but I doubt that [REDACTED] over 3.5 years amounts to more than a tiny proportion of the market. Even taking into account the probably larger sales of games pre-2008, I do not think that the opponent has established that THE LORD OF THE RINGS THE TWO TOWERS, or THE TWO TOWERS alone, were known as trade marks to a significant proportion of the relevant public for games at the relevant date.

111. The position with regard to the other goods listed in paragraph 106 above is even less favourable to the opponent because the use of the marks in relation to the other goods was more modest. I therefore find that the opponent has not established that the marks enjoyed a qualifying reputation at the relevant date for computer games software, video games software, posters and prints (photographs), collectible cards/memorabilia, games rulebooks, games, chess pieces or statues and busts.

112. There is nothing to suggest that the position was any different in the EU as a whole. Indeed given the difference in languages in Europe, it cannot be assumed that the goods carrying the opponent's marks were known by the same words in other non-English speaking European markets.

113. The composite 378 mark was used under licence on a huge scale in relation to DVDs. If only a section of the relevant public recognised THE LORD OF THE RINGS as a trade mark for DVDs, then the composite 378 mark would have enjoyed a relevant reputation amongst a significant section of the public.

Link ?

114. If I am right in finding that THE TWO TOWERS has no reputation as a trade mark, then it follows that the average consumers of the applicant's services will make no relevant link between the 195 mark and the applicant's mark.

115. Even if the 378 composite mark had a reputation as a trade mark for DVDs at the relevant date, THE TWO TOWERS element of that mark had no independent reputation as a trade mark (as opposed to a film title) for those goods. Taking that into account along with:

- i) the differences between the types of goods for which the opponent's mark is entitled to protection and the applicant's business rental services,
- ii) the mostly different consumers of those goods/services,³⁶

I find that consumers and potential consumers of the parties' goods/services will not make a relevant link between the 378 mark as a whole and the applicant's mark.

116. In case I am wrong about this, I find that the opponent has not established that any link between the composite mark and the applicant's mark would lead to unfair advantage, tarnishing of reputation or detriment through dilution. This is because:

- i) The non-trade mark nature of THE TWO TOWERS element of the composite mark means that there is no relevant trade mark reputation for the applicant to take advantage of, or tarnish, or dilute.

³⁶ See paragraph 49 of *Intel*

- ii) The nature of the reputation of the opponent's 378 mark is such that its appeals lies with the general public who are fans of the creative works at the heart of the opponent's rights and are moved to purchase merchandise or other consumer goods, such as chocolate and cereals, because they bear words and images from the films. These qualities are not readily transferable to business-to-business services of the kind covered by the application because the economic behaviour of media and advertising agencies is unlikely to be influenced by an affinity to the works of Tolkien (or the exploitation of those works to the public) when it comes to choosing a service provider for *rental/hire/leasing of digital advertising boards and hoardings*.
- iii) Particularly given the difference between the respective goods and services, the suggestion that the applicant might provide sub-standard services under its mark, which might tarnish the opponent's reputation, is hypothetical and does not present the required "serious likelihood" of this happening in the future.
- iv) The use of a mark by a new undertaking, which had previously been used exclusively by the holder of an earlier trade mark, does not necessarily mean that the use of the later mark will be detrimental to the distinctive character of the earlier mark, even where the earlier trade mark has a huge reputation with the public.³⁷

117. The ground of opposition based on s.5(3) therefore fails.

The section 5(4)(a) ground of opposition – Passing off right

118. 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 of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade".

119. The opponent relies on the established law of passing off and, in particular, on *Mirage Studios v Counter-Feat Clothing Company Limited*.³⁸ That case concerned the use of images of cartoon characters styled as ninja turtles. The claimant owned the copyright in a number of artistic works consisting of representations of those characters. The characters had become well known through a popular TV program.

³⁷ See paragraph 70 of *Intel*.

³⁸ [1991] FSR 145

The defendant sold casual clothing decorated with similar (but not identical) representations of cartoon ninja turtles.

120. Basing himself on the well known speech of Lord Diplock in *Erven Warnink BV v. J. Townend & Sons (Hull) Limited*³⁹ the then Vice Chancellor, Nicolas Browne-Wilkinson, noted that passing off depended on the presence of:

“(1) A misrepresentation (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to the business or goodwill of the trader by whom the action is brought or in a *quia timet* action will probably do so.”

121. The Vice Chancellor also noted that the claimant in that case was neither a maker nor seller of goods. The claimant’s only connection to goods was as the licensor of copyrights in cartoon characters. However, he found that there was evidence that “*a substantial number of the buying public expected that where a famous cartoon or television character is reproduced on goods, that reproduction is the result of a licence granted by the owner of the copyright or owner of other rights in that character*”. Therefore a substantial number of the public would expect the defendant’s goods to be licensed by the claimant. He concluded:

“On the evidence in this case, the belief that the goods are genuine involves a misrepresentation, namely that they are licensed.”

122. The Vice Chancellor found that the second, third, fourth and fifth requirements set out above were also satisfied. With regard to the fourth requirement, he found that the claimant’s business included licensing their copyrights in the ninja turtles characters. He therefore found that:

“..... if others are able to reproduce or apparently reproduce the Turtles without paying licence royalties to the plaintiffs, they will lose the royalties. Since the public associates the goods with the creator of the characters, the depreciation of the image by fixing the Turtle picture to inferior goods and inferior materials may seriously reduce the value of the licensing right. This damage to an important part of the plaintiffs' business is therefore plainly foreseeable.”

123. The Vice Chancellor distinguished the case before him from three earlier cases. These were *Wombles Limited v. Womble Skips Limited*,⁴⁰ *Tavener Rutledge Limited v. Trexapalm Limited*,⁴¹ and *Lynstad v. Annabast Products Limited*.⁴² In each case

³⁹ [1980] RPC 31

⁴⁰ [1977] RPC 99

⁴¹ [1975] FSR 179

the alleged misrepresentation involved the use of a name rather than drawings in which copyright might subsist and the parties were in different fields of activity. Therefore it was difficult to see what connection the defendant's uses might be thought to have to the claimant's business.

124. The opponent's business in this case includes the licensing of the names of artistic works, as well as the licensing of copyright material.⁴³ The level of business required to establish a protectable goodwill is not particularly high and need not require the opponent's mark to be known to a significant proportion of the relevant public, as required for the purposes of a claim brought s.5(3). I find that the opponent's business had goodwill in the UK at the relevant date which covered, inter alia, the licensing of names and copyright material from the works of J.R.R. Tolkien for product merchandising and promotional purposes. One of those names was THE TWO TOWERS. The law of passing off is wide enough to cover misrepresentations made to trade customers in the UK.⁴⁴ If that includes UK 'customers' for licences for the opponent's rights and/or businesses seeking consent to exploit the opponent's rights for promotional purposes, then the perception of those businesses is relevant. Such parties are more likely than end consumers of merchandise to have been aware of the opponent's licensing business.

125. Despite this I find that use of THE TWO TOWERS in relation to rental services for digital advertising billboards and hoardings would not have constituted a misrepresentation at the relevant date. This is because of the combined effect of the following factors.

- i) The opponent's licensing business in the UK by reference to THE LORD OF THE RINGS THE TWO TOWERS was modest in the 3-4 years leading up to the relevant date, and in decline.
- ii) The opponent's licences/consents to use THE TWO TOWERS usually also involved the use of THE LORD OF THE RINGS and/or imagery from the films. The applicant proposed use of THE TWO TOWERS must be assessed by reference to the likely effect of the use of those words alone, which being just part of the title of one of the films is less likely to make people believe that the applicant's services are licensed by the opponent than the use of THE LORD OF THE RINGS THE TWO TOWERS and/or the use of THE TWO TOWERS with imagery from the films.

⁴² [1975] FSR 488

⁴³ This may not be fatal to the opponent's case. The 'false endorsement' cases, such as *Irvine v Talksport Limited* [2002] EWHC 367, indicate that a misrepresentation may be based on engendering a false belief as to the licensing of a name, although these cases usually involve the name of a celebrity rather than the name of an artistic work, which is inherently less well suited to identifying the undertaking responsible for commercialising it.

⁴⁴ See, for example, *Home Box Office Inc. v Channel 5 Home Broadcasting Ltd*, [1982] FSR 448.

- iii) The applicant's services are not merchandise or other consumer goods of the kind that the public (including trade customers) might naturally expect to be used (under licence or with the right holder's consent) to exploit literary or film rights.
- iv) Although there seems at first sight to be a link of sorts between the opponent's entertainment rights and use of THE TWO TOWERS as a trade mark for *rental/hire/leasing services for digital billboards and hoardings*, on proper examination the connection is highly tenuous and is, in fact, no more than a speculative link between the opponent's copyright material and the content of the advertisements/promotions which third parties might place before the public using the digital billboards and hoardings rented from the applicant.

126. Accordingly, although I note that normal and fair use of the applicant's mark for rental services would include affixing it to its digital billboards etc., I find that such use would not amount to a misrepresentation that the applicant is a licensee of the opponent.

127. Save for one possible point, the opponent's case that the applicant's use would amount to a misrepresentation to consumers/end users of merchandise is no stronger than that there is a likelihood of confusion for the purposes of trade mark law. And there is no question in this case that the applicant is passing off its services as somehow being, or including, content from the film THE TWO TOWERS.

128. The one possible difference between the position under trade mark law and the position under passing off law is that Lewinson L.J. in the Court of Appeal in *Marks and Spencer PLC v Interflora*,⁴⁵ cast doubt on whether the test for misrepresentation for passing off purposes came to the same thing as the test for a likelihood of confusion under trade mark law.⁴⁶ He pointed out that it is sufficient for passing off purposes that "a substantial number" of the relevant public are deceived, which might not mean that the average consumer is confused. As both tests are intended to be partly qualitative measures intended to exclude those who are unusually careful or careless, it is doubtful whether the difference between the legal tests will ever (all other factors being equal) produce different outcomes. However, for the avoidance of doubt, applying the appropriate test for misrepresentation, I find that it is unlikely that a substantial number of persons will believe that the services that the applicant proposes to offer to other businesses under THE TWO TOWERS are licensed or otherwise connected with the party holding the entertainment and merchandising rights in the works of Tolkien. I am fortified in this view because, although it is not necessary as a matter of law for a defendant to be in the same field

⁴⁵ See [2012] EWCA (Civ) 1501

⁴⁶ As per Jacob L.J. in *Reed Executive Plc v Reed Business Information Ltd* [2004] RPC 40.

of activity as a claimant, it is more onerous to establish misrepresentation as a fact where, as here, the parties are in quite different fields of activity.⁴⁷

Costs

129. The opposition having failed, the applicant is entitled to a contribution towards its costs. The Registrar normally awards costs on the basis that such awards make a contribution towards the successful party's costs (as opposed to covering the full cost). If the applicant had been legally represented I would have ordered the opponent to pay the applicant £3500 made up of:

- i) £500 for considering the notice of opposition and preparing a counterstatement.
- ii) £1500 for considering the opponent's evidence and filing evidence in reply.
- v) £1000 for preparing for and attending the hearing.

130. However, parties without legal representation usually have lower costs and it is necessary to ensure that awards do not exceed the amounts actually spent on the proceedings. Therefore I invite the applicant to provide, within 28 days of the date of this decision, a schedule setting out the costs incurred in these proceedings having particular regard to the headings set out above. This may include an estimate of the number of business hours spent on this matter and the hourly rate(s) at which these costs have been incurred. In this connection, it should be noted that the Registrar will not normally award costs to unrepresented parties at a rate higher than £18 per hour.

Outcome

131. The opposition is rejected and, subject to appeal, the trade mark may proceed to registration.

Dated this 9th day of December 2013

**Allan James
For the Registrar**

⁴⁷ See, for example, *Harrods Limited v Harrodian School* [1996] RPC 697

Annex A

The 195 mark is registered for these goods/services.

Class 9: Audio recordings; video recordings; audio and video recordings; compact discs; tape cassettes; semi-conductor devices containing recorded sound and/or video and/or images; apparatus, instruments and media for recording, reproducing, carrying, storing, processing, manipulating, transmitting, broadcasting, retrieving and reproducing music, sounds, images, text, signals, software, information, data and code; music, sounds, images, text, signals, software, information, data and code provided by telecommunications networks, by online delivery and by way of the Internet and the world wide web; coin feed apparatus; electronic amusement apparatus; computer games; arcade games; computer game programs and downloadable online interactive computer game programs having single and multi - player capability; multimedia apparatus and instruments; photographic and cinematographic films prepared for exhibition; photographic transparencies; computer software; computer hardware and peripheral apparatus for use therewith; non-printed publications; educational and teaching apparatus and instruments; electronic, magnetic and optical credit, identity and/or membership cards; sunglasses, sun visors, and cases and bags adapted therefor; parts and fittings for all the aforesaid goods.

Class 28: Toys, games and playthings; decorations for Christmas trees; action figures and accessories therefor; balls; dolls and accessories therefor; party favours in the nature of small toys and play accessories; play figures; puzzles; costume masks; puppets; hand-held computer games.

Class 41: Entertainment services; live dramatic, theatrical and musical performances; organisation and production of audio and visual shows, performances, programmes and recordings; production of television, stage and theatrical performances and concerts; ticket agency services; production and distribution of radio and television shows and programmes; radio production services; selection and compilation of pre-recorded music for broadcasting by others; production and distribution of films and recordings; arranging and conducting exhibitions, shows and tours, all for entertainment purposes; production of animated and live action programmes; recording studio services; production of recorded music and audio story books; publication of printed matter relating to the aforesaid; entertainment services in the field of interactive multi-player games; providing access to computer game programs via online electronic communications and global

computer networks; information and advisory services relating to the aforesaid, including such services provided on-line from a computer network or via the Internet.

The 378 mark is registered for:

Class 9: Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; automatic vending machines and mechanisms for coin operated apparatus; cash registers, calculating machines, data processing equipment and computers; fire-extinguishing apparatus; apparatus for computer and video games adapted for use with TV only; calculators; cameras; CD players; compact discs featuring fantasy games, fantasy films, and music; computer game programs, computer game software, computer hardware, computer peripherals, downloadable online interactive computer game programs having single and multiplayer capability, DVD players, headphones, interactive computer video games, interactive multimedia computer game programs, magnetically encoded calling cards, magnetically encoded transportation cards, magnetically-encoded credit cards, magnets, mousepads, pre-recorded audio cassettes, pre-recorded CD-ROMs, pre-recorded computer game discs, pre-recorded DVD discs, pre-recorded laser discs, pre-recorded phonograph records, pre-recorded video tapes, CD-ROMs, DVDs, and compact discs featuring animated cartoons, fantasy films, and music, pre-recorded video game cartridges, sunglasses, video discs featuring fantasy games, fantasy films, and music, video game discs, video game machines for use with television sets, and video game software; holograms; swim floats for recreational use.

Class 16: Paper, cardboard and goods made from these materials (included in class 16); printed matter; bookbinding material, photographs; stationery; adhesives for stationery or household purposes; artists' materials, paint brushes; typewriters and office requisites (except furniture), instructional and teaching material (except apparatus); plastic materials for packaging (included in class 16); printers' type; printing blocks; activity kits containing stamper markers, rubber stampers, ink pad, colored pencils and stamper holder packaged as a unit; address books, art prints, art reproductions, artist's brushes, artist's materials, arts and craft drawing kits, arts and craft model-making kits comprised of glue and plastic figures, bank checks, blank note cards, book marks, books containing puzzles and games, books featuring photographic prints, books for role-playing, books on fantasy, books on myths, calendars, cardboard figures, children's activity books, coin albums, collector albums, color by number kits, coloring books, comic books, comic magazines,

composition books, copy books, correspondence note paper, crayons, decorative rubber stamps, desk accessories, desk baskets, desk pads and stationery sets comprised of paper, envelopes, seals and notepads, desk stands, desk holders for pens and pencils, desk top organizers, diaries, erasers, fantasy magazines, gift books, greeting cards, guest books, holograms on paper, instructional manuals and strategy guides for games, invitations, iron-on patches, lithographic prints, maze books, memorandum boards, modeling materials and compounds for use by children, non-electric personal planners and organizers, non-magnetically coded telephone calling cards, non-magnetically coded cards used as credit cards, non-magnetically coded transportation fare cards, notebooks, notepad and pencil sets, notepads, organizers for stationery use, original artwork prints, painting sets, paper activity kits consisting of writing and drawing implements, paper doorknob hangers, paper mache figures, paper napkins, paper party decorations, paper ribbons, paper table cloths, patterns for making costumes, pencils, pencil cases, pencil sharpeners, pens, personal organizers, photograph albums, photographic prints, picture books, pop-up books, postcards, poster books, posters, printed paper patterns, puzzle books, rub down transfers, scrapbook albums, sketchbooks, stamp albums, stationery, stationery portfolios, stencils, sticker books, stickers, temporary tattoos, trading card milk bottle caps, trading cards, and writing pads.

Class 20: Furniture, mirrors, picture frames; goods (included in class 20) of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerschaum and substitutes for all these materials or of plastics; bookcases, chairs, coat racks, cushions, desks, figurines and figural products, collectible figurines and figurines incorporated into settings, made of resin, wood, cork, reed, crane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerschaum or substitutes for these materials, or of plastics, furniture, furniture chests, furniture mirrors, hand held mirrors, jewelry cases not of precious metal, non-metal keychains, non-metal keyrings, personal compact mirrors, picture frames, pillows, sleeping bags, tables, toy chests, window shades.

Class 25: Clothing, footwear, headgear; athletic shoes, bathrobes, belts, boxer shorts, caps, children's footwear, coats, costumes for use in role playing games, dresses, fitness tops, footwear, gloves, Halloween costumes, hats, head wear, headbands, hosiery, jackets, jogging suits, jumpsuits, long underwear, masquerade costumes; mittens, overalls, pajamas, pants, parkas, rainwear, scarves, shirts, shorts, skirts, sleepwear, slippers, socks, special sporting and gymnastic footwear, special sporting and gymnastic wear, suspenders, sweaters, sweatpants, sweatshirts, swim wear, tank tops, ties, tights, t-shirts, underwear, visors, warm-up suits, wind-resistant jackets, and wristbands.

Class 28: Games and playthings; gymnastic and sporting articles (included in class 28); decorations for Christmas trees; toys, games and sporting equipment, action figures, action skill games, action type target games, amusement park rides, arcade

games, arrows, balloons, balls, bath toys, board games, bows, card games, board games, chess games, chess pieces, children's toy mazes, Christmas tree ornaments, coin operated pinball machines, coin-operated video game machines, collectible toy figures, construction toys, costume masks, darts, doll clothing, dolls, electronic action toys, electronic educational game machines for children, fantasy character toys, flying discs, hand held electronic toys, hand held units for playing video games, hobby craft kits for decorating hair, hobby craft kits for making beads, hobby craft kits for making crystals, hobby craft kits for making decorative objects with magnets, hobby craft kits for making model figures, hobby craft kits for making sand art, hobby craft kits for making toy jewelry, hobby craft sets consisting of play cosmetics, inflatable toys, in-line skates, jigsaw puzzles, kites, LCD game machines, marbles, maze games, mechanical action toys, non-motorized toy scooters, paper face masks, parlor games, pinball games, pinball machines, play sets for action figures, play sets for masquerade games and costumes, playing cards, plush toys, pool rings, positionable toy figures, puppets, remote controlled action figures, role-playing games and accessories, role-playing toys, roller skates, sand toys, skateboards, soccer balls, soft sculpture toys, stand alone video game machines, surf boards, talking toys, three-dimensional puzzles, toy action figure accessories, toy action figures, toy armor, toy axes, toy banks, toy bows and arrows, toy boxes, toy building blocks and connecting links for the same, toy candy dispensers, toy coin banks, toy cosmetic kits, toy daggers, toy figures, toy helmets, toy knives, toy maces, toy modeling compounds and dough, toy radio controlled vehicles, toy scooters, toy snow globes, toy structures, toy swords, toy throwing discs, toy vehicle kits, toy vehicles, toy watches, toy weapons, transforming robotic toys, three-dimensional puzzles, whistles, wind-up toys and yo-yos; kaleidoscopes; paper party hats; playing cards; masquerade masks.