

**IN THE MATTER OF TRADE MARK REGISTRATION
NO. 2239542 IN THE NAME OF NLIGHTN MULTIMEDIA
LTD AND APPLICATION FOR A DECLARATION OF
INVALIDITY NO. 12543 THERETO BY TERRA
NETWORKS, SA**

TRADE MARKS ACT 1994

IN THE MATTER OF Trade Mark Registration No. 2239542 in the name of NlightN Multimedia Ltd and Application for a Declaration of Invalidity No. 12543 thereto by Terra Networks, SA

BACKGROUND

1. On 19 July 2000, NlightN Multimedia Ltd applied under the Trade Marks Act 1994 to register the following trade mark TERRAPODS.

2. Following amendment, the specification of goods reads:

Class 9:

Electronic publications in the form of cartoon sequences displayed on the Internet, animated cartoons, animated cartoons in the form of cinematographic films, cartoon sequences recorded on disc, cartoon sequences recorded on film, cartoon sequences recorded on tape, cartoons in the form of computer games.

Class 16:

Cartoon publications for children, cartoon publications for teenagers, cartoon strips in the form of printed matter, cartoons, magazines relating to cartoon characters, printed matter relating to cartoon characters.

3. The application was accepted and published. The application proceeded to registration on 20 April 2001. On 31 May 2001, Terra Networks, SA filed an application for a declaration of invalidity of the registration. The action was filed on Form TM26(I) together with the appropriate fee. The statement of grounds accompanying the application set out three grounds of action, these can be summarised as follows:

- (a) Under Section 47(2)(a) of the Trade Marks Act 1994, in that the proprietor's mark TERRAPODS is similar to the applicant's trade marks consisting of or containing the word TERRA, details of which are shown in an Annex to this decision, and that the goods and services of the applicant's trade marks are either identical or similar to the goods of the registration. The applicant contends that because of the similarity, there exists a likelihood of confusion amongst the public, including the likelihood of association with the applicant's trade marks. As such, the applicant contends that the registration should be declared invalid by reference to Section 5(2)(b) of the Act.
- (b) Under Section 47(2)(a) of the Trade Marks Act 1994, in that the registration is similar to the applicant's earlier trade marks and is to be registered for goods which are not similar to those goods/services for which the applicant's trade mark are protected. In consequence of the reputation the applicant's trade

marks possess in the United Kingdom and European Community, the use made of the registration would be without due cause, and would take unfair advantage of, and would be detrimental to, the distinctive character and repute of the applicant's trade marks, contrary to the provisions of Section 5(3) of the Act.

- (c) Under Section 47(2)(b) of the Trade Marks Act 1994, in that the applicant has thus acquired extensive goodwill and reputation in its trade marks consisting of or containing the mark TERRA, in respect of the goods and services in relation to which it has been used, since October 1999 at the latest and prior to the filing date of the registration. Given the extensive use of the trade marks made by the applicant, it is contended that the goodwill and reputation thus acquired constitutes an "earlier right" within the meaning of Section 5(4) of the Trade Marks Act 1994. The applicant contends that use of the registration would be contrary to Section 5(4)(a) of the Trade Marks Act 1994 since it would be preventable by virtue of the law of "passing off".

4. The application was sent to the registered proprietor on 11 June 2001. A period up to 23 July 2001 was allowed in which to file a Form TM8 and counter-statement. The registered proprietor did not file a counter-statement to defend their registration. The Registry did receive a letter from the registered proprietor dated 14 May 2002. In this letter the registered proprietor states:

- S that they had not received any of the preceding correspondence on this case as they had not advised the Registry of their change of address. They accept that this omission was on their part, but hoped that their point of view could be taken into account.
- S that they refute the applicant's claim that Terrapods is similar to their trade mark because it contains the letters TERRA. "Terra" means "earth" and "Pod" means "creatures" and that was the reason for the choice of name. Their trade mark is used to describe interactive on-line cartoon characters created for educational purposes and as such bears no relationship to those of the applicant.
- S that they do not advertise the name Terrapods; all advertising is done under the Clicktolearn name. However, they have invested approximately £100,000 in the development of the Terrapods in terms of voice recording, music licensing, programming and hosting and, while the web site has yet to attract large numbers of subscribers, it is in its early stages.
- S that, the TERRA branding has no prominence that the registered proprietor is aware of in the United Kingdom, being almost entirely a foreign language brand. Their product is aimed squarely at primary school children in the United Kingdom and they are proud of this focus.

5. The applicant for invalidity filed written submissions in support of their application on 23

May 2002, which state:

S It is the applicant's opinion that the statement of grounds filed with the Form TM26(I) on 30 May 2001 contains sufficient evidence to support a *prima facie* case of invalidity. The applicant for invalidity is the proprietor of a number of earlier strongly similar marks, sharing the TERRA prefix.

6. Acting on behalf of the Registrar and after a careful study of the papers before me I give this decision.

DECISION

7. The Form TM26(I) and statement of grounds were sent by the Registry to the address for service as shown on the register. There is no irregularity in proceedings before the office. The registered proprietor did not file the required Form TM8 and counter-statement within the prescribed period. Therefore, the application for invalidity is uncontested by the registered proprietor. It does not however follow that the uncontested nature of this action will automatically mean success for the applicant for invalidity and failure for the registered proprietor. The onus in invalidity proceedings remains on the applicant for invalidity to prove why it is that the registration should be declared invalid.

8. I am mindful of the decision in the *Firetrace Case* (BL 0/278/01) where the Hearing Officer stated:

“It is not sufficient to simply allege that a registration offends either Section 46 or 47 of the Act without doing more to prove that the allegation has substance. That said, when an application for revocation (other than non-use) or invalidation is made and the registered proprietors choose not to respond to such a request, I do not think that it is necessary for the applicants in those circumstances to have to fully substantiate their allegations beyond providing evidence which supports a *prima facie* case”.

9. The reason that the Hearing Office arrived at this view is the statutory presumption in Section 72 of the Act which states:

“In all legal proceedings.....the registration of a person as proprietor of a trade mark shall be *prima facie* evidence of the validity of the original registration and of any subsequent assignment or other transaction of it”.

10. With this in mind, I now turn to consider whether the statement of grounds and written submissions provided by the applicant for invalidity are sufficient, *prima facie*, to allow the application for invalidity.

11. The applicant claims that the registration should be declared invalid as per Section 47 of the Act on the basis of the provisions of Section 5(2)(b), 5(3) and 5(4)(a). The relevant parts of the Act are as follows:

“47 (2) The registration of a trade mark may be declared invalid on the ground -

- (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or
- (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.”

“5 (2) A trade mark shall not be registered if because -

- (a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or
- (b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

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

(3) A trade mark which -

- (a) is identical with or similar to an earlier trade mark, and
- (b) is to be registered for goods or services which are not similar to those for which the earlier trade mark is protected,

shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark, in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

(4) 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) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.

A person thus entitled to prevent the use of a trade mark is referred to in this Act as

the proprietor of an “earlier right” in relation to the trade mark.”

12. The term “earlier trade mark” is defined in Section 6 of the Act as follows:

“6.-(1) In this Act an "earlier trade mark" means -

- (a) a registered trade mark, international trade mark (UK) or Community trade mark which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks,
- (2) References in this Act to an earlier trade mark include a trade mark in respect of which an application for registration has been made and which, if registered, would be an earlier trade mark by virtue of subsection (1)(a) or (b), subject to its being so registered.

13. I will deal first with the applicant’s ground of invalidity under section 5(2)(b). In determining the question under section 5(2), I take into account the guidance provided by the European Court of Justice (ECJ) in *Sabel BV v. Puma AG* [1998] R.P.C. 199, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* [1999] R.P.C. 117, *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v. Adidas AG* [2000] E.T.M.R. 723. It is clear from these cases that:-

- S the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v. Puma AG* page 224;
- S the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v. Puma AG* page 224, 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 that he has kept in his mind; *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V.* page 84, paragraph 27.
- S the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v. Puma AG* page 224;
- S the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctiveness and dominant components; *Sabel BV v. Puma AG* page 224;
- S a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice-versa; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* page 132, paragraph 17;

- S there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it; *Sabel BV v. Puma AG* page 224;
- S mere association, in the sense that the later mark brings the earlier mark to mind is not sufficient for the purposes of Section 5(5); *Sabel BV v. Puma AG* page 224;
- S further, 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; *Marca Mode CV v. Adidas AG* page 732, paragraph 41;
- S but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* page 133 paragraph 29.

14. Under section 5(2), the test is a composite one, involving a global appreciation taking into account a number of factors. With these comments in mind I proceed to consider the applicant's case under section 5(2)(b).

15. The applicants have ten earlier trade marks within the definition of Section 6 of the Act, these are set out in an Annex to this decision. They consist of two United Kingdom registrations covering goods and services in classes 9, 16, 35, 38, 41 and 42; four Community Trade Mark Applications covering goods and services in classes 1 to 42 and four Community Trade Mark Registrations covering goods and services in classes 35, 38, 41, 42. It seems to me that the applicant's best case falls to be determined by reference to United Kingdom Registration No. 2211600 for the trade mark "terra" and device and Community Trade Mark No. 1343227 for the word "TERRA". These registrations cover goods in classes 9 and 16 which seem to me to be the closest to those for which the proprietor's mark is registered. The registered proprietor's mark and the applicant's earlier marks are reproduced below.

Registered Proprietor's trade mark

TERRAPODS

Class 9

Electronic publications in the form of cartoon sequences displayed on the Internet, animated cartoons in the form of cinematographic films, cartoon sequences recorded on disc, cartoon sequences recorded on film, cartoon sequences recorded on tape, cartoons in the form of computer games.

Class 16

Cartoon publications for children, cartoon publications for teenagers, cartoon strips in the form of printed matter, cartoons, magazines relating to cartoon characters, printed matter relating to cartoon characters.

Applicants' trade mark



Class 9

Apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs, data processing equipment and computers.

Class 16

Books, magazines and publications.

Class 35

Advertising; business management; business administration; office functions.

Class 38

Telecommunications services comprising the providing of multiple user access to a global computer information network (Internet/Intranet) for transfer and dissemination of any type of information, image or sound.

Class 41

Education; providing of training; and entertainment; related to computing, database networks and the Internet; sporting and cultural activities.

Class 42

Services in the field of technological information, website design services, programming, configuration and technical installation of data bases in the field of Internet and/or any other communication

network; services rendered by suppliers of Internet and/or any other data base network.

TERRA

CTM 1343227

Class 9

Scientific, nautical, surveying, electric, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; automatic vending machines and mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment and computers; fire-extinguishing apparatus.

Inherent Distinctiveness/Reputation of the Applicants' Earlier Trade Marks

16. The case law outlined above indicates that the distinctive character of a mark, either inherent or because of the use that has been made of it, is a factor to take into account when reaching a decision under section 5(2)(b). The applicant's trade marks are the word TERRA alone, or with the addition of other matter. The word Terra, which is the Latin and Italian word for earth seems to me to be inherently distinctive in relation to the relevant goods and services of the applicant's earlier trade marks.

17. No evidence has been adduced before me to consider whether the applicant has acquired a reputation in the United Kingdom sufficient to enhance their mark.

Comparison of the Trade Marks

18. I will now consider the visual, aural and conceptual similarities between the trade marks by reference to the overall impression created by the marks but taking into account their distinctive and dominant components. The question must be assessed through the eyes of the average consumer taking into account the fact that the average consumer rarely has an opportunity to make a direct comparison between the trade marks, so called imperfect recollection. Taking into account the goods in question, the average consumer would be ordinary members of the public.

19. Visually, the applicants' earlier trade mark is the word "terra" alone or with a device element, the registered proprietor's is "TERRAPODS". There are some obvious similarities between the two trade marks. Both marks start with the word TERRA. However, the registered proprietor's mark is the word "TERRA" conjoined with the word "PODS" and this, in my view, reduces the visual similarity between the trade marks. Differences in the respective trade marks, in my view, separate them and limit the visual similarity between the two trade marks. As such, I find that there is little visual similarity between the trade marks.

20. Aurally, the two marks are again "terra" and "TERRAPODS". It has long been held that in oral use the beginnings of words assume more importance. Here, both trade marks share the same word "Terra". In oral use, it is possible for endings of trade marks to be lost or misheard. However, taking into account the fact that the words "TERRA" and "PODS" comprise of two different syllables this would, in my view, lean against the tendency to slur the ending. Therefore, it seems to me that there would be little aural similarity between the marks.

21. Conceptually, the applicants' trade mark is the word "terra", the dictionary definition of which is "the Latin and Italian word for earth: any area of higher land on the moon's surface". The registered proprietor's trade mark is "TERRAPODS" which, in my view, could bring to mind a science fiction connotation. Taking all this into account I consider that there could be some, albeit low, conceptual similarity.

22. To conclude on this point, I reach the view that there is some conceptual similarity between the trade marks but little visual or aural similarity between them.

Identity/Similarity of Goods

23. The registration is for goods within Classes 9 and 16. Which, if any, of the goods falling within these classes are similar or identical to the goods covered by the applicant's earlier trade marks? As noted above, the likelihood of confusion must be assessed globally. In *Canon*, the ECJ indicated that this implied some interdependence between the relevant factors. Accordingly, a lesser degree of similarity between the marks (and vice versa); *Canon* paragraph 17, page 132.

24. That said, it has been recognised by the ECJ that section 5(2), (Article 4(1)(b) of the Directive) requires that the goods/services are similar. In particular *Canon* at paragraph 22 the Court stated:

"22. It is however, important to stress that, for the purposes of applying Articles 4(1)(b), even where a mark is identical to another with a highly distinctive character, it is still necessary to adduce evidence of similarity between the goods or services covered. In contrast to Article 4(4)(a), which expressly refers to the situation in which the goods or services are not similar, Article 4(1)(b) provides that the likelihood of confusion presupposes that the goods or services covered are identical or similar".

25. Mr Hobbs Q.C., sitting as the Appointed Person in *Raleigh International* [2001] R.P.C. 11 has stated:

“Similarities between marks cannot eliminate differences between goods or services; and similarities between goods or services cannot eliminate differences between marks. So the purpose of the assessment under section 5(2) must be to determine the net effect of the given similarities and differences.”

26. In order to assess the similarity of the goods, I note the test set out by Mr Justice Jacob in *British Sugar Plc v James Robertson & Sons Ltd* [1996] R.P.C. 281 at page 296. Adapted to the instant case, it can be stated as:

- S the uses of the respective goods or services;
- S the users of the respective goods or services;
- S the physical nature of the goods or services;
- S the trade channels through which the goods or services reach the market;
- S in the case of self-serve consumer items, where in practice they are respectively found or likely to be found on the same or different shelves; and
- S the extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods or services, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

27. These factors were referred to in the opinion of the Advocate General in *Canon*; page 127, paragraphs 45 - 48. In its judgement, the ECJ stated at paragraph 23:

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

28. In these proceedings, the statement of grounds filed by the applicants states that all the goods in the registration are considered to be identical or similar to the goods for which their trade marks are registered. The registered proprietor’s did not file a counter-statement, therefore, make no admissions on this matter. I will look at each class in turn and consider the applicants’ claim.

Class 9

29. The registration covers “Electronic publications in the form of cartoon sequences displayed on the Internet, animated cartoons, animated cartoons in the form of cinematographic films, cartoon sequences recorded on disc, cartoon sequences recorded on film, cartoon sequences recorded on tape, cartoons in the form of computer games”. The applicant’s earlier registration 2211600 covers “ Apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs, data processing equipment and computers” and CTM registration covers “Scientific, nautical, surveying, electric, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus for recording,

transmission or reproduction of sound or images; magnetic data carriers, recording discs; automatic vending machines and mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment and computers; fire-extinguishing apparatus”.

30. The terms covered in the specification of the registration would seem to me to cover goods some of which are identical and some of which are similar to goods covered by the specification of the applicant’s earlier registrations 2211600 and 1343227.

31. Thus all of the registered proprietor’s goods in Class 9 will be identical or similar to some of the goods falling within the applicant’s specifications.

Class 16

32. The registration covers “Cartoon publications for children, cartoon publications for teenagers, cartoon strips in the form of printed matter, cartoons, magazines relating to cartoon characters, printed matter relating to cartoon characters”. The applicants’ earlier registration 2211600 covers “Books, magazines and publications”.

33. The terms covered in the specification of the registration would seem to me to be identical to goods covered by the terms “ Book and magazines” and “Publications” in the specification of the applicants’ earlier registration 2211600.

34. Thus some of the registered proprietors’ goods in Class 16 will be identical to the goods falling within the applicants’ specification.

Conclusions under section 5(2)(b)

35. Together with my findings that the applicants’ earlier trade mark possess a distinctive character, how do my findings in respect of the similarities of the marks and the similarities of the goods come together under section 5(2)(b)? As noted above, the ECJ has stated that a lesser degree of similarity between the goods or services can be offset by a greater degree of similarity between the marks (or vice versa).

36. Mr Hobbs, Q.C., sitting as the Appointed Person in *Balmoral Trade Mark* [1998] R.P.C. 297 at page 301, found that section 5(2) raised a single composite question. Adapted to this case it can be stated as follows:

Are there similarities (in terms of marks and goods) which would combine to create a likelihood of confusion if the “earlier trade mark” the word terra and device and the registered trade mark TERRAPODS, were used concurrently in relation to the goods for which they are respectively registered?

37. In my view this question must be answered in the negative. It seems to me that the primary means for choosing such goods would be visually and taking into account that I have found little visual similarities between the trade marks in question I find that even taking into account imperfect recollection there would be no likelihood of confusion if the trade marks were used on identical or similar goods. In my decision I have also considered the likelihood that the public would wrongly believe that the goods come from the same or economically linked

undertaking. Given my finding of little visual or aural similarity and some albeit low conceptual similarity I reach the view that the answer to the question must also be in the negative.

38. In the light of my findings, the applicants ground of invalidity fails under Section 5(2)(b).

Section 5(3)

39. No evidence having been adduced by the applicants on this ground it is dismissed.

Section 5(4)(a)

40. No evidence having been adduced by the applicants on this ground it is dismissed.

Costs

41. The applicants have failed in their application for invalidity and, therefore, I make no order for costs.

Dated this 27th Day of May 2003

**Sally Long (Mrs)
For the Registrar
the Comptroller General**

Annex available as 'order a copy'.