

O-269-16

TRADE MARKS ACT 1994

TRADE MARK APPLICATION 3058267

BY GIRAFFE AND HOBBIT LTD

TO REGISTER A TRADE MARK IN CLASSES 3, 29, 33 & 43

AND

OPPOSITION 402991

BY SAUL ZAENTZ COMPANY

Background and pleadings

1. This is an opposition by the Saul Zaentz Company of California, USA, (“the opponent”) to an application filed on 3rd June 2014 by Giraffe and Hobbit Ltd (“the applicant”) to register the mark shown below.



2. The applicant applies to register the trade mark for¹:

Class 3

Soaps; Non-medicated soaps; Non-medicated toilet soaps; Soaps in liquid form; Sponges impregnated with soaps.

Class 29

Dried meat; Meat substitutes; Meat paste; Mincemeat [chopped meat]; Meat, fish, poultry and game; Meat stocks; Cooked meat dishes; Food pastes made from meat; Fresh meat; Frozen meat products; Meat conserves; Meat gelatines; Pie fillings of meat; Prepared dishes consisting principally of meat; Prepared meals made from meat [meat predominating]; Prepared meat dishes; Quenelles [meat]; Sausage meat; Steaks of meat; Turkey meat; Meat preserves; Meat [preserved]; Meat extracts; Meat jellies; Meat; Meat, tinned [canned (Am.)]; Meat, preserved.

Class 33

Beverages containing wine [spritzers]; Wine coolers [drinks]; Wine punch; Low-alcoholic wine; Wine.

Class 43

Public house services; Restaurant services.

3. The opponent holds certain rights to the works of J.R.R. Tolkien, including the film (and associated merchandising) rights to the literary work known as ‘The Hobbit’, as well as a number of earlier trade marks consisting of HOBBIT or THE HOBBIT.

¹ The application also originally covered goods in class 14, but the applicant indicated at the hearing described in this decision that it no longer wished to pursue the application in class 14.

4. The opponent's grounds of opposition are based, in part, on s.5(2)(b) of the Trade Marks Act 1994 ("the Act"). In particular, the opponent relies on earlier EU trade mark 3759231, HOBBIT, which is registered in, amongst others, class 3, earlier EU trade mark 6155212, THE HOBBIT, which is registered in, amongst others, classes 3 and 43, and earlier EU trade mark 6331508 THE HOBBIT, which is registered in, amongst others, class 33.

5. The applicant's mark was published for opposition purposes on 4th July 2014. The opponent's EU trade marks 6155212 and 6331508 were registered on 7th and 20th October 2009 respectively. Consequently, they are not subject to the proof of use requirements set out in s.6A of the Act. This means that the opponent can assert that there is a likelihood of confusion based on its notional use of THE HOBBIT for the goods and services covered by these registrations in classes 3, 33 and 43, without having to prove that it made any actual use of the marks in relation to such goods and services.

6. Earlier EU trade mark 3759231 (HOBBIT) was registered on 8th June 2005 and is therefore subject to proof of use. However, as a result of a decision by a different Hearing Officer at a case management conference held in January 2015, the opponent was relieved from the burden of proving genuine use of this mark in relation to relevant goods in class 3. This was because the opponent had virtually the same mark (THE HOBBIT) registered in class 3 under EU trade mark 6155212, which was not subject to proof of use. Consequently, as EU trade mark 3759231 (HOBBIT) was considered to provide the opponent with no stronger case against class 3 of the application than EU trade mark 6155212 (THE HOBBIT), it was decided that proof of use of the former mark was not necessary.

7. Although it does so on other grounds (see paragraph 12 below), the opponent does not oppose the application in class 29 under s.5(2)(b) of the Act².

8. The opponent claims to have used its earlier marks in relation to:

- Computer games in class 9,
- Jewellery and figurines in class 14,
- Clothing in class 25,
- Toys, games and figurines in class 28, and
- Entertainment services, and the production and distribution of films and recordings in class 41.

9. The opponent claims that its earlier marks have acquired a reputation and enhanced level of distinctiveness as a result of such use. The opponent relies on the

² There was originally an opposition under s.5(2)(b) against the registration of the applicant's mark in class 29, but this was dropped in the opponent's skeleton argument for the hearing described in this decision.

enhanced level of distinctiveness of the earlier marks for the purposes of the opposition under s.5(2)(b).

10. The opponent relies on the reputation of its earlier EU trade mark 2027035 (HOBBIT) in relation to the goods/services listed in paragraph 8 above for a further ground of opposition based on s.5(3) of the Act. In particular, the opponent claims that the relevant public will make a link between the earlier mark and the applicant's mark and that this will lead to:

- i) Detriment to the earlier marks through dilution of their distinctiveness, which will inhibit the opponent's capacity to licence its marks;
- ii) The applicant's mark taking unfair advantage of the reputation of the opponent's mark to make its own goods/services more attractive to the purchasing public without paying the opponent financial compensation.

11. The opponent further opposes the application under s.5(4)(a) of the Act. In short, the opponent claims that it has acquired a substantial goodwill in HOBBIT and THE HOBBIT through the use of these signs in relation a very successful series of films and associated goods. The opponent claims that use of the applicant's mark would amount to a damaging misrepresentation to the public. This is because use of the applicant's mark would deceive the public into believing that it is connected with, or authorised by, the opponent.

12. The grounds of opposition under s.5(3) and 5(4)(a) are directed at all the goods/services in the application, including those in class 29.

13. The applicant denies the grounds of opposition. I note, in particular, that the applicant denies that the marks are similar when compared as wholes. The applicant points out that the message of its mark is 'tall and short', which is not the same as the message given by the opponent's marks. Further, the applicant imports and trades in high quality French soaps, delicacies and wines. It targets discerning 'high end' consumers. It claims no association with the opponent or Tolkien. Consequently, the applicant says that there is no likelihood of confusion or deception, or the public making a link between the applicant's mark and the opponent's HOBBIT mark.

14. Both sides ask for an award of scale costs calculated on the usual basis.

The evidence

15. The opponent's evidence is contained in two witness statements (with 48 exhibits) from David Angus Stone, who is a solicitor with Simmons & Simmons LLP, which represents the opponent in these proceedings.

16. The applicant's evidence takes the form of a witness statement (with 34 exhibits) by Elise Jacqueline Glenn. Ms Glenn is one of the two directors of the applicant company.

The opponent's use and reputation in (THE) HOBBIT

17. Mr Stone's evidence is that THE HOBBIT is a world renowned fantasy novel by J. R. R. Tolkien.

18. In 1976 the opponent acquired "*certain rights*" in Tolkien's The Hobbit and The Lord of the Rings novels. This included the worldwide film and stage rights, and the merchandising rights to those novels. Following the success of a trilogy of LORD OF THE RINGS films between 2001 and 2003, three films based on The Hobbit were released between 2012 and 2014. These were called THE HOBBIT: AN UNEXPECTED JOURNEY, THE HOBBIT: THE DESOLATION OF SMAUG and THE HOBBIT: THE BATTLE OF THE FIVE ARMIES. The first two films were released prior to the date of filing of the opposed application ("the relevant date"). The third film was released after the relevant date, but in the same year (2014).

19. According to Ms Stone's evidence, the films were a huge commercial success. The website Box Office Mojo recorded that the first film grossed around £53m in the UK alone and was the 4th highest grossing film released in the UK in 2012. The second film grossed around £47m in the UK and was the 2nd highest grossing film in the UK in 2013. The third film grossed around £41m in the UK. Information obtained from the same website indicates that the first film grossed \$370m across 20 member states of the EU (including the UK) and the second film grossed \$348m. One or other of the films topped the rankings for box office takings in 2012 and/or 2013 in Austria, Belgium, Denmark, Germany, The Netherlands, Spain and Sweden.

20. The films were also sold on DVD and Blu-Ray and have been made available to stream on-line. The Official Charts Company maintains a website showing the highest selling DVDs and Blu-Rays each year. Mr Stone points out that THE HOBBIT: AN UNEXPECTED JOURNEY and THE HOBBIT: THE DESOLATION OF SMAUG are recorded as the second highest selling DVDs and Blu-Rays in the UK in 2012 and 2013.

21. There was wide media coverage of the films in the UK and EU³. The films also have millions of 'likes' on social media⁴. The films received nominations for awards, including best children's feature film (British academy) and best Sci-Fi/Fantasy (Empire awards).

22. In addition to the primary use of the opponent's THE HOBBIT marks in relation to films, Mr Stone's evidence goes to its use of the marks in relation to the goods listed in paragraph 8 above.

Computer Games

23. Mr Stone provides information about the use of THE HOBBIT in relation to computer games. Some of this appears to be information obtained from, or over, the internet. The rest comes second hand from Ms Frederica Drotos, who works in 'Business Affairs' at the opponent company. One of the main uses relied upon is use of THE HOBBIT: KINGDOMS OF MIDDLE EARTH as the name of a computer game released on 1 November 2012. By March 2015, the game had over 200k ratings on Google Play Store. Ms Drotos told Mr Stone that (by April 2015) the game had been downloaded over 12m times in the EU. The product was available on Amazon's UK website in April 2015. I note that it was a free game, which may explain why no sales figures are in evidence.

24. The other main use relied upon in this context, is use of LEGO THE HOBBIT in relation to a computer game released on 8th April 2014 (i.e. 2 months before the relevant date). This game was released on a large number of platforms, including Playstation, Nintendo and X-Box. According to an article on the UK website of the Metro newspaper, the game was the 39th bestselling computer game in the UK in 2014. Mr Stone was told that 11m units had been sold in the EU by the date of his statement in April 2015. It is not possible to tell from this how many units were sold prior to the relevant date in June 2014. However, Mr Stone exhibits various professional reviews of the game, including two from Game and Trusted Reviews, both of which appear to be UK sites. These reviews are dated April 2014, thus indicating that the game received some publicity in the UK/EU prior to the relevant date. I note that the game cost £39.99. I also note that the game was dual branded. The Lego logo appearing alongside the mark THE HOBBIT. I further note that within this part of the branding, the word HOBBIT is much larger than the word 'The', which appears above the letter O in HOBBIT.

³ See exhibits DAS9 and DAS 10.

⁴ See exhibits DAS11 and DAS12.

Jewellery

25. Mr Stone says that jewellery plays an important role in the film THE HOBBIT and therefore presents natural merchandising possibilities. Mr Stone says that he has been told that in the five year period ending 4th July 2014 the opponent licensed a number of third parties to sell HOBBIT-branded jewellery products. However, he names only one: The Noble Collection. Exhibit DAS16 consists of screen shots from the Noble Collection's website showing a range of rings, pendants, necklaces, brooches, cufflinks and earrings for sale. Mr Stone says that Ms Drotos told him that she believes that these goods were on sale prior to the relevant date. I note that they are listed on the website under the name of the first of the three HOBBIT films, which was released in 2012. This is consistent with the goods having been offered for sale in the UK prior to the relevant date. However, although the name of the film appears on each page as part of a drop down menu, the marks used for the individual products bear other marks and names. None of the goods were promoted directly under the mark THE HOBBIT. The implication is that these are jewellery items from the film THE HOBBIT: AN UNEXPECTED JOURNEY, but they were branded with other marks, such as GALADRIEL'S BROOCH PENDANT. Mr Stone also provides some examples of jewellery available on Amazon in 2015 when he searched on 'hobbit jewellery'⁵. I note that one of these is listed as being sold by The Noble Collection under the heading 'The Hobbit Galadriel's Flower Earrings'. However, given the way the products are shown on The Noble Collection's own website, it is not clear whether the reference to 'The Hobbit' means jewellery of the kind shown in the film called THE HOBBIT (i.e. descriptive use of The Hobbit) marketed as Galadriel's Flower Earring, or whether this is use of a composite mark including THE HOBBIT. If it is the latter, it is not clear whether the use of composite mark is by The Noble Collection or by Amazon. If it is the latter, it is not clear whether this was with the opponent's consent.

26. Mr Stone provides hearsay evidence as to the extent of the sales by The Noble Collection of what he calls HOBBIT-branded jewellery up to 31st December 2014 and he suggests, quite reasonably, that the majority of these sales probably occurred prior to the relevant date. The exact figure is quite large (rather than massive) and is covered by an order of confidentiality from public inspection. However, as I find that the use in question does not establish use of THE HOBBIT by The Noble Collection with the opponent's consent, it is not necessary to consider the extent of such use any further.

27. Mr Stone provides evidence of The Tolkien Shop in the Netherlands selling jewellery⁶, which Ms Drotos told him, that to the best of the opponent's knowledge,

⁵ See exhibit DAS15

⁶ See exhibit DAS17

these products were on sale prior to the date of publication of the applicant's mark. However, this evidence also reveals precious little use of the mark THE HOBBIT.

28. The opponent's best evidence of use of THE HOBBIT in relation to jewellery is by The Forbidden Planet, which used 'The Hobbit' on its website in relation to pendants, rings, necklaces, earrings, button pins, and cufflinks⁷. Further, I note that one of the products is shown in its packaging, which clearly shows trade mark use of HOBBIT. The specific web pages in evidence date from 2015, i.e. after the relevant date. However, Mr Stone again states that Ms Drontos told him that, to the best of the opponent's knowledge, all of the products shown were also available during the 5 years preceding publication of the opposed mark.

Clothing

29. Mr Stone points out that The Hobbit films include fantastical and distinctive outfits worn by the main characters. Therefore, clothing and costumes is a natural merchandising category for the opponent. He further states that during the five year period preceding the publication of the applicant's mark the opponent "*licensed a number of third parties to make and/or sell an array of HOBBIT-branded costumes*".

30. Mr Stone goes on to provide six examples of such costumes being sold (in 2015) on the Amazon's UK website⁸. He also points out that the advertisements show an "*available since*" date between 2012 and May 2014 (i.e. before the relevant date). Five of these examples do indeed appear to show use of The Hobbit in advertisements for children's costumes. The prices are shown in pounds, which confirms that the products were intended for the UK market. I am asked to infer that the sellers of these goods on Amazon are using The Hobbit with the opponent's consent, or more likely, have purchased the goods (or goods like them) from a licensee of the opponent prior to the relevant date.

31. According to Mr Stone, The Tolkien Shop in the Netherlands also sells clothing under the mark THE HOBBIT. Exhibit DAS34 bears this out. In this case the goods are T-shirts. They are priced in Euros and therefore directed at the EU market, but not the UK market. Mr Stone makes the same hearsay statement described in paragraphs 27 and 28 above as to the availability of such products prior to the relevant date.

32. Further examples of T-shirts bearing the mark HOBBIT are shown in exhibit DAS19. Mr Stone asserts that these products were sold in the UK and the EU during the five years preceding the publication of the applicant's mark. However, he does not indicate the source of his knowledge about this. At the beginning of his

⁷ See exhibit DAS18

⁸ See exhibit DAS33

statement he says that this means that the information he provides is within his own knowledge. However, it is not the sort of information that one would expect an external lawyer to have, so I am doubtful about the weight of this evidence.

Toys, games and figurines

32. Mr Stone gives similar evidence about the use of (THE) HOBBIT in relation to toys, games and action figures as he gives in relation to clothing (see paragraph 29 above).

33. Mr Stone goes on to provide 7 examples of toys, 17 examples of games, and 31 examples of action figures being sold (in 2015) on the Amazon's UK website⁹. He also points out that the advertisements show an "*available since*" date between 2012 and May 2014 (i.e. before the relevant date). These examples do indeed appear to show use of THE HOBBIT in advertising in relation to toys and games and action figures. Two of the advertisements for toys, sixteen of the examples for games, and nine of the examples for action figures also show use of HOBBIT on the packaging of the goods. The price of the goods is in pounds, which confirms that the products were intended for the UK market. I am asked to infer that the sellers of these goods on Amazon are using (THE) HOBBIT with the opponent's consent, or more likely, have purchased the goods (or goods like them) from a licensee of the opponent prior to the relevant date.

34. The opponent's evidence also shows use of THE HOBBIT by The Forbidden Planet in advertisements on its website relation to at least four toy products and thirteen products consisting of action figures¹⁰. Further, I note that two of the toy products are shown with their packaging, which clearly shows trade mark use of HOBBIT. The specific web pages in evidence date from 2015, i.e. after the relevant date. However, Mr Stone again states that Ms Drontos told him that, to the best of the opponent's knowledge, all of the products shown were also available during the 5 years preceding publication of the opposed mark.

35. Exhibits DAS37 and DAS40 consist of screen shots from the Noble Collection's website showing a range of toys and bronze sculptures for sale in 2015. Mr Stone says that Ms Drotos told him that she believes that these goods were on sale prior to the relevant date. I note that the products are listed on the website under the name of the first of the three HOBBIT films, which was released in 2012. This is consistent with the goods having been offered for sale prior to the relevant date. Although the name of the film appears on each page as part of a drop down menu, in all but the case of one toy, the products appear to have been marketed under other marks and names. Having said that, I note that the HOBBIT mark appears on one of the

⁹ See exhibit DAS35

¹⁰ See exhibit DAS36

pictures of the toys, and on the picture of the packaging for another. There is no evidence of any use of (THE) HOBBIT in relation to bronze sculptures.

36. Mr Stone says that Weta Workshop sells a variety of HOBBIT figurines “*which ship to UK customers from UK warehouses*”. He provides examples of six webpages from the wetanz.com website in 2015 (i.e. after the relevant date) which show sculptures of characters from the film *The Hobbit* being offered for sale. The website in question appears to be that of a New Zealand or US business. The goods are priced in dollars. Mr Stone again states that Ms Drontos told him that, to the best of the opponent’s knowledge, these products were also available during the 5 years preceding publication of the opposed mark. However, he does not indicate the source of his knowledge that the goods were shipped to UK customers from UK warehouses. At the beginning of his statement he says that the absence of any such indication means that the information he provides is from within his own knowledge. However, it is not the sort of information that one would expect an external lawyer to have, so I am doubtful about the weight of this evidence. Having said that, I acknowledge that the representation of the website in evidence does mention a UK warehouse (albeit in the context of the goods being out of stock at the UK warehouse).

37. I record here that Ms Stone’s hearsay evidence also includes details of an exclusive licence provided to a German company called Bahlsen in 2012 to use HOBBIT in relation to biscuits. He also gives some hearsay evidence about an event run by Harper Collins in the UK in September 2012 to encourage people to embrace the works of J.R.R. Tolkien, particularly *The Hobbit* on the 75th anniversary of the publication of the book. The event was promoted as a “*second breakfast*”¹¹ and attendees were offered various foodstuffs including scones, cakes and a cooked breakfast. There is also some hearsay evidence of various other foodstuffs having been offered for sale in the EU with HOBBIT branding, although it is not stated when these sales occurred.

38. Ms Michaels (appearing as counsel for the opponent) did not rely on this evidence to establish that there had been genuine use of HOBBIT in relation to foodstuffs for which the mark is registered in class 29. She was right not to do so. Apart from the hearsay nature of the evidence and the vagueness of the information provided, the use of HOBBIT by Bahlsen appears to have been intended to promote the HOBBIT films rather than establish a market for biscuits under the HOBBIT mark. The use by Harper Collins was in relation to a promotional event rather than in relation to foodstuffs. The other uses of HOBBIT in relation to foodstuffs are not dated and only the vaguest indication is given about some of the geographical locations, e.g. “*in Italy*”. This is plainly not sufficient to establish genuine use of HOBBIT in relation to foodstuffs prior to the relevant date.

¹¹ A meal associated with Hobbits in the famous literary work.

The applicant's business

37. Ms Glenn's evidence is intended to show that:

- (i) The applicant's mark is functioning as a trade mark;
- (ii) The applicant operates in a different market to the opponent;
- (iii) The word 'hobbit' has become generic.

38. The applicant imports high quality wines, Provencal delicacies, such as black olive and ginger tapenade, and soaps from France. The first such import took place in August 2014, i.e. after the relevant date in these proceedings. The applicant has proceeded to sell such goods from its website¹² and from market stalls. It has also exhibited at various shows, such as the BBC Good Food show at Hampton Court, and taken out an advertisement in Chelsea Life. The latter indicates the applicant's target market: affluent people with an interest in fine French wines, foods and soaps. The applicant has also promoted itself on a local radio station covering Surrey and Hampshire through sponsoring the morning breakfast show for a week in December 2014.

39. From what I can see from the evidence, it appears that the applicant is a retailer of third party goods. At least in the case of the wines it sells, the goods bear the trade marks of the French producers¹³. The precise volume of sales shown in the evidence are the subject of an order for confidentiality. It is sufficient for present purposes to record that the volume of sales is relatively modest.

40. Ms Glenn also provides the results of some Google searches she conducted. Amongst the points she makes in relation to these search results is that in a search on the applicant's mark it comes up as the first 'hit' whereas the opponent's mark does not appear until page 2 of the 'hits'. Ms Glenn also provides some results from the use of the Google Analytics Tool¹⁴. This shows that 52% of users who clicked through to the applicant's website between May and August 2015 had searched on the whole term GIRAFFE AND HOBBIT. Various terms relating to the opponent's mark, e.g. HOBBIT WINE did result in various numbers of 'impressions'¹⁵, but none of these resulted in any users clicking through to the applicant's website.

41. Ms Glenn also makes the point that a search on Goggle for 'hobbit UK' does not include the applicant's mark in the returned results. However, as the opponent's mark is not HOBBIT UK, I cannot see why this is relevant.

¹² Named Giraffeandhobbit.co.uk

¹³ See exhibit EJG06

¹⁴ See exhibit EJG11

¹⁵ In this example, 13 impressions

42. According to Ms Glenn, the applicant uses various key words to optimise its search results on Goggle, including 'wine' and 'France', but not any words connected with the opponent or its films. Screenshots from the applicant's Twitter account are also provided to show that the applicant's followers do not perceive a connection with the opponent or its marks.

43. As to the allegedly generic nature of the word 'hobbit', Ms Glenn draws attention to the discovery in 2004 of a small relative of human beings that lived around 18k years ago. In this connection, she exhibits copies of articles, mostly from around this time and from the BBC's website. These articles refer to the species as 'hobbit'¹⁶. Ms Glenn claims that this shows that hobbit has a general meaning of short or tiny person, not just the characters from Tolkien's novels. I do not accept that the evidence establishes this. In fact, all 15 of the articles show the word 'hobbit' used with inverted commas, indicating that the word was not being used as an ordinary description. Several articles refer to the newly discovered species dubbed 'The Hobbit', no doubt by analogy with the height characteristic of the fictional race of that name from Tolkien's novels. This is not sufficient to establish that 'hobbit' has an everyday meaning of short or tiny person.

44. Ms Glenn also includes two other examples of 'Hobbit' being used to describe short people¹⁷, but these are a) isolated examples, and b) use of 'hobbit' by analogy with characteristics associated with Tolkien's characters. In one of the examples – a line from a film – 'hobbit' was used as an insult.

45. The best that the applicant can do to show that 'hobbit' has acquired a non-Tolkien meaning is a draft entry for the Oxford English Dictionary dated June 2015 which suggests the word has taken on the meaning of the extinct species of human relatives described above¹⁸. However, this is only a draft entry and it is dated around a year after the relevant date in these proceedings. This is weak evidence that the word hobbit had this meaning at the relevant date. In any event, the meaning in question is very specific and does not mean that 'hobbit' had acquired a general meaning of short or tiny person.

46. The existing entry in the Oxford English Dictionary states only that 'hobbit' is the name of an imaginary people from Tolkien's novels¹⁹.

47. Ms Glenn also provides the results of a search across the UK on Yell.com for businesses with the name Hobbit. She says there are 51 such businesses and these

¹⁶ See exhibit EJG22

¹⁷ See exhibit EJG26 and 27

¹⁸ See exhibit EJG23

¹⁹ Mr Stone's second witness statement includes entries from three other dictionaries, Concise Oxford, Cambridge and Collins, all of which give only Tolkien related meanings for the word 'hobbit'. See DAS47.

are set out in exhibit EJG29. However, on examination I find that most of these businesses have different names. Only 8 of the 51, including the applicant's business, have names including HOBBIT. All of these businesses appear to be using the word as part of a trading name rather than as a generic term. Consequently, this does not support the applicant's claim that 'hobbit' is generic. There is similar evidence about company names, but this suffers from the same defect and the further defect that it does not establish which (if any) of the names are in use (or for what)²⁰.

48. There are a few examples of hobbit having been used in the name of a restaurant, in a film called 'Lord of the Elves'²¹, by a company called Hobbitz which sells consumables for artificial grass installations, and as the name of a range of stoves designed to fit into small spaces²². None of this, individually or collectively, shows that 'hobbit' had a generic meaning of 'small person or thing' at the relevant date.

49. Finally, Ms Glenn provides the results of a Goggle image search that she says shows that it is usual for dwarfs or primal man to be represented with a staff²³.

The hearing

50. A hearing took place on 30th March 2016 at which Ms Amanda Michaels appeared as counsel for the opponent, instructed by Simmons and Simmons LLP. Ms Glenn and Mr Whittaker (the other Director of the applicant company) appeared on behalf of the applicant.

Section 5(2)(b)

51. Sections 5(2)(b) of the Act is as follows:

"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, or there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark".

52. The following principles are gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer*

²⁰ See EJG28. Mr Stone's second witness statement provides a table showing why many of these businesses/companies are not relevant for various reasons. There is no need to go into this further.

²¹ Mr Stone says that this film was originally going to be called 'Age of the Hobbits', but was changed after legal action by the opponent.

²² See EJG30 to 33.

²³ See EJG34

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.

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 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 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 might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

Comparison of goods and services

53. The respective goods and services for the purposes of the opposition under s.5(2)(b) are shown below.

Applicant's goods/services	Opponent's goods/services
Class 3: Soaps; Non-medicated soaps; Non-medicated toilet soaps; Soaps in liquid form; Sponges impregnated with soaps.	EU 6155212 Class 3: Soaps.
Class 33: Beverages containing wine [spritzers]; Wine coolers [drinks]; Wine punch; Low-alcoholic wine; Wine.	EU 6331508 Class 33: Alcoholic beverages, except beer; wine, wine coolers, wine punch,
Class 43: Public house services; Restaurant services.	EU 6155212 Class 43: Services for providing food and drink; restaurants; pubs; brew-pub services.

54. The proof of use requirements do not apply to the opponent's marks shown above. Therefore, for the purposes of my assessment of the s.5(2)(b) ground of opposition, it is necessary to consider these earlier marks to have been used in relation to all the goods/services covered by the registered specifications. As Kitchen L.J. stated in *Roger Maier and Another v ASOS*²⁴:

“78.the court must.... consider a notional and fair use of that mark in relation to all of the goods or services in respect of which it is registered. Of course it may have become more distinctive as a result of the use which has been made of it. If so, that is a matter to be taken into account for, as the Court of Justice reiterated in *Canon* at paragraph [18], the more distinctive the earlier mark, the greater the risk of confusion. But it may not have been used at all, or it may only have been used in relation to some of the goods or

²⁴ [2015] EWCA Civ 220

services falling within the specification, and such use may have been on a small scale. In such a case the proprietor is still entitled to protection against the use of a similar sign in relation to similar goods if the [applicant's] use is such as to give rise to a likelihood of confusion.” (emphasis added)

55. The applicant points out that it uses its mark in relation to particular types of soaps and wines, sold in particular ways to a particular market. However, this is irrelevant to my assessment of whether the respective goods are identical, and to whether there is a likelihood of confusion. Contrary, to the applicant's submissions on this point, I am required to consider the likely result of the use of the applicant's mark in relation to all, or any, of the goods/services listed in the application, not just the specific types of goods the applicant currently sells, or currently proposes to sell²⁵. This is because the legal protection the applicant seeks is governed by the list of goods/services, not by its current intentions. For example, the applicant could change its marketing plans tomorrow, or sell the mark to another trader with different plans. Consequently, no weight can be given to the applicant's current marketing plans.

56. Further, even where goods or services are described in different words, the law requires that they be considered identical for this purpose where the words used are alternative descriptions of the same product or service. The same applies where the opponent's broad description of its goods/services encompasses the specific goods or services covered by the applicant's descriptions²⁶.

57. Taking these points of law into account, I find that, with the exception of 'sponges impregnated with soaps' the respective goods and services must be considered as identical for the purposes of my assessment of the s.5(2)(b) ground of opposition. 'Sponges impregnated with soaps' are self-evidently highly similar to soaps.

Comparison of marks

58. The CJEU stated at paragraph 34 of its judgment in *Bimbo SA v OHIM*²⁷ that:

“.....it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of

²⁵ In *O2 Holdings Limited, O2 (UK) Limited v Hutchison 3G UK Limited*, Case C-533/06, the Court of Justice of the European Union stated at paragraph 66 of its judgment that when assessing the likelihood of confusion under Section 5(2) it is necessary to consider all the circumstances in which the mark applied for might be used if it were registered.

²⁶ See *Gérard Meric v OHIM*, Case T- 133/05, the General Court of the CJEU

²⁷ Case C-591/12P

that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”


It would be wrong, therefore, to artificially dissect the trade marks, although, it is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

59. The Hearing Officer who held the case management conference clearly felt that the word ‘THE’ has only a negligible impact in the mark THE HOBBIT. In line with this conclusion, I will focus my assessment of the merits of the s.5(2)(b) ground of opposition on the opponent’s earlier trade marks EU 6155212 and EU 6331508, for which it is not required to show proof of use. It could be argued that the opponent’s earlier mark EU trade mark 3759231 (HOBBIT) provides a slightly stronger basis for the opposition in class 3 because, as in the applicant’s mark, it does not include the definite article. In this connection, I note that the opponent’s actual use of THE HOBBIT includes a significant amount of use of the mark in the form shown below.



60. In my view, this constitutes normal and fair use of THE HOBBIT. However, as can be seen, the impression created by the mark is dominated by the word HOBBIT, the definite article making only a negligible contribution. In my view, this confirms the correctness of the Hearing Officer’s assessment at the case management conference, that earlier trade mark EU 3759231 (HOBBIT) does not present a materially stronger case than the opponent’s registrations of THE HOBBIT under EU 6155212 and EU 6331508.

61. The respective trade marks are shown below:

THE HOBBIT	
Opponent's trade mark	Applicant's trade mark

62. The opponent argues that HOBBIT is the most distinctive and dominant element of the applicant's mark. This is because HOBBIT has a huge reputation, and the meaning of HOBBIT is reinforced by the inclusion of a silhouette of a figure recognisable as a hobbit. Indeed the opponent contends that it is recognisable as Bilbo Baggins, the lead character from the Hobbit.

63. The applicant points to the fact that its mark includes the word Giraffe at the beginning of the mark, as well as a device of a giraffe. It also relies on the fonts used for the letters and the use of capital letters G & H in a different font from the other letters in the mark. The applicant submits that these features distinguish the applicant's mark from the opponent's mark in terms of the way it looks, being longer and more complex than the opponent's mark, and in the way it sounds.

64. I find that the larger-than-normal first letters of the words giraffe and hobbit, the particular fonts used, and the word 'Ltd' tucked away at the end of the applicant's mark, make a negligible contribution towards the overall impression created by the mark. That impression is dominated by the words Giraffe and Hobbit, which are reinforced in their meaning by the accompanying silhouette of a giraffe and a hobbit.

65. I accept the opponent's submission that the word HOBBIT has the meaning attributed to it in the published dictionaries, i.e. the name of a fictional race of small human-like beings from the novels by J.R.R. Tolkien. Although I accept the evidence that HOBBIT is sometimes been used as a generic term meaning 'any short person or thing', I do not consider that the applicant's evidence establishes that this was a common use of the word at the relevant date.

66. If the opponent's submission that HOBBIT dominates the applicant's mark because it is so distinctive and well known amounts to a submission that this makes the marks more similar than they appear (or sound) at face value, then I reject it. In

this connection, I note that in *Ravensburger AG v OHIM*²⁸, the General Court held that:

“27. It is appropriate at the outset to reject that complaint as unfounded. The reputation of an earlier mark or its particular distinctive character must be taken into consideration for the purposes of assessing the likelihood of confusion, and not for the purposes of assessing the similarity of the marks in question, which is an assessment made prior to that of the likelihood of confusion (see, to that effect, judgment of 27 November 2007 in Case T-434/05 *Gateway v OHIM – Fujitsu Siemens Computers (ACTIVY Media Gateway)*, not published in the ECR, paragraphs 50 and 51).”

67. Accordingly, although the distinctiveness of the word HOBBIT is relevant to the assessment of the likelihood of confusion, it is not relevant to my assessment of the degree of similarity between the marks.

68. I find that the words GIRAFFE and HOBBIT make a roughly equal contribution to the impression created by the applicant’s mark. Arguably, the word GIRAFFE has slightly more visual and aural impact because it comes first, but this is marginal. The accompanying silhouette also makes a significant visual impression, although from a conceptual perspective it merely reinforces the meaning created by the words.

69. I find that there is a moderate degree of visual similarity between the respective marks. The addition of the word GIRAFFE and the silhouette of a giraffe with a hobbit on its back, create a noticeably different impression to the words THE HOBBIT alone.

70. I find that the marks are similar to a medium degree from an aural perspective. The pictorial element of the applicant’s mark has no impact when the mark is verbalised, but the inclusion of the word GIRAFFE means that the applicant’s marks is not likely to be misheard as THE HOBBIT (or HOBBIT).

71. Although I earlier found that the relevant public do not regard the word HOBBIT to have the general meaning of ‘short person or thing’, some average consumers will nevertheless see the tall v short concept suggested by the GIRAFFE and HOBBIT combination in the applicant’s mark. This is because giraffes are very tall and Tolkien’s hobbits are well known to be short in stature. Consumers who get the tall v short concept will therefore see only a moderate degree of conceptual similarity between THE HOBBIT alone and the applicant’s mark. Other average consumers may not notice, or consciously absorb, this additional conceptual meaning of contrasting height. To these consumers the meaning of the applicant’s mark will be just an odd combination of a real animal and a fictional being. I find that consumers in this group will see a medium level of conceptual similarity between the marks as

²⁸ Case T-243/08

wholes. This is because the word HOBBIT then has (only) the same meaning in the applicant's mark as it has in the opponent's mark. To consumers in this group, the word GIRAFFE (and the associated silhouette of a giraffe), provides a second conceptual meaning alongside HOBBIT, i.e. the idea of a giraffe, but in this scenario this is not a concept that qualifies or interrelates with the Tolkien-related meaning of the word HOBBIT.

Average consumer and the purchasing act

72. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of my assessment of the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer, Case C-342/97*.

73. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*²⁹ Birss J. described the average consumer in these terms:

“60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median.”

74. Ms Michaels pointed out that Birss J. went on to find that there were three classes of average consumer in that case: licensees, retailers and the purchasing public. She invited me to adopt the same approach in this case.

75. The CJEU has examined the question of the relevant public for the purposes of trade mark law in a number of cases. In *Björnekulla Fruktindustrier AB v Procordia Food AB*³⁰ 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.

25. Accordingly, the relevant circles comprise principally consumers and end users. However, depending on the features of the product market concerned,

²⁹ [2014] EWHC 439 (Ch)

³⁰ Case C-371/02

the influence of intermediaries on decisions to purchase, and thus their perception of the trade mark, must also be taken into consideration.”
(emphasis added).

76. In *The Kornspitz Company GmbH v Pfahnl Backmittel GmbH*³¹ the CJEU again emphasised the importance of the perception of end users of goods/services, holding that a trade mark is liable for revocation if, because of acts or inactivity on the part of the proprietor, it becomes a common name for the product amongst that group of consumers.

77. I am therefore doubtful whether, in general, and particularly for the purposes of establishing whether there is a likelihood of confusion amongst the public, it is right to give equal importance to the viewpoints of licensees, other intermediaries, and consumers. I note that the facts in *Hearst Holdings* were somewhat unusual in that the parties were rival traders in licences. This clearly influenced the judge’s decision to regard licensees as an important part of the relevant public. The applicant in this case is not a trader in licences. The applicant sells to the public. Therefore, there is no reason to depart from the usual guidance, according to which the perception of consumers or end users normally plays a decisive role in the required assessment.

78. I therefore find that the relevant public comprises mainly ordinary consumers of soaps, wines, and restaurant and public house services, i.e. the general public. Average consumers of this kind are likely to pay an average or normal degree of attention when selecting the type of goods and services at issue. The relevant average consumer is likely to select the goods and services by eye, after looking at advertisements, signs or websites. However, word of mouth recommendations may also play a part so the level of aural similarity between the marks must also be given some (albeit relatively less) weight. To the extent that it is also appropriate to take account of the views of licensees and retailers of the goods/services, I find that they are likely to pay more attention than the general public and are therefore, if anything, less likely to be confused by use of the applicant’s mark.

Distinctive character of the earlier mark

79. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*³² the CJEU stated that:

“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of

³¹ Case C-409/12

³² Case C-342/97

other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

80. The opponent argues that its mark is very distinctive for production and distribution of films and associated merchandising. Ms Michaels submitted that this enhanced level of distinctiveness was likely to permeate the use of THE HOBBIT even in respect of the types of goods/services, such as those in the application, for which there is no evidence of existing use of the opponent’s mark in the EU. Further, Ms Michaels submitted that as the word Hobbit was invented by Tolkien it has an inherently high degree of distinctive character.

81. The applicant says that Hobbit is now a dictionary wording and it relies on use by third parties as showing that the word is no longer exclusively associated with Tolkien (or those using marks under licence from the owners of Tolkien’s rights).

82. As I indicated above, I am not satisfied that the applicant’s evidence shows that the word Hobbit is generic in the way contended for by the applicant. Even if it is not now the only meaning, the principal meaning of Hobbit remains the name of the imaginary race of beings from Tolkien’s works, as indicated in the published dictionaries. That meaning has no descriptive or allusive reference to any of the characteristics of the goods/services at issue in classes 3, 33 or 43. Further, it strikes me as an unusual trade mark for such goods/services. Therefore, although I cannot accept the opponent’s submission that it should be treated as an invented word at the relevant date (and therefore naturally gifted with the highest level of inherent distinctiveness), I accept that HOBBIT and THE HOBBIT had an above average level of inherent distinctiveness as a trade mark for the goods/services at issue.

83. I do not accept the opponent’s submission that the level of inherent distinctiveness of the marks increased to a material extent by the extensive use of (THE) HOBBIT in relation to other goods/services. As Neuberger J. (as he then was) stated in *Premier Brands UK Ltd v Typhoon Europe Ltd*³³

³³ [2000] FSR 767

“Another issue of principle between the parties arises from Mr Bloch's contention on behalf of TEL that “the defensive marks have no reputation whatsoever” in that there is no suggestion that the public associate the mark TY.PHOO with any goods other than tea, and that, accordingly, it follows that the defensive marks “are entitled to the most limited protection” only. In this connection, it is accepted on behalf of Premier that, in connection with its claim under Section 10(2), the “likelihood of confusion” and the “likelihood of association with the trade mark” is limited to confusion between (a) the TYPHOON sign, in the way in which it is used and in connection with the goods with which it is used by TEL, and (b) the mark TY.PHOO limited to the goods in connection with which each of the defensive marks is registered.

However, although he accepted that the reputation which has been built up over the past century or so for the TY.PHOO mark in relation to tea plays no part in the exercise required to be carried out under Section 10(2), Mr Arnold contended that the extent of the protection to be accorded to a mark with no reputation depends upon the distinctiveness of the mark, which can either be inherent or acquired, and in this connection he relied on observations of the ECJ in *Sabel [1999] RPC 199 at 224*, *Canon [1999] RPC 117 at 132* (paragraph 18) and *Lloyd [1999] All ER (EC) 587 at 598* (paragraph 20).

In my judgment, the dispute between the parties in this connection is more apparent than real. I accept that the three decisions of the ECJ to which I have referred support the proposition advanced by Mr Arnold on behalf of Premier. However, it seems to me that they do not detract from what may fairly be said to be the fundamental point made by Mr Bloch on behalf of TEL on this aspect, namely that, in connection with a particular registered mark, the less use it has had in connection with the goods for which it is registered, the less distinctiveness it is likely to have acquired, and, therefore, the more the protection claimed for it has to be limited to its inherent distinctiveness. To my mind, that proposition is really no more than the corollary of the principle (accepted by both parties) that the greater the exposure and use of a particular registered mark, the greater its reputation is likely to be, and therefore the greater the protection likely to be afforded to it.”

84. Absent evidence of use of the opponent's mark in relation to the specified goods/services in the contested application, or even closely similar goods/services, I find that the opponent's earlier marks had an above average level of distinctiveness at the relevant date in relation to the contested goods/services.

Likelihood of confusion

85. As I explained earlier, for the purposes of my assessment of the likelihood of confusion I must assume that the parties are making normal and fair use of their marks for all the goods and services covered by classes 3, 33 and 43 of the application and the corresponding goods/services covered by the opponent's earlier marks. This is despite the fact that the opponent has not shown any existing use of

its marks for such goods/services³⁴. The justification for this legal fiction is as follows. A trade mark registration is essentially a piece of legal property, i.e. the registered trade mark itself. Although the rights that flow from registration may depend on use of the mark to sustain them, the act of registration itself creates a legal right to the exclusive use of the mark in relation to the goods and services for which it is registered. Every registered mark is therefore entitled to legal protection against later use or registration by third parties of the same or similar trade mark for the same or similar goods/services, if there is a likelihood of confusion when the marks are used normally and fairly.

86. The identity of the specified goods/services in this case (or high level of similarity in the case of soaps v sponges impregnated with soaps) means that less similarity is required between the marks in order for there to be a likelihood of confusion. Nevertheless, the visual and aural differences between the marks as wholes (as described above) appear to me to be sufficient to make it unlikely that, even after allowing for a reasonable degree of imperfect recollection of the marks, relevant average consumers will directly mistake the applicant's mark for the opponent's marks, or vice versa. In my view, the real issue in this case is whether there is a likelihood of indirect confusion, or 'association' as it is called in the Act.

87. In *L.A. Sugar Limited v By Back Beat Inc.*³⁵ Mr Iain Purvis Q.C. as the Appointed Person noted that:

“16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: “The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark”.

17. Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:

³⁴ Further, from what I can tell from the evidence, the applicant has not used its mark in relation to goods in classes 3 and 33 (as opposed to retail services for those goods, which fall in class 35). The applicant does not claim any use of its mark in relation to services in class 43. Given that neither side appears to have used their marks in relation to the goods/services under consideration, the absence of evidence of confusion to date cannot provide a steer as to the likelihood of confusion in future.

³⁵ Case BL O/375/10

(a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right (“26 RED TESCO” would no doubt be such a case).

(b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as “LITE”, “EXPRESS”, “WORLDWIDE”, “MINI” etc.).

(c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension (“FAT FACE” to “BRAT FACE” for example).”

88. The opponent’s case is really that Mr Purvis’s example in paragraph 17(a) of his decision (above) applies on the facts of this case. The opponent argues, in the alternative, that the case law in *Medion* and *Bimbo*³⁶ applies, but this seems to be the same point simply put another way. The point being that HOBBIT or THE HOBBIT is sufficiently distinctive that combining it with the word GIRAFFE, together with a silhouette of giraffe and a hobbit, will not be enough to prevent average consumers from thinking that the undertakings using the respective marks (in relation to identical goods/services) are connected in some economic way, e.g. through a licence.

89. The opponent points out that, in fact, one of its licensees (Lego) used a giraffe character in a HOBBIT computer game³⁷ and that some reviewers of the game remarked on this. However, I see little force in this point because (a) the use was in relation to a computer game, not any of the goods/services at issue in this case, and (b) although the scale of such use is not very clear, it does not appear to have made a large impact on the public.

90. Applying the guidance in *L.A. Sugar Limited* to the facts as I have found them, I note that the earlier mark in this case is of ‘above average’ distinctiveness in relation to the contested goods/services, rather than ‘strikingly distinctive’ as in Mr Purvis’ example of 26 RED TESCO. Of course, such examples have to be clear cut in order to illustrate the point they are intended to make. Things are rarely so clear cut in real cases. Therefore, it does not follow that because THE HOBBIT is not as distinctive in relation to the contested goods/services as (say) TESCO that there is no likelihood of indirect confusion.

³⁶ See paragraph 52(f) above.

³⁷ See paragraph 72 of Stone 1 and exhibit DAS32

91. In my judgment, there is a subtle but important distinction between average consumers who see GIRAFFE & HOBBIT³⁸ as presenting a contrast between ‘tall and short’, and those average consumers who see it only as an odd but unrelated combination of a real animal and an imaginary being from Tolkien’s novels. This is because average consumers in the first group are liable to see the words (and corresponding silhouettes) as having a conceptual meaning that is more than the sum of its parts. Because of this, consumers in this group are less likely to assume that the user of the applicant’s composite mark is the same as (or connected to) the user of THE HOBBIT mark. By contrast, consumers in the second group are more likely to expect the users of the marks to be economically connected. This is because of the above average distinctiveness of THE HOBBIT for the contested (and notionally identical/highly similar) goods/services, and the fact that (to them) HOBBIT has an independent role in the applicant’s composite mark³⁹. Such consumers may be a little surprised to see (or hear) HOBBIT being used in an apparently random combination with GIRAFFE. However, that will not prevent such consumers from assuming that there is a connection between the users of the marks. Taking all the relevant factors into account, I find that average consumers in this group are likely to believe that the marks are used by the same undertaking, or by undertakings with an economic connection.

92. These findings mean that some average consumers will be confused, whilst others will not. In *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation*⁴⁰, Kitchin L.J. considered whether it was open to a court to find that the notional average consumer is capable of having different reactions to the same use. Although this was an infringement case, the principles set out by the court apply equally to the substantially identical assessment required under s.5(2). The judge said:

“34 This court considered the characteristics of the average consumer at some length in *Interflora Inc v Marks and Spencer plc* [2015] EWCA Civ 1403 [2014] FSR 10 from [107] to [130]. The following general points emerge further to those set out above:

i) the average consumer is a hypothetical person or, as he has been called, a legal construct; he is a person who has been created to strike the right balance between the various competing interests including, on the one hand, the need to protect consumers and, on the other hand, the promotion of free trade in an openly competitive market, and also to provide a standard, defined in EU law, which national courts may then apply;

³⁸ I will use this description as a paraphrase for the applicant’s mark, without losing sight of the fact that the applicant’s mark is more than this.

³⁹ See *Whyte and Mackay Ltd v Origin Wine UK Ltd and Another* [2015] EWHC 1271 (Ch), Arnold J., paragraphs 18-21 of the judgment

⁴⁰ [2016] EWCA Civ 41

ii) the average consumer is not a statistical test; the national court must exercise its own judgment in accordance with the principle of proportionality and the principles explained by the Court of Justice to determine the perceptions of the average consumer in any given case in the light of all the circumstances; the test provides the court with a perspective from which to assess the particular question it has to decide;

iii) in a case involving ordinary goods and services, the court may be able to put itself in the position of the average consumer without requiring evidence from consumers, still less expert evidence or a consumer survey. In such a case, the judge can make up his or her own mind about the particular issue he or she has to decide in the absence of evidence and using his or her own common sense and experience of the world. A judge may nevertheless decide that it is necessary to have recourse to an expert's opinion or a survey for the purpose of assisting the court to come to a conclusion as to whether there is a likelihood of deception;

iv) the issue of a trade mark's distinctiveness is intimately tied to the scope of the protection to which it is entitled. So, in assessing an allegation of infringement under Article 5(1)(b) of the Directive arising from the use of a similar sign, the court must take into account the distinctiveness of the trade mark, and there will be a greater likelihood of confusion where the trade mark has a highly distinctive character either per se or as a result of the use which has been made of it. It follows that the court must necessarily have regard to the impact of the accused sign on the proportion of consumers to whom the trade mark is particularly distinctive;

v) if, having regard to the perceptions and expectations of the average consumer, the court concludes that a significant proportion of the relevant public is likely to be confused such as to warrant the intervention of the court then it may properly find infringement.”

93. I find that a significant proportion of average consumers of the contested goods/services are likely to associate the marks at issue. The association between the marks creates a risk that a significant section of the public will believe that the respective goods or services come from the same or economically linked undertakings. Therefore, I find that there is a likelihood of confusion within the meaning of s.5(2)(b).

Section 5(3)

94. As the s.5(2)(b) ground of opposition has succeeded in classes 3, 33 and 43, I see no need to consider the s.5(3) ground, except in relation to class 29.

95. Section 5(3) states:

“(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.”

96. I note at the outset that the applicant has not pleaded that it has ‘due cause’ to use the contested mark (whatever the effect on the opponent’s mark and/or its reputation).

97. Unlike the ‘standard’ protection afforded to registered marks by s.5(2) of the Act, the additional protection afforded by s.5(3) is based on the established reputation of the earlier registered mark. It is not therefore appropriate to assume normal and fair use of the earlier mark in relation to categories of goods/services for the earlier mark is registered, but for which there is no evidence of use, or insufficient evidence of use to establish a reputation⁴¹. However, just as with the assessment required under s.5(2), I must consider all normal and fair use of the applicant’s mark in relation to all the goods and services specified in the application (as opposed to just the particular sub-sets of those goods that the applicant claims is its target market).

98. The opponent relies on earlier EU trade mark 2027035, which is the word HOBBIT. As indicated above, the opponent claims that the mark has a reputation for:

Computer games in class 9,
Jewellery and figurines in class 14,
Clothing in class 25,
Toys, games and figurines in class 28, and
Entertainment services, and the production and distribution of films and recordings in class 41.

99. The registration of the earlier mark covers all these goods and services⁴² (as well as many others). The earlier mark was entered in the register on 4th January 2004, so the proof of use requirements in s.6A of the Act apply. However, as the opponent

⁴¹ See the judgment of Kitchen L.J. in *Roger Maier and Another v ASOS*, [2015] EWCA Civ 220, at paragraphs 122 and 140, with which Underhill L.J. agreed.

⁴² Although the description of goods in class 28 covers ‘action figures’ rather than figurines as such.

has to establish not just use of the mark in the EU, but also reputation, the proof of use requirements make little difference to the evidential requirements.

100. 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*. 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

101. The applicant does not dispute that HOBBIT is well known as the title of a book and a film. The applicant's case is that it is not known or used as a trade mark. This is not a frivolous point: it cannot be assumed that the title of a literary work or a film is necessarily a trade mark. In particular, the UK courts have been reluctant to accept that the title of a single literary or artistic work is a trade mark⁴³. Similarly, in *Danjaq LLC v OHIM*⁴⁴ the General Court of the European Court of Justice did not accept that use of 'Dr No' as the title of a film was trade mark use. The Court found that Dr No distinguished only the artistic work in question and that 'James Bond' was the mark that distinguished the commercial origin of the series of films of which Dr No was a member. Similarly, the UK courts have long accepted that the use of the title of a series of publications (periodicals) is trade mark use. This is because consumers rely on such titles to make repeat purchases (or to avoid doing so), which is a classic example of the function of a trade mark.

102. There is no rule that the name of a fictional character, such as James Bond, cannot also be a trade mark. In this connection, Ms Michaels drew my attention to the judgment of Birss J. in *Hearst Holdings Inc. v Avela Inc.*⁴⁵ in which the judge

⁴³ See, *The Law of Passing-Off* by Professor Christopher Wadlow, 4th ed., at paragraph 8-124

⁴⁴ Case T-435/05

⁴⁵ [2014] EWHC 439

decided on the facts before him that, as well as being the name of a cartoon character, Betty Boop was a trade mark.

103. Turning to the facts of this case, I note that THE HOBBIT was part of the name of a series of three films, two of which were shown in the UK public prior to the relevant date. THE HOBBIT was plainly the part of the film titles that identified the individual films as members of the trilogy of films based on the book of the same name. In that sense the name served a similar purpose to 'James Bond' in the example cited above. Further, given that the films in question were known to be part of a trilogy, it is reasonable to believe that, at the relevant date, the public knew that a third film would follow and would have expected any film with the name HOBBIT to be the next film in the opponent's series. I therefore find that HOBBIT was used as a trade mark for the production and distribution of films. Given the extent of such use and the publicity those films received in the UK and the EU, there is no doubt in my mind that by the relevant date the mark had acquired a reputation in the UK and EU as a trade mark for such services.

104. Despite the shortcomings in the evidence, I accept that when viewed as a whole it shows that, on the balance of probability, there was genuine use of HOBBIT in the UK or EU, with the opponent's consent, prior to the relevant date, in relation to goods. The use was in relation to computer games, certain items of jewellery, children's costumes and T-shirts, toys, games and action figures. However, I do not consider that the evidence is sufficient to establish that the opponent's mark was known to a significant part of the relevant public for any of these goods by the relevant date. Arguably, the opponent's best case is that HOBBIT had acquired a reputation for computer games. I note that the 'Lego THE HOBBIT' game was released to the public just two months prior to the relevant date. However, the other computer game relied on - THE HOBBIT: KINGDOMS OF MIDDLE EARTH - had been available for 2-3 years by the relevant date, and appears to have been downloaded on a substantial scale. The value of this evidence is, however, somewhat less than it might appear because this seems to have been a free game. The purpose of the game is therefore likely to have been to promote the HOBBIT films rather than to establish a market for computer games. This casts doubt on whether such use gave HOBBIT a reputation as a trade mark for computer games. Overall, I find the opponent's evidence too vague and insubstantial to justify a finding that HOBBIT had acquired a reputation for goods in the UK/EU at the relevant date, even in relation to computer games, jewellery, children's costumes and T-shirts, toys, games or action figures. I note that the Hearing Officer who held the case management conference indicated that less evidence than usual may be required to show that HOBBIT has a reputation, but I do not think that this could reasonably have been understood as a blanket acceptance that HOBBIT has a reputation for goods (as opposed to film related services).

Link

105. As I noted above, my assessment of whether the public will make the required mental 'link' between the marks must take account of all relevant factors. The factors identified in *Intel* are:

The degree of similarity between the conflicting marks

I earlier found that the degree of perceived similarity between the marks amongst average consumers is likely to vary, depending on whether they get the tall v short concept in the applicant's mark. Those that do will see only a moderate degree of overall similarity between the marks. Consumers that don't get the play on tall v short will see a medium level of overall similarity between the marks. There will be a significant proportion of average consumers in both groups.

The nature of the goods or services for which the conflicting marks are registered, or proposed to be registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public

The goods for which the opponent's mark is registered and for which it has a reputation – production and distribution of films – are not similar to the goods under consideration in class 29, which are essentially all meats and fish. These goods do not appear to be natural merchandising candidates for films. There is an overlap between the relevant public for the parties' goods and services, which in both cases includes the general public.

The strength of the earlier mark's reputation

I find that HOBBIT had a strong reputation as a trade mark for production and distribution of films at the relevant date.

The degree of the earlier mark's distinctive character, whether inherent or acquired through use

I accept that at the relevant date HOBBIT was highly factually distinctive for production and distribution of films.

The existence of the likelihood of confusion on the part of the public

The opponent's case includes a claim that the public will believe that the goods and services sold under the applicant's mark are economically connected with the user of HOBBIT for production and distribution of films, i.e. that there is a likelihood of confusion on the part of the public. Although I

rejected the opponent's claim that HOBBIT also had a reputation at the relevant date for computer games, jewellery, toys etc., it is common knowledge that major films, and particularly series of major films, are often the subject of extensive merchandising activity. However, the applicant's goods in class 29 are essentially meat and fish. It is difficult to see how such goods can be regarded as film merchandise. Certainly, I do not think that average consumers of any kind would react to the applicant's mark with an expectation that such goods commonly used as film merchandise. I therefore find that there is no likelihood of confusion between the applicant's mark for meats and fish items, and the opponent's mark with its reputation for production and distribution of films.

106. This finding does not exclude the possibility that a significant section of the relevant public will make the kind of link sufficient to satisfy s.5(3). As the CJEU stated in *Intra-Press SAS v OHIM*⁴⁶ (at paragraph 72 of its judgment) in relation to effectively identical provisions of the Community Trade Mark Regulation:

“The Court has consistently held that the degree of similarity required under Article 8(1)(b) of Regulation No 40/94, on the one hand, and Article 8(5) of that regulation, on the other, is different. Whereas the implementation of the protection provided for under Article 8(1)(b) of Regulation No 40/94 is conditional upon a finding of a degree of similarity between the marks at issue so that there exists a likelihood of confusion between them on the part of the relevant section of the public, the existence of such a likelihood is not necessary for the protection conferred by Article 8(5) of that regulation. Accordingly, the types of injury referred to in Article 8(5) of Regulation No 40/94 may be the consequence of a lesser degree of similarity between the earlier and the later marks, provided that it is sufficient for the relevant section of the public to make a connection between those marks, that is to say, to establish a link between them (see judgment in *Ferrero v OHMI*, C-552/09 P, EU:C:2011:177, paragraph 53 and the case-law cited).”

107. Consequently, if a significant section of the relevant public simply thinks about the opponent's mark when they see (or hear) the applicant's mark, then the necessary link is established.

108. Given the strength of the reputation of the opponent's mark at the relevant date, I find that use of the applicant's mark in relation to the goods in class 29 would have caused a significant section of the relevant public to think about the opponent's mark. However, given the difference between the respective goods and services, and the differences between the marks, the link would have been a relatively weak one.

⁴⁶ Joined cases C-581/13P & C-582/13P

Unfair advantage

109. It is not suggested that the applicant intended to take unfair advantage of its mark. In *Jack Wills Limited v House of Fraser (Stores) Limited*⁴⁷ 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.”

Consequently, evidence of subjective intention is not necessary. It is sufficient if, viewed objectively, the applicant's mark takes unfair advantage of the opponent's mark.

110. I note that in *Intel* the CJEU stated (at paragraph 67 of the judgment) that:

“The more immediately and strongly the earlier mark is brought to mind by the later mark, the greater the likelihood that the current or future use of the later mark is taking unfair advantage of, or is detrimental to, the distinctive character or the repute of the earlier mark.

111. I found that use of the applicant's mark in relation to the specified goods in class 29 would create, at most, only a relatively weak link with the opponent's mark and its associated reputation.

112. The opponent says that given hobbits' characteristic love of food and conviviality, use of the applicant's mark in relation to the goods in class 29 will take unfair advantage of HOBBIT. There is not much in the evidence about this characteristic of hobbits. Further, although they may merge to some extent, it is important to keep in mind that the question is whether use of the applicant's mark will take unfair advantage of the distinctiveness and reputation of HOBBIT as a trade mark, not the fictional characters after which the films are named.

⁴⁷ [2014] EWHC 110 (Ch)

113. Despite the absence of much in the way of evidence, I acknowledge that one of the well known characteristics of hobbits is that they like to eat often. Hobbits are supposed to enjoy an additional meal each day called a 'second breakfast'⁴⁸. However, this appears to me to be a rather tenuous basis for saying that use of the applicant's mark in relation to meats and fish products will result in the transfer of the image of HOBBIT, or of the characteristics the mark projects, to the goods identified by the applicant's mark. In my view, the fact that hobbits are known to be somewhat greedy is unlikely to change the economic behaviour of average consumers so as to give the applicant's mark any significant commercial advantage when used in relation to the goods covered by class 29 of the application. I do not therefore accept that use of the applicant's mark in relation to goods/services in these classes would *"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"*.

Detriment to distinctive character

114. In *Intel* the CJEU stated that:

"73. A trade mark with a reputation necessarily has distinctive character, at the very least acquired through use. Therefore, even if an earlier mark with a reputation is not unique, the use of a later identical or similar mark may be such as to weaken the distinctive character of that earlier mark.

74. However, 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.

75. Secondly, a first use of an identical or similar mark may suffice, in some circumstances, to cause actual and present detriment to the distinctive character of the earlier mark or to give rise to a serious likelihood that such detriment will occur in the future.

76. Thirdly, as was stated on paragraph 29 of this judgment, detriment to the distinctive character of the earlier mark is caused when that mark's ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark.

77. It follows that 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

⁴⁸ There is a reference to this in the evidence: see exhibit DAS 21

the later mark, or a serious likelihood that such a change will occur in the future.”

115. In *Environmental Manufacturing LLP v OHIM*⁴⁹ the CJEU elaborated on the requirement for evidence of a likely change in the economic behaviour of average consumers. The court stated:

“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 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.”

116. The latter point echoes one made earlier by the CJEU in *Intel* when it stated (at paragraph 80 of the judgment) that:

“The fact that:

- the earlier mark has a huge reputation for certain specific types of goods or services, and
- those goods or services and the goods or services for which the later mark is registered are dissimilar or dissimilar to a substantial degree, and
- the earlier mark is unique in respect of any goods or services, and
- for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark calls the earlier mark to mind,

is not sufficient to establish that the use of the later mark takes or would take unfair advantage of, or is or would be detrimental to, the distinctive character or the repute of the earlier mark, within the meaning of Article 4(4)(a) of the Directive.”

117. The opponent has not put forward specific evidence showing that use of the applicant’s mark will dilute the distinctiveness of the HOBBIT mark in a way that will change the likely economic behaviour of average consumers. To be fair, it is rarely possible to provide positive ‘evidence’ of dilution, particularly in opposition proceedings where the actual effects of the applicant’s use of the applied-for mark are often unknown because no use has yet been made of the mark. The CJEU recognised this in *Environmental Manufacturing* when it stated:

⁴⁹ Case C-383/12P

“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 the relevant commercial sector as well as all the other circumstances of the case’.”

118. It is clear from these cases that, particularly where there is no likelihood of confusion, it is not sufficient for the opponent to point to the strength of the reputation of the earlier mark, or the mark’s relative uniqueness, and the theoretical risk of dilution. Recognising this, the opponent’s argument at the hearing was that the attractiveness of the mark HOBBIT to potential licensees may be greatly reduced if the relevant market already featured a Giraffe & Hobbit mark. On this footing, there could be a change in economic behaviour on the part of potential licensees. In this connection, Ms Michaels drew my attention to the judgment of the Court of Appeal in *Maier v ASOS*⁵⁰ where Kitchen L.J. appears to have accepted that use of later mark which could serve to restrict the scope to expand the scope of the business conducted under the earlier mark could amount to be a legitimate head of dilution. The relevant part of the judgment is set out below.

“[Assos] contends that Assos has suffered relevant damage because the activities of Asos have impacted upon its ability to expand its business beyond its existing fields of activity but within the scope of the specification of the ASSOS mark. So, by way of example, [counsel for Assos] continues, Assos cannot begin to advertise and sell ASSOS branded track-suits and t-shirts on the internet or through general high street stores without coming into conflict with the ASOS brand.”

“I have formed the view that the judge’s analysis involves an unduly restrictive approach to Article 9(1)(c) and that, in assessing whether a proprietor of a registered mark with a reputation is entitled to protection, the court need not restrict its consideration to the precise way in which the mark has been used and may also take into account all normal and fair use of the mark in respect of the goods or services for which it is registered.”

119. I note that the facts in *Maier v ASOS* differ from the facts I am considering in two important respects. Firstly, the Court of Appeal had already found that there was a likelihood of confusion: it was not considering a case based on dilution in the pure sense of the word. This is important because the CJEU’s requirement for evidence of a change in the economic behaviour of consumers in dilution cases is predicated on

⁵⁰ [2015] EWCA Civ 220 at paragraphs 135-137

there being no likelihood of confusion⁵¹. Secondly, and linked to the first point, the parties in *Maier v ASOS* were trading in different parts of the same overall market for clothing. This is very different to the facts under consideration here where one party is producing and distributing films and the other proposes to trade in meat and fish products. I am doubtful whether restricting the scope to expand the scope of the business conducted under the earlier mark is a self-standing and legitimate head of dilution where the fields of business are quite so distinct from one another. This is particularly difficult where the goods covered by the later mark do not appear to be natural areas for the expansion of the business conducted under the earlier mark.

120. I cannot therefore find that there is a ‘serious likelihood’ of a change in the economic behaviour of average consumers either on the basis of specific evidence or as a result of logical deductions. This is so even if I include potential licensees of the opponent’s mark amongst relevant consumers⁵².

121. The opponent originally pleaded a second case of detriment based on detriment to the reputation of the HOBBIT mark. This was based on the theoretical possibility that the goods offered by the applicant might be perceived as of inferior quality, which would tarnish the reputation of the earlier mark. Ms Michael’s did not push this point at the hearing. In my view, she was right not to do so because, absent a likelihood of confusion, this is not a legitimate head of detriment to reputation in s.5(3) cases⁵³.

122. I therefore reject the s.5(3) ground of opposition. For the avoidance of doubt, I would have reached the same conclusion even if I had accepted the opponent’s claim that HOBBIT has a relevant reputation for computer games etc. This is because the applicant’s goods/services in class 29 are no more related to these goods than they are to the opponent’s film production and distribution services.

Section 5(4)(a)

123. I see no need to determine the s. 5(4)(a) ground of opposition, except in relation to the goods which have survived the other grounds of opposition. Therefore, I will only consider the s.5(4)(a) ground against the goods covered by class 29 of the application.

⁵¹ See the closing words of paragraph 37 of the judgment of the CJEU in *Environmental Manufacturing LLP v OHIM*

⁵² If necessary, I would have accepted that potential licensees are relevant for this purpose. This is because (a) although the CJEU’s case law expresses the change of economic behaviour as being amongst average consumers, the ratio of the court’s judgment is really that there must be a real economic effect on the functions of the earlier mark, and (b) if there is a demand for licences for particular goods then this is likely to be because of a perceived market for those licensed goods, which itself points to the potential of the mark to change the economic behaviour of average consumers.

⁵³ See paragraphs 46 and 47 of the decision of Ms Anna Carboni as the Appointed Person in *Unite The Union v The Unite Group Plc*, Case BL O/219/13

124. Section 5(4)(a) states:

“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.”

125. Halsbury’s Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165 provides the following analysis of the law of passing off. The analysis is based on guidance given in the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731. It is (with footnotes omitted) as follows:

“The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

(1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.”

126. I earlier found that the opponent had used its mark as a trade mark for production and distribution of films and acquired a reputation under (THE) HOBBIT by the relevant date. It follows that, in principle, the opponent had the necessary goodwill to bring a passing off action. The opponent’s pleaded case is that the goodwill under the earlier right extended to entertainment services, radio programmes, computer games, toys, games, action figures, collectible figures, costumes, clothing and jewellery. The opponent has shown some use of (THE) HOBBIT prior to the relevant date in relation to computer games, jewellery, children’s costumes and T-shirts, toys, games and action figures. The evidence was not sufficient to persuade me that the HOBBIT had become known to a significant section of the relevant public for such goods (and therefore for HOBBIT to qualify as a mark with a reputation for the purposes of the s.5(3) case). However, I am prepared to accept that the use shown would have generated some additional

goodwill for the opponent's business. The use in question would have confirmed to some consumers the assumption I have attributed to average consumers at large in my consideration of the other grounds of opposition; namely, that a mark used for a series of successful films is liable to be the subject of merchandising activities.

127. Nevertheless, I still find it difficult to accept that a substantial number of members of the public are likely to believe that the goods specified in class 29 of the contested application are those of the opponent, or are the subject of some kind of licence from the opponent. This is partly because although the applicant's mark includes the word HOBBIT, overall it is only similar to a medium degree to HOBBIT. However, it is mainly because the goods specified in class 29 of the application do not appear to be of a kind that are likely to be connected with a mark used for films and/or the associated goods for which prior use of the opponent's mark has been established. I remind myself that the applicant's goods are:

Dried meat; Meat substitutes; Meat paste; Mince meat [chopped meat]; Meat, fish, poultry and game; Meat stocks; Cooked meat dishes; Food pastes made from meat; Fresh meat; Frozen meat products; Meat conserves; Meat gelatines; Pie fillings of meat; Prepared dishes consisting principally of meat; Prepared meals made from meat [meat predominating]; Prepared meat dishes; Quenelles [meat]; Sausage meat; Steaks of meat; Turkey meat; Meat preserves; Meat [preserved]; Meat extracts; Meat jellies; Meat; Meat, tinned [canned (Am.)]; Meat, preserved.

128. I acknowledge that although Ms Michaels did not rely on any existing use of the opponent's mark in relation to goods in class 29, the evidence suggests that there may be some scope to licence the opponent's mark in relation to some kinds of foodstuffs, such as biscuits, popcorn, and sweets. This is because these are the sorts of casual foods that appeal to film goers and children, and may therefore benefit from association with a popular film. However, as will be apparent, these are quite different products to the meat and fish products specified in the application, which are not obvious candidates for licences for a mark used primarily in relation to a series of films.

129. I acknowledge that the opponent's evidence indicates that pork pies, pork sausages and bacon were amongst the goods served to guests at an event run by HarperCollins in 2012 to celebrate the 75th anniversary of the publication of Tolkien's The Hobbit. However, it is not even clear that the opponent was responsible for this event. And even putting this to one side, it would be farfetched to suggest that this establishes a commercial connection between the opponent's goodwill under HOBBIT and meat products. In my judgment, it would be going much too far to infer that the food served at this apparently one-off event shows that it is possible to commercially exploit the HOBBIT name in relation to meat products. If anything, this

evidence shows the connection between hobbits and second breakfasts, rather than between hobbits and meat products. Breakfast largely depends on timing not the specific food served. In this connection, I note that the guests at the HarperCollins event were also served cakes, scones, jams and baked beans.

130. In my view, the opponent has not established that a substantial number of persons are likely to believe that the applicant's mark signifies an economic connection with the opponent's business. It follows that use of the applicant's mark would not constitute a misrepresentation to the public. As this is an essential requirement under the law of passing off the s.5(4)(a) ground of opposition fails in relation to the goods covered by class 29 of the application.

Outcome

131. The application will be refused in classes 3, 33 and 43. The goods in class 14 of the application will be deleted because the applicant has withdrawn the application in that class. The application will proceed to registration in relation to the goods in class 29.

Costs

132. The opponent has been more successful than the applicant and is entitled to a contribution towards its costs. I award the opponent 60% of the usual scale costs. This amounts to £1570 as a contribution towards the cost of the proceedings. This is calculated as follows:

- £200 for filing a notice of opposition
- £120 towards the official filing fee
- £650 towards the cost of filing evidence and considering the applicant's evidence
- £600 towards the cost of the hearing.

133. I order Giraffe and Hobbit Ltd to pay the Saul Zaentz Company the sum of £1570. This sum should be paid within 14 days of the expiry of the appeal period or, if there is an appeal, within 14 days of the conclusion of the appeal proceedings.

Dated this 26TH day of May 2016

**Allan James
For the Registrar**