O/478/20

In the matter of UK Trade Mark Application No.3316195 to register a device mark featuring the words ANTS R US for 'live insects' in class 31 in the name of Chris Newman (the Applicant)

and

Opposition thereto No. 413832 by Geoffrey, LLC (the Opponent)

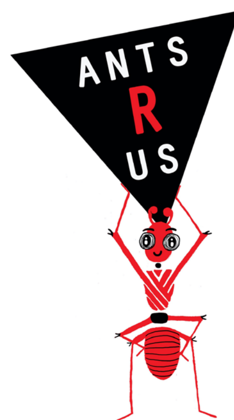
and

In the matter of an Appeal to the Appointed Person by the Opponent against the Decision of the Hearing Officer O-678-19 for the Registrar, The Comptroller General dated 6 November 2019

DECISION OF THE APPOINTED PERSON

Introduction

1. Mr Chris Newman applied to register the device mark shown below on 7 June 2018 in respect of 'live insects' in class 31:



2. The Application was opposed by Geoffrey, LLC ('the Opponent') on a single ground under section 5(4)(a) of the Trade Marks Act 1994 (as amended) ("the Act") namely that use of the mark applied for was liable to be prevented by the law of passing off, relying principally on extensive use of the sign TOYS R US throughout the UK since 1985.

The Hearing Officer's Decision

3. The Hearing Officer, Ms Heather Harrison, found that, at the relevant date (i.e. 7 June 2018), the Opponent owned a residual goodwill in respect of its business of providing retail services relating to toys, games and playthings, of which the sign TOYS R US was distinctive. Despite finding that the Applicant's explanation of how he came up with the mark applied for (in particular the ANTS R US element) was not credible, the Hearing Officer concluded the mark applied for would make no misrepresentation to the public. She acknowledged that the mark applied for might bring the earlier sign (i.e. TOYS R US) to mind, but concluded that the similarities between the mark and the sign, when considered against the distance between the fields of activity and the weak distinctiveness of the sign, were insufficient to deceive a substantial number of the relevant public. Accordingly, the Opposition failed.

The Appeal in outline

4. The Appellant submits the Hearing Officer was clearly wrong in her conclusion, which it says is a decision which no reasonable tribunal could have reached on the facts. These overall submissions were developed in the guise of five alleged errors of principle, as follows:

    a. The first is concerned with an alleged error of principle in the assessment of the distinctive character of the 'R US' element of the earlier sign;

    b. Second, a resultant error in the comparison of the marks;

    c. Third, the alleged error of ignoring the Opponent's evidence of its trading outside the UK;

    d. Fourth, alleged errors in the comparison of the respective goods. The Appellant alleges its goodwill and reputation extended to the sale of identical and/or similar 'insect-based' products. Furthermore, the Appellant asserts that the Applicant (a litigant in person) admitted during the hearing below that the Opponent's insect-based goods were complementary to his 'live insects'.

    e. Fifth, alleged errors in the overall assessment of the Appellant's passing off case under section 5(4)(a).

5. The Appellant developed these points in its Skeleton Argument and in oral submissions. I address them below, albeit in a different order.

6. The hearing of the Appeal took place by videolink on 7th April 2020. Mr Chris McLeod and Mr Allister McManus of Elkington & Fife appeared for the Appellant and Mr Newman appeared in person. I am grateful to both sides for their skeleton arguments and succinct oral submissions.

Standard of appeal

7. This appeal is by way of review of the Hearing Officer's decision. Neither surprise at a Hearing Officer's conclusion, nor a belief that he or she has reached the wrong decision suffices to justify interference in this sort of appeal. Before that is warranted, it is necessary for me to be satisfied that there was a distinct and material error of principle in the decision in question or that the Hearing Officer was wrong. The relevant principles were set out in *TT Education Ltd v Pie Corbett Consultancy* [2017] RPC 17 by Daniel Alexander QC sitting as the Appointed Person at [14]-[52] and his conclusions were approved by Arnold J in *Apple Inc v Arcadia Trading Limited* [2017] EWHC 440 (Ch). Mr Alexander QC said in particular that:

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

8. Subsequently, the Supreme Court in *Actavis Group PTC v. ICOS Corporation* [2019] UKSC 1671 dealt with the role of the appellate court at [78] to [81]. Lord Hodge said:

> "78. … Where inferences from findings of primary fact involve an evaluation of numerous factors, the appropriateness of an intervention by an appellate court will depend on variables including the nature of the evaluation, the standing and experience of the fact-finding judge or tribunal, and the extent to which the judge or tribunal had to assess oral evidence: *South Cone Inc v Bessant* , *In re Reef Trade Mark [*2002] EWCA Civ 763; [2003] RPC 5 , paras 25-28 per Robert Walker LJ.

…

> 80. What is a question of principle in this context? An error of principle is not confined to an error as to the law but extends to certain types of error in the application of a legal standard to the facts in an evaluation of those facts. What is the nature of such an evaluative error? In this case we are not concerned with any challenge to the trial judge's conclusions of primary fact but with the correctness of the judge's evaluation of the facts which he has found, in which he weighs a number of different factors against each other. This evaluative process is often a matter of degree upon which different judges can legitimately differ and an appellate court ought not to interfere unless it is satisfied that the judge's conclusion is outside the bounds within which reasonable disagreement is possible. …
>
> 81. Thus, in the absence of a legal error by the trial judge, which might be asking the wrong question, failing to take account of relevant matters, or taking into account irrelevant matters, the Court of Appeal would be justified in differing from a trial judge's assessment of obviousness if the appellate court were to reach the view that the judge's conclusion was outside the bounds within which reasonable disagreement is possible. It must be satisfied that the trial judge was wrong …"

9. Although this Appeal does not involve an appeal from a Hearing Officer who has assessed the likelihood of confusion for an opposition based upon section 5(2)(b) of the Act, the additional guidance from Mr Iain Purvis QC sitting as the Appointed Person in *Rochester* BL O/049/17 at [33] is applicable by analogy to an assessment of whether a likelihood of deception exists to found an objection under s. 5(4)(a):

> "… the reluctance of the Appointed Person to interfere with a decision of a Hearing Officer on likelihood of confusion is quite high for at least the following reasons:
>
> (i) The decision involves the consideration of a large number of factors, whose relative weight is not laid down by law but is a matter of judgment for the tribunal on the particular facts of each case
>
> (ii) The legal test 'likely to cause confusion amongst the average consumer' is inherently imprecise, not least because the average consumer is not a real person.
>
> (iii) The Hearing Officer is an experienced and well-trained tribunal, who deals with far more cases on a day-to-day basis than the Appellate tribunal.
>
> (iv) The legal test involves a prediction as to how the public might react to the presence of two trade marks in ordinary use in trade. Any wise person who has practised in this field will have come to recognize that it is often very difficult to make such a prediction with confidence. … Any sensible Appellate tribunal will therefore apply a healthy degree of self-doubt to its own opinion on the result of the legal test in any particular case."

10. I have kept these principles in mind on this appeal.

The Appeal

Trading abroad

11. It is convenient to deal first with the Appellant's third point which I can deal with shortly. The cause of action in passing off is concerned with reputation in the UK and protects goodwill in the UK. Whilst it is possible that commercial activity abroad can be relevant to the generation of reputation and goodwill in the UK (see for example, *Hotel Cipriani v Cipriani (Grosvenor Street) Ltd* [2010] EWCA 110), the trading activity relied upon in this case is entirely conventional in the sense that the Appellant relied on the operation of up to 85 stores across the UK until trading ceased altogether in the UK on 24 April 2018. It was those stores, trading as Toys R Us, which generated reputation in the UK and it was those stores which were the places to which the attractive force (i.e. goodwill) brought in customers. Bearing in mind the Appellant's UK turnover was in excess of £400m annually between 2012 and 2016, it is difficult to understand how or why trading activity either in the US or elsewhere in the world would really make any difference to the reputation and goodwill generated by the UK trading.

12. The Hearing Officer was entitled to ignore the Appellant's evidence relating to its trading outside the UK and committed no error at all in so doing.

Reputation and goodwill

13. I will next deal with the Appellant's first, second and fourth points. These points are all framed in terms of the analysis normally undertaken for a section 5(2)(b) objection.

14. I observe at the outset that the Appellant's analysis both on this Appeal and before the Hearing Officer appears to have been highly influenced (to say the least) by the approach normally taken by Hearing Officers when analysing a section 5(2)(b) objection. Care is required however. At a general level one may be dealing with similar concepts and comparisons but ultimately the applicable tests for a section 5(4)(a) ground are different from those which apply to a section 5(2)(b) ground.

15. As I shall explain, each of the Appellant's first, second and fourth points embodies a misapprehension of the cause of action in passing off. This does not necessarily invalidate the criticism being made. First it is necessary for me to outline in some detail the approach taken by the Hearing Officer.

The Hearing Officer's Approach

16. The Hearing Officer started by instructing herself by reference to a relatively recent summary from *Discount Outlet v Feelgood UK* [2017] EWHC 1400 IPEC, (HHJ Clarke sitting as a Deputy Judge of the High Court):

> "55. The elements necessary to reach a finding of passing off are the 'classical trinity' of that tort as described by Lord Oliver in the Jif Lemon case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.
>
> 56. In relation to deception, the court must assess whether "a substantial number" of the Claimants' customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21)".

17. That summary of the classical trinity from the speech of Lord Goff in the House of Lords in *Jif* (*Reckitt & Colman v Borden* [1990] 1 WLR 491, [1990] RPC 341) is a little too compressed and, for that reason, is open to misinterpretation. The first element of the trinity is reputation. Reputation is a state of knowledge amongst the relevant public resulting from the trading activity relied upon under the trade mark or get-up in question, such that the trade mark or get-up in question is distinctive of the claimant. Reputation is the foundation for the second element, an operative misrepresentation (i.e. a likelihood of deception) which itself is the cause of the third element, damage to goodwill.

18. Reputation and goodwill are closely linked and in many cases are generated by the same trading activity, but are distinct legal concepts. Misrepresentation, if it is present, results from all the circumstances including the degree of similarity between the trade mark in which the reputation exists and the sign of the defendant, the degree of similarity between the respective goods (or services) and all the circumstances in which consumers experience the trade mark and the sign respectively. All those elements must combine to persuade the tribunal that a substantial number of the relevant public will be deceived into thinking the defendant's goods are those of the claimant or connected with the claimant in the course of trade.

19. Goodwill is often described as 'the attractive force which brings in custom' from *IRC v Muller & Co's Margarine Ltd* [1901] AC 217 HL. The cause of action in passing off protects goodwill from damage by another trader's use of indicia which misrepresent his

goods or services as those of or connected with those of the owner of the goodwill. In most cases, if the court or tribunal finds an operative misrepresentation, damage to goodwill follows. However, it can be a useful cross-check to keep in mind the formulation of Lord Fraser's fifth element in the *Advocaat* case [1980] RPC 31 at 106:

'It is essential for the plaintiff in a passing-off action to show at least the following facts:

….

(5) That he has suffered or is *really likely* to suffer, substantial damage to his property in the goodwill by reason of the defendants selling goods which are falsely described by the trade name to which the goodwill is attached.' (the emphasis being Lord Fraser's, as shown in the RPC report).

20. Every case in which passing off is alleged turns on its own facts and so previous decisions are only useful analogically. With a summary of the cause of action in mind, it is often essential to refer to additional case law on particular elements which are in dispute and this is what the Hearing Officer did in her decision.

Reputation and Goodwill

21. The Hearing Officer turned to consider the issue of goodwill, although in this section she was actually considering both goodwill and reputation. She cited the well-known passage from *IRC v Muller*. She then considered a point arising from the fact that the opponent was a holding company and not the company which had conducted the actual trading business. Having cited a passage from *Scandecor* [1999] FSR 26, the Hearing Officer decided that the opponent was entitled to rely on the rights it claimed.

22. The Hearing Officer then turned to consider the impact of the cessation of business in the UK. Having referred to *Ad Lib Club Ltd v Granville* [1971] FSR 1, she noted that the sales figures for 2012 to 2016 were significant, and she inferred that the sales figures for later years down to the cessation in 2018 were lower, but that the final cessation of trade occurred less than two months before the relevant date, being the date of the application for the mark in question. The Hearing Officer concluded that the goodwill was extant at the relevant date, and that the residual goodwill was 'still fairly strong' at that date. She referred to the fact that the sign shown in the evidence was stylised, but found that the words 'TOYS R

US' were an important and identifiable part of the sign and distinctive of the opponent's business.

23. The Hearing Officer then considered for what goods or services those words were distinctive, and whether they extended beyond the retail services conceded by Mr Newman. She considered the evidence carefully and concluded at the relevant date the Opponent was entitled to rely upon the residual goodwill in its business of providing retail services relating to toys, games and playthings, of which the sign 'TOYS R US' was distinctive.

Misrepresentation

24. The Hearing Officer then turned to the topic of misrepresentation. She instructed herself entirely correctly by reference to *Neutrogena* (the passage in question citing from Lord Oliver in *Jif*) and then, entirely unsurprisingly, considered the issue of whether a common field of activity was required, citing from *Harrods Ltd v Harrodian School Ltd* [1996] RPC 697 and *Stringfellow v McCain Foods* [1984] RPC 501.

25. Turning to the facts, the Hearing Officer compared the goods in the application 'live insects' with the opponent's goodwill in retail services connected with toys, games and playthings, in this paragraph:

> "28. In the instant case, the application is for "live insects" whilst the opponent's goodwill is in retail services connected with toys, games and playthings. The opponent does not accept that the goods and services are in different fields. I note Mr Newman's acceptance at the hearing of a complementary relationship between toys and insects. However, the opponent's retail services are at a remove from the toys themselves. Although there is some evidence from the period 2007 to 2013 of the opponent offering for sale toys which involve insects, that does not equate to a retail service in relation to live insects, particularly in the absence of any evidence to show how the insects are obtained, such as whether they are included in the box with the toy itself, whether the retailer would be expected to hold a stock of insects, or whether special conditions are required for the storage or display of such goods, such that the retailer might be perceived to have any responsibility for the insects, as opposed to the packaged toys it offers for sale. My view is that the parties' businesses, in the fields of live insects and retail services in relation to toys, games and playthings, respectively, are in separate fields of activity. The selection of the opponent's services is likely to be subject to a medium degree of attention, being services offered to the general public, offering goods which are not particularly expensive and bought not infrequently, and for which there will be a degree of attention to, for example, stock range and staff knowledge (e.g. regarding toys suitable for a particular age group). The goods in the contested specification may well be bought by the general public; it is plausible that owners of exotic pets may buy live insects as food, or even that owners of ant farms may

> wish to top up their colony. It is at least equally likely that the relevant public will include businesses, including enterprises as potentially diverse as zoos and foodstuff manufacturers. Neither group is likely to be particularly inattentive. The general public will pay a medium degree of attention, ensuring, for example, that the correct species is selected; those purchasing on behalf of businesses may be purchasing greater quantities or entering into contracts of some duration and will take more care, paying a reasonably high degree of attention."

26. This paragraph is the focus of the Appellant's fourth ground of appeal which was broken down into a series of criticisms. It submits that its evidence demonstrated that various insect-based goods had been sold in 'TOYS R US' stores including *'Ant World', 'Ant-O-Sphere'* and similar goods involving other insects and other invertebrates (worms). The Appellant also alleges errors made earlier in the Decision where the Hearing Officer had said 'the vast majority of [the opponent's goods] are clearly branded with third-party marks' and 'none [of the opponent's insect-based goods in its evidence in reply] appears to be branded 'TOYS R US'. Although these last two errors were alleged in the Grounds of Appeal, I can find nothing whatever to substantiate them. Indeed, close examination of the Opponent's exhibits shows that the 'Ant World' and 'Ant-O-Sphere' products seem to be branded 'interplay' with a logo. The other claimed 'insect-based goods' featured in the catalogues also seemed to bear third-party brands: Bug Barn: National Geographic; 'The World of Insects': Clementoni. As for the first alleged error, the Hearing Officer was plainly well aware of the evidence concerning the 'insect-based goods' featured in the catalogues, however her observations on what evidence was absent were plainly correct.

27. The Appellant also asserts that the Applicant admitted during the hearing below that the Opponent's insect-based goods were complementary to his 'live insects'. It alleges the Hearing Officer failed to apply sufficient weight and analysis of this 'key admission'. It criticises the Hearing Officer for misstating the point in her paragraph 28. However, I would make two points in response: first, the Hearing Officer's formulation was, if anything, more favourable to the Opponent; but second and in any event, the Hearing Officer's formulation reflected the correct level of analysis.

28. Furthermore, the Opponent's arguments and criticisms on this aspect of the case amount to a submission that the Hearing Officer ought to have found that 'TOYS R US' was distinctive of 'insect-based goods' and even the sale of 'live insects'. Such a submission is untenable on the evidence filed by the Opponent. I can find no error in the Hearing Officer's

comparison of the goods in the application and the goods/services for which the Opponent had established a reputation under the sign TOYS R US.

29. The Hearing Officer then considered that the opponent's services would be subject to a medium degree of attention, the relevant public being the general public, involving goods which were not particularly expensive and bought not infrequently. By contrast the applicant's goods might be bought by the general public i.e. owners of exotic pets may buy live insects as food or even that owners of ant farms might wish to top up their colony, who would pay a medium degree of attention. The applicant's goods would also be bought by businesses e.g. zoos and foodstuff manufacturers, who may be purchasing in larger quantities and would pay a reasonably high degree of attention. I did not detect that any criticism was made of this reasoning.

30. The Hearing Officer turned to consider the degree of similarity between the mark applied for and the words 'TOYS R US' in a paragraph which is the focus of a number of criticisms by the Appellant. I set out that paragraph and the following one because they contain the Hearing Officer's key conclusions:

> "29. The opponent contends that the marks are visually and phonetically similar and that the "R US" element of the contested mark "directly alludes to the earlier unregistered mark". There are clear visual differences between the contested mark and the sign, given the significant device element in the contested mark and the different words "TOYS" and "Ants", the latter of which is also an aural difference. The words "TOYS" and "Ants" are, however, non-distinctive for the goods and services at issue. Whilst the contested mark and the sign share the phrase "R US", this phrase does not strike me as particularly distinctive in itself, suggesting as it does that a business has a particular concern; "TOYS R US" as a whole is strongly allusive of the fact that the business provides a service connected with toys, just as "Ants R Us" suggests a business concerned with insects. As I indicated above, only one earlier sign is pleaded but, even were that not the case, there is no evidence of "R US" being used on its own. Further, had "Babies R Us" been pleaded, there is nothing to suggest that the opponent offered goods or services other than retail services in connection with baby products. Although the opponent was clearly very successful in its heyday, the evidence does not persuade me that the phrase "R US", inherently weakly distinctive, would be uniquely associated with the opponent. Despite the level of goodwill enjoyed by the opponent at the relevant date, my view is that although the contested mark might bring the earlier sign to mind, the similarities between the mark and the sign are, when considered against the distance between the fields of activity and the weak distinctiveness of the sign, insufficient to deceive a substantial number of the relevant public.
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> 30. It has long been held that an intention to deceive should not be lightly overlooked and I have considered the opponent's submission that it is "inconceivable" that Mr Newman

> did not have the earlier sign in mind when choosing his trade mark. I do not find Mr Newman's explanation for the choice of his sign to be credible. However, the corollary is not that the contested mark was adopted with the intention to deceive. In my view, the evidence does not establish any such proposition. Indeed, given the distance between the goods and services, I am not persuaded that there was even an intention to remind consumers of the opponent's sign, let alone to live dangerously by recklessly disregarding the likelihood of deception."

31. The Appellant's first and second grounds are directed at the reasoning in paragraph 29 of the Decision. It alleges the Hearing Officer erred in her assessment of the distinctive character of the shared element 'R US' and that resulted in an erroneous comparison of the marks. It is clear that this focus on the shared element was a consistent part of the Opponent's arguments both before the Hearing Officer and on Appeal. However, the correct comparison is between the sign actually used by the Opponent and in which it has established its reputation and the mark applied for.

32. In paragraph 29, it can be seen that the Hearing Officer took the view that 'R US' was not 'particularly distinctive in itself' and also that it was 'inherently weakly distinctive'. This is the only point in the Decision which has given me pause for thought. In this regard, I refer to the prior decisions to which the Appellant draws attention – namely O/213/03 TOYS AREN'T US at §37, and O/224/06 'WINDOWS "R" US' at §17 – in which it asserts it was held that the element 'R US' and TOYS R US are distinctive. In both sets of proceedings, the Opponent relied on various UK and Community Trade Marks, including a CTM for 'R US'. The first case was an opposition which succeeded but only under ss5(3) and 3(6), and failed under s.5(4)(a), the second was an invalidity claim which failed in its entirety including under s.5(4)(a). The circumstances of each were different in material respects to the situation in this opposition, and neither decision establishes the propositions advanced, at least not without some qualification. Although a measure of consistency in the assessment of marks is desirable, it is not mandatory. In any event, the Hearing Officer had to decide this opposition on the basis of the evidence before her.

33. On the basis of her findings in paragraph 29 relating to the comparison of the marks, the Hearing Officer went on to make a clear finding that, at the relevant date of 7 June 2018, although the mark applied for might call to mind the sign TOYS R US, a substantial number of the relevant public would not be deceived. I note that this finding is in fact consistent with the Opponent's submission to the Hearing Officer which she recorded at the start of her paragraph 29. An allusion, even direct, will call the earlier sign to mind but something

stronger is required to result in a likelihood of deception. In making this finding, the Hearing Officer clearly had in mind all the relevant circumstances including (a) the similarities and differences between the mark applied for and the sign TOYS R US; (b) the distance between the retail services relating to toys, games and playthings and the 'live insects' of the application (c) the distinctive character of the sign and (d) the point about Mr Newman's intentions when adopting the mark he applied for which she dealt with in her paragraph 30. It was a nuanced finding based on a multi-factorial assessment in which I can detect no error, let alone of principle.

34. The Appellant's final ground alleges errors in the overall assessment of the case of passing off. The points made under this ground are largely a repetition of points already made, although it is legitimate for the Appellant effectively to ask the tribunal to take a step back and consider whether the outcome decided by the Hearing Officer seems to be correct. I have done that. The result reached by the Hearing Officer was well within the range of possible views that a tribunal might take in this Opposition and, overall, I agree with the result.

35. Finally, the Appellant alleged that the Hearing Officer failed to consider that use of the applicant's mark would be taken as a representation that his goods or business have some connection with the opponent, but there is nothing in this criticism: that is exactly what the Hearing Officer did consider in the second half of her paragraph 29.

36. Overall, and although I might have expressed myself slightly differently, I am unable to detect any error in the careful and clearly explained reasoning of the Hearing Officer which would entitle me to intervene.

37. Although, as the Hearing Officer noted, there was no evidence of the scale of the sales of the 'insect-based goods' and specifically *Ant World* and *Ant-O-Sphere*, the number of people who purchased those specific goods from TOYS R US must have been relatively very small. The Appellant's best case probably lay in the reaction of those purchasers to the mark applied for used in relation to 'live insects', but on any view, that particular cohort of people (a) was not representative of the general public in whom the reputation of TOYS R US resided at the relevant date and (b) was not sufficiently large to support a case in passing off. That analysis in my view confirms the correctness of the finding made by the Hearing Officer.

38. For all these reasons, I dismiss the Appeal.

Costs

39. The Hearing Officer made an award of £494 as a contribution towards the costs of the Applicant as a litigant in person at the set rate of £19 per hour. So far as the costs of the Appeal are concerned, Mr Newman had to read and understand the fairly lengthy grounds of appeal filed by the Appellant, he prepared a well-reasoned Respondent's Notice although it addressed the merits of the Appellant's criticisms of the Hearing Officer's decision, he prepared a succinct Skeleton Argument and attended the hearing before me. I will allow him 22 hours work which results in an award of an additional £418 in costs.

40. Therefore, the Appellant/Opponent must pay to Mr Newman the total sum of £912 (being the combination of the award made by the Hearing Officer and my award in respect of the Appeal) on or before Monday 19th October 2020.

JAMES MELLOR QC
The Appointed Person
28th September 2020