

O-200-19

TRADE MARKS ACT 1994

IN THE MATTER OF:

APPLICATION 3240441

IN THE NAME OF

DUF LTD

FOR THE TRADE MARK:

The Pets Factor

AND

**OPPOSITION THERETO (UNDER No 410565)
BY FREMANTLE MEDIA LIMITED AND SIMCO LIMITED**

Background and pleadings

1. The relevant details of the trade mark application the subject of these proceedings are as follows:

Mark: The Pets Factor

Application date: 29 June 2017

Publication date: 21 July 2017

Applicant: Duf Ltd

Specification (as opposed)¹:

Class 9: Cinematographic apparatus and instruments; recording discs; compact discs, DVDs and other digital recording media; computer software; computer game software; downloadable computer game software via a global computer network and wireless devices; video game software.

Class 41: Education and entertainment services all relating to television, cinema, radio and theatre; production and presentation of radio and television programmes, films and shows; education by or relating to television and radio; entertainment by or relating to television and radio; organization of competitions (education or entertainment); interactive telephone competitions; publishing; production of cinematographic films, shows, radio programmes and television programmes; provision of education and entertainment by means of radio, television, satellite, cable, telephone, the worldwide web and the Internet; organization of shows; rental of sound recordings and of pre-recorded shows, films, radio and television performances; production of video tapes and video discs; radio entertainment; television entertainment; cinema entertainment;

¹ The application also covers other goods and services in a large number of other classes, but these are not opposed by the opponents.

theatre entertainment; game shows; television entertainment services involving telephonic audience participation; interactive entertainment for use with a mobile phone; Internet based games.

2. Registration of the mark is opposed by FremantleMedia Ltd and Simco Limited (“the opponents”). Its grounds of opposition are based on sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). The opponents rely on the same six earlier marks (which are jointly owned by them) under the first two of these grounds, namely: European Union trade mark (“EUTM”) 3897642, EUTM 4067849, EUTM 8477127, UK registration 2360649, UK registration 2366461A and UK 2366461B. All of these marks consist of the words THE X FACTOR or contain those words as part of a stylised mark in which the X of THE X FACTOR is given greater prominence. The opponents also rely on the use of the signs THE X FACTOR and X FACTOR in the UK since at least 2004 in connection with television shows, competitions and entertainment services and “associated merchandise”.

3. The opponents claim a likelihood of confusion under section 5(2)(b), misrepresentation and passing-off under section 5(4)(a) and damage in the form of unfair advantage, dilution and tarnishing under section 5(3).

4. The applicant filed a counterstatement denying the grounds of opposition. It does not consider the competing marks/signs to be similar. It refers to the fact that its mark was deemed acceptable as part of the IPO’s Right Start service, and that no notifications of earlier marks were raised. It highlights that there are a number of marks containing the word FACTOR on the register. It also questions why the opponents’ mark was registered because it consists of a known term, unlike its own distinctive brand name. Although some of the opponents’ earlier marks were subject to the proof of use requirements contained in section 6A of the Act (because they had been registered for five years or more at the date of publication of the opponents’ mark) the applicant did not put the opponents to proof of use. Consequently, the earlier marks may be relied upon in respect of all the goods and services for which the opponents’ have claimed use.

5. Both sides filed evidence. Neither party requested a hearing. The opponents filed written submissions in lieu of a hearing, the applicant did not. The applicant has represented itself during the proceedings, whereas the opponents have been represented by Marks & Clerk LLP.

The evidence

6. The opponents' primary evidence comes from Ms Isabelle Brender, FreemantleMedia Limited's Trade Mark Manager. Although her evidence is extensive, I do not consider it necessary to summarise it to any great extent. This is because it is abundantly clear from the evidence that The X Factor is one of the most popular television entertainment programmes aired on UK television. It started in 2004 and has aired from that date on. It is, essentially, a music competition to find new singing talent. There are various stages of competition, including auditions, boot camp, judges' houses and live shows. Over the years the programme has spawned a number of well-known singers and bands, including: One Direction, Little Mix and Olly Murs. The evidence shows that viewing figures are large. The winner of the competition is given a recording contract and releases a winner's single, which have often reached number 1 in the charts. Hit records have also been made by contestants who did not even win the show. I accept at this early juncture that THE X FACTOR and, also, the stylised versions of those words (which are depicted in various exhibits) are marks which are very well-known to the UK general public within the television entertainment context I have described.

7. The other aspect of the opponents' evidence I touch on is Ms Brender's reference to merchandising. She gives evidence about, and provides supporting exhibits in relation to, a range of items which have been sold featuring the name (and stylised version of the name). The goods range from books, magazines, clothing, bedding, board games, card games, electrical items such as karaoke machines, key rings, hairbrushes etc. However, what Ms Brender does not do is provide sales figures for the merchandised goods so, whilst I accept that the goods have been offered for sale, I cannot say what impact they will have had on the general public in the UK.

8. The applicant's primary evidence comes from Mr Mark Duffy, its director. I note the following points made by Mr Duffy:

- He does not believe there was a need to oppose the application and states that there are 13 pages of marks on the register in class 41 if a search was conducted for the word FACTOR. He invites the Tribunal to conduct a search rather than provide the results himself.
- No objections were raised, or notifications highlighted, when he used the IPO's Right Start examination process (Exhibit MD1 refers).
- He is surprised that the opponents were allowed to register the name, given its known meaning.
- He did not receive the opponents' amended evidence until after its deadline of 17 May 2018 and he has not therefore read it. Exhibit MD2 contains letters setting the deadline and MD3 a document showing when he received it.
- He states that he creates TV formats. He states that he created a format in 1999 for ITV which was stolen and his role in the show replaced by someone else. He considers it funny (I assume he means odd) that he is now opposed by them. Press articles relating to these early formats are provided which he considers to illustrate his point. None are about THE PETS FACTOR.
- He states that THE PETS FACTOR is another of his formats. He states that he has owned domain names since 2014 and social media profiles. He states that the show was pitched to the usual TV companies and he had some interest from the BBC and All3media. Two prints featuring the words THE PETS FACTOR are provided which contain a reference to Channel MBC.
- He states that it is not the applicant's policy to make public its turnover figures for any of its TV formats so cannot provide turnover for The Pets Factor. He likewise cannot provide advertising spend.

9. Ms Brender filed a witness statement in reply to that of Mr Duffy. It contains no new factual material and is more of a critique or submission in response. The points are noted but I need not summarise them here.

My observations in relation to the evidence

10. I have already commented on the opponents' evidence and the reputation enjoyed by its mark. There is little more to add here. In terms of the applicant's evidence I make the following points:

- In terms of the alleged state of the register evidence, this has no relevance. This is because Mr Duffy did not actually provide the results of his search, and it is not the job of the tribunal to conduct searches and provide evidence on behalf of parties. In any event, state of register evidence is rarely significant because it does not show what is happening in the marketplace and what impact any use will have had on the relevant public.
- In relation to the absence of any objections being raised at examination stage, this is similarly not relevant. An opposition has been raised and it is the job of the tribunal to consider it upon its merits. The Act provides a mechanism to oppose and the opposition must be adjudicated upon accordingly.
- Mr Duffy's surprise that the opponent's mark is registered is noted, but absent any formal proceedings to contest its validity, Mr Duffy's point has no real relevance. I will, though, take his point at least as an observation that the words that comprise the mark may be weak in inherent distinctive character.
- In terms of late receipt of evidence, the opponents provided evidence showing that attempts to deliver the evidence were made on time, but the applicant had to collect it at a later date. Mr Duffy has previously been advised by the Tribunal that the evidence was correctly filed and had been admitted into the proceedings. I see no reason to re-visit this decision.

- In terms of the suggestion that his earlier TV format was stolen, I see no relevance in this point. Such a suggestion has no impact on the grounds of opposition that have been pleaded.
- In terms of the evidence relating to THE PETS FACTOR format, whilst there is no reason to doubt that Mr Duffy did create it and pitch it, there is no evidence that it was ever launched or that the public has ever been made aware of it.

Section 5(4)(a) of the Act

11. I begin my decision with section 5(4)(a) of the Act which reads:

“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, or

(b)...

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark.”

12. It is settled law that for a successful finding under the law of passing-off, three factors must be present: i) goodwill, ii) misrepresentation and, iii) damage.

Relevant date

13. Whether there has been passing off must be judged at a particular point (or points) in time. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O/410/11, Mr Daniel Alexander QC, sitting as the Appointed Person, considered the matter of the relevant date in a passing off case. He said:

“43. In *SWORDERS TM O-212-06* Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

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

14. In view of the above, the opponents must establish that it had a protectable goodwill at the date when the contested trade mark application was filed (29 June 2017). The applicant has not provided any evidence showing that it has used the mark earlier than this so it is not necessary to consider the position at an earlier date.

Goodwill

15. Goodwill was described in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL), where the Court stated:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

16. The onus is on the opponent to establish that it has a protectable goodwill in the UK associated with the names THE X FACTOR/XFACTOR. I have touched on the evidence earlier. It is significant and shows a strong reputation. The opponent therefore easily establishes that it had a protectable goodwill at the relevant date associated with the television entertainment services it provides. The evidence also shows that various other goods are sold as merchandising: games, magazine, books and the like. The evidence is less fulsome on this, but I accept that the opponents’

goodwill also extends to such goods albeit it is still tied to the television programme business itself.

Misrepresentation

17. The relevant test for misrepresentation was dealt with in *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, where Morritt L.J. stated:

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

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

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

And later in the same judgment:

“... for my part, I think that references, in this context, to “more than *de minimis*” and “above a trivial level” are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993) . It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion.”

18. In the same case, Morritt L.J. explained that it was the plaintiff's (in the case before me the opponents') customers or potential customers that must be deceived:

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

19. In a passing-off case, it is not necessary for the competing goods/services to be similar, although it is still a highly important factor².

20. The opponents' submissions on the similarity between the marks are based on the visual co-occurrence of THE and FACTOR in the marks/signs and that they have the same syntactical construction. Similar points are made from an aural perspective, with the added ingredient of the “pets” and “eks” sounding similar. In terms of concept, reference is made to the known concept of THE X FACTOR (a quality or attribute that distinguishes someone from others) and that THE PETS FACTOR would be perceived as a play on this phrase.

21. I agree that there is some similarity between mark and sign. When weighing the differences and similarities, there is a medium degree on a visual level, slightly more from an aural level. However, there is no conceptual similarity per se between the inherent nature of the words THE PETS FACTOR and THE X FACTOR, although I return later to whether or not members of the public would see THE PETS FACTOR as a play on THE X FACTOR brand and business.

22. Whilst I accept Mr Duffy's point that the phrase THE X FACTOR is a known one and that it would not be greatly distinctive for entertainment shows based on talent, it is nevertheless strongly distinctive of the opponents' services in that field through use.

² See the comments of Millet L.J. in *Harrods Limited v Harrodian School Limited* [1996] RPC 697 (CA)

23. The applicant has applied for its mark for services which include television entertainment. I will focus initially on these services. The opponents' submission is that the services offered by the applicant under its mark will be perceived as being offered by, or connected with, the opponents. The argument is, essentially, that THE PETS FACTOR will be assumed to be a programme using the same format as THE X FACTOR, but focusing on pets.

24. I consider it likely that a substantial number of members of the public will i) recognise the similarity between the names, and, ii) assume that THE PETS FACTOR is some form of talent show involving pets. However, I am not satisfied that a substantial number will assume that the programme is the responsibility of, or otherwise connected to, the opponents. Some may wonder, but that is all. It is not as though THE X FACTOR is known for branching out into other fields. Further, the move from a singing competition for humans, to some form of pet talent show, would not be a natural move. Instead, THE PETS FACTOR will be seen as a play on the name of television programme itself, but one which does not pass the test for a misrepresentation.

25. I note the opponents' submission that a deliberate attempt has been made to associate it with the opponents' goodwill, with reference being made to the cases of *British Diabetic Association v The Diabetic Society* [1996] VSR1 and *Burberrys v J C Cording & Co Ltd* [1909] 26 RPC 693. However, there is in my view insufficient evidence so show that the applicant was intending to misrepresent that its services (or goods) were those of (or connected to) the opponents'.

26. The ground under section 5(4)(a) is dismissed. This applies not just to the applied for television entertainment services, but all the goods and services of the application.

Section 5(2)(b)

27. Section 5(2)(b) of the Act states that:

“5.-(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.”

28. The following principles are gleaned from the judgments of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P:

(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 be dominated by one or more of its components;

(f) however, it is also 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 of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a greater 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.

29. Under section 5(4)(a), I have found an absence of the requisite misrepresentation. Although the legal test for a misrepresentation differs from the legal test in relation to the existence of a likelihood of confusion, it is nevertheless often the case that one finding follows the other. However, one must guard against blindly following on. Having guarded against doing so, I am nevertheless of the opinion that there is no likelihood of confusion. What I have said in relation to the similarity between the marks and my reasons for there being no deception explains why I consider there to be no likelihood of confusion, even when measured from the perspective of the applied for television entertainment services which have identical counterparts in the earlier marks and

relates to an area where the earlier marks have a very strong level of distinctive character on account of its use. If the opponents do not succeed here, they are in no better position with regard to the other goods and services covered by the application. Thus, although shortly stated, I reject the ground of opposition under section 5(2)(b) also.

Section 5(3)

30. Section 5(3) states:

“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 European Union trade mark or international trade mark (EC), in the European Union) 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.”

31. 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 C-487/07, *L’Oreal v Bellure* [2009] ETMR 55 and Case C-323/09, *Marks and Spencer v Interflora*.

32. 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 for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case 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 and between 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 risk 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) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality which is liable to have a negative impact of the earlier mark; L'Oreal v Bellure NV, paragraph 40.

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage 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. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (*Marks and Spencer v Interflora*, paragraph 74 and the court's answer to question 1 in *L'Oreal v Bellure*).

Reputation

33. In *General Motors*, Case C-375/97, the CJEU held that:

“25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.

26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

27. In examining whether this condition is fulfilled, the national court must take into consideration 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.

28. Territorially, the condition is fulfilled when, in the terms of Article 5(2) of the Directive, the trade mark has a reputation 'in the Member State'. In the absence of any definition of the Community provision in this respect, a trade mark cannot be required to have a reputation 'throughout' the territory of the Member State. It is sufficient for it to exist in a substantial part of it.”

34. I think it abundantly clear from what I have said thus far about the opponent's evidence that the reputation hurdle is cleared at least in relation to the opponents' core service of a television entertainment programme. Indeed, the reputation is a very

strong one. For some of its earlier marks the opponents' claim to a reputation goes wider, to include goods such as electronic games, computer software and mobile phone games, and all of its specified services in classes 38 and 41. However, there is insufficient evidence in relation to the class 9 goods to make a finding in the opponents' favour as there are no sales figures etc to assess the reputation. In relation to the services in class 38, essentially telecommunication services, this is not what the opponents' brand is known for. The X Factor is the programme itself, a television entertainment services, and not a telecoms service. The same applies to the broader claim of reputation in class 41, the reputation purely being in respect of the programme itself.

The link

35. In assessing whether a link will be made, a number of factors need to be considered including: the degree of similarity between the respective marks and between 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.

36. I found under section 5(4)(a) that some members of the public may wonder whether the applied for mark (used as the name of a television programme) is connected to the services of the opponents. This suggests that there will be a bringing to mind, and consequent link, in the mind of the relevant public. Indeed, notwithstanding that The X Factor is not a highly distinctive name from an inherent perspective, I find it probable that a large number of the relevant public will bring the earlier mark to mind on account of the inherent similarities between the marks, the identity of services, and the extremely strong reputation. I will focus for the time being on the applied for television entertainment services, returning to the other applied for goods and services later.

Unfair advantage

37. In *Jack Wills Limited v House of Fraser (Stores) Limited* [2014] EWHC 110 (Ch) Arnold J. considered the earlier case law and concluded that:

“80. The arguments in the present case give rise to two questions with regard to taking unfair advantage. The first concerns the relevance of the defendant's intention. It is clear both from the wording of Article 5(2) of the Directive and Article 9(1)(c) of the Regulation and from the case law of the Court of Justice interpreting these provisions that this aspect of the legislation is directed at a particular form of unfair competition. It is also clear from the case law both of the Court of Justice and of the Court of Appeal that the defendant's conduct is most likely to be regarded as unfair where he intends to benefit from the reputation and goodwill of the trade mark. In my judgment, however, there is nothing in the case law to preclude the court from concluding in an appropriate case that the use of a sign the objective effect of which is to enable the defendant to benefit from the reputation and goodwill of the trade mark amounts to unfair advantage even if it is not proved that the defendant subjectively intended to exploit that reputation and goodwill.”

38. However, I also note that more recently, in *Argos Limited v Argos Systems Inc* [2018] EWCA Civ 2211, Floyd LJ (with whom Lord Kitchen and Sir Colin Rimer agreed) stated:

“108. That brings me to the central question of whether ASI's use of the sign ARGOS in relation to the service of provision of advertising space took unfair advantage of the trade mark. I reject Mr Mellor's contention that, in a case such as the present, unfairness is established by the fact of economic advantage and no more. So to hold would be to empty the word “unfair” of any meaning. Like the Court of Appeal in *Whirlpool* I do not consider the effect of the CJEU's judgment in *L'Oreal* to go that far.”

39. Looking firstly at the position in relation to television entertainment, covered by the applicant's mark and which is where the opponents' reputation lies, there is in my view an obvious advantage that will be gained. As already held, The X Factor brand will be brought to mind. The relevant public will see the play on words. The relevant public will, in my view, assume that the television services offered under the applied for mark are similar in nature or character to those of the opponents, albeit one that features pets as opposed to humans. This, in turn, will lead to an attraction towards

the applicant's service that may not otherwise have been there, with the consequence that the applicant is, as submitted by the opponent, riding on the coattails of the opponent – freeriding. This is all achieved without had to go through the marketing effort and expense of educating consumers in the same way as the opponents' did.

40. In terms of whether this is unfair, I consider it improbable that the applicant would not have had The X Factor in mind when it decided to create a programme called The Pets Factor. It would have been as obvious to it as it would have been to the relevant public. The intention would have been to bring the earlier mark to mind to gain the benefit I have described. This is particularly so bearing in mind that its director is involved in the TV format business and, on his own evidence, suggests that he had an early role in ITV's pop star related programme. This is, in my view, sufficient to find that the advantage gained is unfair. The ground of opposition succeeds at least to this (television programmes) extent.

Tarnishing

41. In relation to whether there is detriment to the reputation of the earlier marks, often referred to as tarnishing, I reject the claim. Bearing in mind the guidance provided by Mrs Justice Rose in *Cristalino* [2015] EWCH 2760 (Ch), and also that given by Ms Anna Carboni (sitting as the Appointed Person) in *Unite The Union v The Unite Group Plc* (BL O/219/13), I come to the view that there is nothing inherent in the applied for goods/services or the mark itself that would create a negative connotation that would rub off on the earlier mark, nor is there any evidence to suggest that the applicant's goods and services will be inferior in any way.

Dilution

42. In relation to detriment to distinctive character, often referred to as dilution, I bear in mind the guidance given in *Environmental Manufacturing LLP v OHIM*, Case C-383/12P, where the CJEU stated that:

“34. According to the Court's case-law, proof that the use of the later mark is, or would be, detrimental to the distinctive character of the earlier mark requires

evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered, consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future (Intel Corporation, paragraphs 77 and 81, and also paragraph 6 of the operative part of the judgment).

35. Admittedly, paragraph 77 of the Intel Corporation judgment, which begins with the words '[i]t follows that', immediately follows the assessment of the weakening of the ability to identify and the dispersion of the identity of the earlier mark; it could thus be considered to be merely an explanation of the previous paragraph. However, the same wording, reproduced in paragraph 81 and in the operative part of that judgment, is autonomous. The fact that it appears in the operative part of the judgment makes its importance clear.

36. The wording of the above case-law is explicit. It follows that, without adducing evidence that that condition is met, the detriment or the risk of detriment to the distinctive character of the earlier mark provided for in Article 8(5) of Regulation No 207/2009 cannot be established.

37. The concept of 'change in the economic behaviour of the average consumer' lays down an objective condition. That change cannot be deduced solely from subjective elements such as consumers' perceptions. The mere fact that 30 consumers note the presence of a new sign similar to an earlier sign is not sufficient of itself to establish the existence of a detriment or a risk of detriment to the distinctive character of the earlier mark within the meaning of Article 8(5) of Regulation No 207/2009, in as much as that similarity does not cause any confusion in their minds.

38 The General Court, at paragraph 53 of the judgment under appeal, dismissed the assessment of the condition laid down by the Intel Corporation judgment, and, consequently, erred in law.

39. The General Court found, at paragraph 62 of the judgment under appeal, that 'the fact that competitors use somewhat similar signs for identical or similar

goods compromises the immediate connection that the relevant public makes between the signs and the goods at issue, which is likely to undermine the earlier mark's ability to identify the goods for which it is registered as coming from the proprietor of that mark'.

40. However, in its judgment in *Intel Corporation*, the Court clearly indicated that it was necessary to demand a higher standard of proof in order to find detriment or the risk of detriment to the distinctive character of the earlier mark, within the meaning of Article 8(5) of Regulation No 207/2009.

41. Accepting the criterion put forward by the General Court could, in addition, lead to a situation in which economic operators improperly appropriate certain signs, which could damage competition.

42. Admittedly, Regulation No 207/2009 and the Court's case-law do not require evidence to be adduced of actual detriment, but also admit the serious risk of such detriment, allowing the use of logical deductions.

43. None the less, such deductions must not be the result of mere suppositions but, as the General Court itself noted at paragraph 52 of the judgment under appeal, in citing an earlier judgment of the General Court, must be founded on 'an analysis of the probabilities and by taking account of the normal practice in 31 the relevant commercial sector as well as all the other circumstances of the case'."

43. The required change of economic behaviour may, though, be inferred. In *32Red Plc v WHG (International) Limited and others* [2011] EWHC 665 (Ch), Henderson J. held that a change in consumers' economic behaviour could be inferred from the inherent probabilities of the situation. He said:

"133. Is there evidence of a change in economic behaviour brought about by the use of the Vegas signs? In the nature of things, direct evidence of such a change is likely to be hard to find in cases of the present type, although Mrs F provides a suggestive example of a customer who was nearly persuaded to

change her allegiance as a result of a perceived connection between 32Red and 32Vegas. However, I see no reason why I should not have regard to the inherent probabilities of the situation, and in particular to the contrast between the marketing models of the two casinos. The similarity of their names, and the fact that 32Vegas was always operated as one of a number of linked casinos on the carousel model, lead me to conclude that an average online gambler would have been far readier to switch his allegiance from 32Red to 32Vegas, or to play with 32Vegas in the first place, than he would have been in the absence of such similarity. These are changes in economic behaviour, and I am satisfied on the balance of probabilities that such changes are likely to have occurred to a significant extent.”

44. Whilst I can see the argument for dilution occurring, it is nevertheless difficult to see a negative impact on the capacity of the earlier mark(s) to indicate the origin of its services, or for there to be any impact on the relevant consumer (of the opponents’ services). For example, there no reason why the relevant public may more readily switch allegiance. Damage on the basis of dilution is, therefore, rejected.

The remaining goods and services

45. The findings under section 5(3) made thus far relate to the applied for television entertainment services. The final question is, therefore, whether the ground of opposition applies to the other goods and services of the application. The only real potential, given what I have said above, relates to unfair advantage. The applied for specification reads:

Class 9: Cinematographic apparatus and instruments; recording discs; compact discs, DVDs and other digital recording media; computer software; computer game software; downloadable computer game software via a global computer network and wireless devices; video game software.

Class 41: Education and entertainment services all relating to television, cinema, radio and theatre; production and presentation of radio and television programmes, films and shows; education by or relating to television and radio;

entertainment by or relating to television and radio; organization of competitions (education or entertainment); interactive telephone competitions; publishing; production of cinematographic films, shows, radio programmes and television programmes; provision of education and entertainment by means of radio, television, satellite, cable, telephone, the worldwide web and the Internet; organization of shows; rental of sound recordings and of pre-recorded shows, films, radio and television performances; production of video tapes and video discs; radio entertainment; television entertainment; cinema entertainment; theatre entertainment; game shows; television entertainment services involving telephonic audience participation; interactive entertainment for use with a mobile phone; Internet based games.

46. I extend the unfair advantage finding to all of the applied for services in class 41. They all have the potential to include some form of entertainment aspect (even if they may also have an element of education) and notwithstanding that the setting may change (for example to shows or radio) the earlier mark will still be brought to mind and the advantage described earlier will still flow. This applies also to the interactive services which could be used as part of a television programme.

47. In relation to the class 9 goods, I consider the ground to fail in relation to:

Cinematographic apparatus and instruments; computer software; computer game software; downloadable computer game software via a global computer network and wireless devices; video game software.

because the link here may not even be made, but even if it is, it is difficult to see if any real form of advantage is being gained. However, the ground does succeed in relation to:

Recording discs; compact discs, DVDs and other digital recording media;

as such goods could be physical goods carrying a television programme.

Conclusion

48. The opposition has partially succeeded. As such, the application for registration is to be refused in respect of:

Class 9: Recording discs; compact discs, DVDs and other digital recording media;

Class 41: Education and entertainment services all relating to television, cinema, radio and theatre; production and presentation of radio and television programmes, films and shows; education by or relating to television and radio; entertainment by or relating to television and radio; organization of competitions (education or entertainment); interactive telephone competitions; publishing; production of cinematographic films, shows, radio programmes and television programmes; provision of education and entertainment by means of radio, television, satellite, cable, telephone, the worldwide web and the Internet; organization of shows; rental of sound recordings and of pre-recorded shows, films, radio and television performances; production of video tapes and video discs; radio entertainment; television entertainment; cinema entertainment; theatre entertainment; game shows; television entertainment services involving telephonic audience participation; interactive entertainment for use with a mobile phone; Internet based games.

but may proceed to registration in respect of:

Class 9: Cinematographic apparatus and instruments; computer software; computer game software; downloadable computer game software via a global computer network and wireless devices; video game software.

and also in relation to the unopposed goods/services.

Costs

49. I have determined these proceedings largely in favour of the opponents. They are, therefore, entitled to an award of costs. However, I have reduced below (other than the official fee) what I may otherwise have awarded given the partial nature of the success. I award the opponents the sum of £1700 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

Official fee: £200

Preparing the statement and considering the counterstatement: £300

Considering and filing evidence: £800

Preparing written submissions: £400

50. I therefore order Duf Ltd to pay FremantleMedia Ltd and Simco Limited the sum of £1700. The above sum should be paid within 21 days of the expiry of the appeal period or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings.

Dated 12 April 2019

Oliver Morris

For the Registrar

the Comptroller-General