

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATIONS NOS 2453838 AND 2453833
IN THE NAME OF UNITE THE UNION**


**AND IN THE MATTER OF CONSOLIDATED OPPOSITIONS THERETO NOS 96356
AND 96357 BY THE UNITE GROUP PLC**

APPEAL TO THE APPOINTED PERSON BY THE OPPONENT

DECISION

Introduction

1. The appellant in this case is The Unite Group PLC (“**Group**”) which develops, manages and co-invests in commercial and residential property developments and provides temporary accommodation services to students. The respondent is Unite the Union (“**Union**”), the largest trade union in the United Kingdom, which was formed from a series of mergers of smaller trade unions, ending with the merger of Amicus with the T&G Union in May 2007. Union represents members employed across a wide range of industrial, occupational and professional sectors.
2. The appeal concerns consolidated oppositions brought by Group against two trade mark applications that were originally filed by Amicus on 26 April 2007 and subsequently assigned to Union in September 2007, the basic details of which are set out below:

Application no.	Mark
2453838	 The logo for Unite the Union, featuring a stylized flame or wave graphic above the word "unite" in lowercase and "the UNION" in lowercase below it.
2453833	UNITE (word only)

3. Group opposed these applications under sections 5(2)(a), 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“**the Act**”). On 21 November 2011, Ann Corbett, hearing officer for the Registrar, issued a decision (O-409-11), in large part upholding the oppositions under section 5(2)(a) (in the case of application no. 2453833) and section 5(2)(b) (in both cases). Although the reasons given were slightly different for each mark, the result was the same for both applications such that, absent this appeal, the list of goods and services for which both of Union’s marks would be permitted registration would be as follows (the text that is crossed out indicating the items in respect of which the oppositions succeeded):

- Class 14: Horological and chronometric instruments; clocks and watches; tie pins; items of jewellery; ornamental pins.
- Class 16: ~~Printed matter, publications, newsletters, brochures, instructional and teaching materials,~~ document files, pens and pencils, photographs, ~~leaflets,~~ forms, posters, business cards, calendars, diaries, year wall planners, envelopes, ~~booklets,~~ labels, note pads, sticky notes, erasers, tape measures, staplers, rulers, desk tidies, mug mats (plastic and cardboard), folders (cardboard and ring binder), clipboards.
- Class 18: Leather goods; wallets; briefcases; umbrellas; imitation leather goods; travelling bags; handbags; rucksacks; purses.
- Class 21: Glassware, porcelain and earthenware; mugs, cups and crockery; decanters.
- Class 22: Sacks and bags not included in other classes.
- Class 24: Tea towels.
- Class 25: Clothing; headgear; T-shirts; sweatshirts; ties; scarves; sweaters; caps; outerclothing; footwear.
- Class 26: Badges.
- Class 28: Games and playthings.
- Class 35: ~~Accountancy advisory services; tax analysis and tax return preparation services;~~ providing advertising space in publications; organising conferences and exhibitions; ~~providing commercial assistance and information;~~ organisation, operation and supervision of loyalty and incentive schemes; opinion polling; ~~provision of business information.~~
- Class 36: Charitable fund raising; ~~financial and insurance consultancy services; credit card services; financial information; financial management and financing services.~~
- Class 41: Education relating to the working environment, employment, the economy and health and safety; providing of training; arranging and conducting conferences, congresses, seminars, symposiums and exhibitions; organising of concerts; organising of lotteries.
- Class 42: Industrial and commercial research.
- Class 43: Child care services; ~~accommodation services;~~ holiday booking services.
- Class 44: Medical assistance; convalescence services.

Class 45: Legal services; legal research; will writing services; representation of employees and workers; negotiation services for pay and conditions for employees; funeral assistance; health and safety representation and assistance.

4. The hearing officer considered the grounds of opposition brought under section 5(4)(a) to be no better than under section 5(2) and accordingly did not deal with those grounds in the decision. However, she did deal with the grounds under section 5(3) and found them to fail. In particular, she ruled that the use of Union's trade marks applied for would not be detrimental to the repute of the earlier trade marks relied on by Group. Group now appeals against that aspect of her decision. There is no cross-appeal.

Section 5(3)

5. Section 5(3) of the Act states as follows:¹



“(3) A trade mark which is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark or international trade mark (EC) in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

6. This section implemented article 4(4)(a) of First Council Directive 89/104/EEC, now substituted by article 4(4)(a) of Directive 2008/95/EC to approximate the laws of the Member States relating to trade marks (codified version) (“**the Directive**”). There is an equivalent provision at article 8(5) of Council Regulation 207/2009/EC on the Community trade mark (codified version) (“**the Regulation**”). Cases decided under these provisions of the Directive and Regulation are helpful in interpreting section 5(3). Decisions in cases under the parallel infringement provisions (section 10(3) of the Act, article 5(2) of the Directive and article 9(1)(c) of the Regulation) are also of assistance, but it must be borne in mind that the latter cases involve consideration of specific facts and circumstances of the allegedly infringing use which are before the relevant court, whereas opposition proceedings involve consideration of whether the requirements of the relevant provision may be met in all the circumstances in which the mark applied for might be used if it were to be registered: *Case C-533/06 O2 Holdings Ltd v Hutchison 3G UK Ltd* [2008] ECR I-4231 at [66]-[67].
7. Pursuant to section 6(1) of the Act, an “earlier trade mark” includes a registered UK or Community trade mark and an application for either, in each case having an application date that pre-dates the opposed trade mark application, having taken into account any relevant priority claims.

¹ Section 5(3) was amended by the Trade Marks (Proof of Use, etc.) Regulations 2004, SI 2004/946 following the decisions of the European Court of Justice in Case C-292/00 *Davidoff & Cie SA v Gofkid Ltd* [2003] ECR I-389 and Case C-408/01 *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd* [2003] ECR I-12537 to the effect that the provision applies regardless of similarity of the goods or services for which the later mark is to be used to those covered by the earlier trade mark.

Group’s Earlier Trade Marks

8. Group relies on two trade mark registrations that qualify as “earlier trade marks”, one Community trade mark (“CTM”) and one UK trade mark. Since the CTM had been granted registration more than five years prior to Union’s applications, Group had to satisfy the use conditions of section 6A of the Act, and successfully did so in respect of the services set out in the table below (see paragraphs 48-49 of the decision). The use requirement did not apply to the UK trade mark, which was registered in Classes 16, 36, 37, 42 and 43. Given the scope of this appeal, I reproduce only the relevant extracts from the Class 36 and 43 elements of the specification for that registration in the table below.

UKTM/ CTM No.	Mark	Application/ Registration date	Relevant specification
CTM 1328079	UNITE (word only)	A: 30.09.1999 R: 27.05.2002	Class 36: Real estate management; leasing of real estate; management of residential and commercial properties; leasing of commercial and residential properties.
UKTM 2401561	<p>The heart of student living </p> <p>The heart of student living </p>	A: 14.09.2005 R: 29.09.2006	<p>Class 36: Provision, leasing and rental of accommodation; provision and leasing of buildings for use as temporary accommodation; leasing and rental of residential and commercial properties; real estate management; the management of residential and commercial properties; arranging accommodation; accommodation management and administration; provision of information relating to real estate and accommodation; accommodation booking and allocation services...</p> <p>Class 43: Provision of temporary accommodation and rental of temporary accommodation; provision of information relating to the availability of temporary accommodation; temporary accommodation booking and allocation services...</p>

9. The hearing officer found (at paragraphs 104 and 109 of her decision) that both of these trade marks enjoy a reasonably high degree of inherent distinctive character which has been enhanced through use and that they have a reputation for the purposes of section 5(3) in relation to “the provision of serviced accommodation to students”. Those findings are accepted by both sides for the purposes of this appeal.

Appeal

10. The correct approach to this appeal is for me to review the hearing officer's decision, not re-hear the case. I should be reluctant to interfere in the absence of a distinct and material error of principle. Further, a decision does not contain an error of principle merely because it could have been better expressed. (See *REEF Trade Mark* [2002] EWCA Civ 763, [2003] RPC 5 at [28]; and *Galileo International Technology, LLC v European Union* [2011] EWHC 35 (Ch) at [11] - [14].)
11. This was accepted by Counsel for both parties who appeared before me on the appeal: Mr Guy Hollingworth for Group and Ms Jessie Bowhill for Union. Mr Hollingworth asserted that the hearing officer had made a number of distinct errors, while Ms Bowhill claimed that the appeal amounted to no more than repeated attacks on the hearing officer's treatment of the evidence with which I was not entitled to interfere.

Requirements of section 5(3) of the Act and the hearing officer's approach

12. Under section 5(3) of the Act, the starting point is that the earlier trade mark relied upon by the opponent must have a reputation. For a UK trade mark, this must be a reputation in the United Kingdom; and for a Community trade mark, it must be a reputation in the European Union. This is not a high hurdle: see Case C-375/97 *General Motors Corp v Yplon SA* [1999] ECR I-5421 at [24]. For a CTM, the mark must be known by a significant part of the relevant public in a substantial part of the territory of the European Union. In an appropriate case the territory of a single Member State may suffice for this purpose: see Case C-301/07 *PAGO International GmbH* [2009] ECR I-9429.
13. As mentioned at paragraph 9 above, the hearing officer found that both of Group's earlier trade marks had the requisite reputation; and that finding is not contested.
14. Secondly, the opposed trade mark must be identical or similar to the earlier trade mark. In this case, the hearing officer's findings of identity between Group's earlier CTM no. 1328079 and Union's application no. 2453833 (see paragraph 52 of the decision) and similarity between the same earlier CTM and Union's application no. 2453838 (paragraphs 90) and between the earlier UK trade mark no. 2401561 and each of the trade marks applied for (paragraphs 81-82 and 95 respectively) have not been challenged.
15. Thirdly, the opponent must establish that the use of the trade mark applied for in relation to the goods and services in the specification would give rise to a "link" being made in the mind of the average consumer between that mark and the earlier trade mark, even if the average consumer would not confuse them. The existence of such a link must be appreciated globally: *Adidas-Salomon v Fitnessworld* [2003] ECR I-12537 at [29]-[30]. The fact that the sign would call the trade mark to mind for the average consumer, who is reasonably well informed and reasonably observant and circumspect, is tantamount to the existence of such a link: Case C-252/07 *Intel Corp Inc v CPM United Kingdom Ltd* [2008] ECR I-8823 at [60].

16. The hearing officer quoted extensively from the decision of the Court of Justice in *Intel*, particularly on the subject of what amounts to a “link”, and found as follows:

109. Earlier in this decision I found that the respective marks are identical or similar. I also found that some of the respective goods and services were also identical or similar and which includes services of the provision of student accommodation in which Group enjoys a reputation. The relevant public for such services are those seeking such accommodation, which may be the student himself or his parent or guardian who may be funding that accommodation. Given the importance of finding a safe, secure, habitable place to live and the likely cost of the overall commitment, the purchasing act is likely to involve a greater level of attention than, for example, the purchase of an everyday, consumable, item. I found that Group’s marks have a reputation and enjoy a reasonably high degree of inherent distinctive character which has been enhanced through use. I found that there was a likelihood of confusion between the respective marks in respect of some goods and services. Taking all this into consideration, I conclude that Union’s marks may bring Group’s mark to mind. Applying the guidance set out in *Intel* such a bringing to mind is tantamount to the existence of the required link as identified in *Adidas-Salomon* and *Adidas Benelux*.

17. Group relies on the hearing officer’s conclusion that the marks applied for by Union “may bring Group’s mark to mind”, and thus the required “link” would be present, and Union does not challenge this. Although not stated expressly in the decision, it appears that the hearing officer’s finding of “link” related to all the goods and services applied for, and the case proceeded on that basis.

18. The fourth requirement under section 5(3) is that it must be shown that the result of this link would lead to one of three kinds of injury: detriment to the distinctive character of the earlier mark; detriment to the repute of that mark; or unfair advantage taken of the distinctive character or the repute of that mark (*Intel* at [27] and [31]-[32] and Case C-487/07 *L’Oréal v Bellure* [2009] ECR I-5185 at [37]-[38]).

19. The three kinds of injury were conveniently summarised by the Court of Justice in *L’Oréal v Bellure*, as follows:

39. As regards detriment to the distinctive character of the mark, also referred to as ‘dilution’, ‘whittling away’ or ‘blurring’, such detriment is caused when that mark’s ability to identify the goods or services for which it is registered is weakened, since use of an identical or similar sign by a third party leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is particularly the case when the mark, which at one time aroused immediate association with the goods or services for which it is registered, is no longer capable of doing so (see, to that effect, *Intel Corporation*, paragraph 29).

40. As regards detriment to the repute of the mark, also referred to as ‘tarnishment’ or ‘degradation’, such detriment is caused when the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the trade mark’s power of attraction is reduced. The likelihood of such detriment may arise in particular from the fact that the goods or services offered by the third party possess a characteristic or a quality which is liable to have a negative impact on the image of the mark.

41. As regards the concept of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’, also referred to as ‘parasitism’ or ‘free-riding’, that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It 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.

20. The existence of injury consisting of detriment to the distinctive character or the repute of an earlier mark must be assessed by reference to average consumers of the goods and services for which the earlier mark is registered; on the other hand, the existence of injury consisting of unfair advantage taken of the distinctive character or the repute of the earlier mark, must be assessed by reference to average consumers of the goods or services for which the later mark is registered. In each case the relevant average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. (See *Intel* at [35]-[36].)
21. Group claimed at first instance that each of the three types of injury would arise if Union were to use either of its marks in relation to any of the goods or services of the specification. Its claims centred around the following contentions: that it was plain that Union is a trade union; that trade unions often express social and political interests that are not aligned with the interests of wider society than those whom it represents; and that, due to the nature of their activities, trade unions attract substantial publicity.
22. The hearing officer dealt with these claims as follows:

110. The existence of such a link is not sufficient, of itself, to establish whether damage has or is likely to occur. In order for a claim of detriment to the distinctive character or repute of a mark to be made out, it is necessary that there exists a change in economic behaviour or a serious likelihood that such a change will occur in the future (*Intel*). From the evidence filed, I am unconvinced that the necessary change in economic behaviour of the consumer will, or is likely to, occur.

111. In essence, the claim made under grounds based on section 5(3) of the Act is that the marks applied for will take unfair advantage or be detrimental to the distinctive character or repute of the mark. It is claimed that Trades Unions such as the applicant attract substantial publicity for their activities but not everyone will share those interests and indeed some will positively disapprove of those activities because they include taking strike action which disrupt peoples’ lives. Others disapprove of their political allegiances which, it is claimed, will have “a damaging effect on the brand”.

112. Whilst Group’s evidence includes some newspaper articles (mostly after the relevant date) which give details of various activities which have been or were planned to be undertaken by Union (and which include strike action which would, undoubtedly and by its very nature have an adverse effect on some members of the public), there is no evidence that either Union itself or the services it provides attract disapproval. Even if it did, the evidence fails to demonstrate that for those people who make a link between the respective marks, that link will affect their economic behaviour or that the reputation of the earlier marks will be transposed to the later marks with the result that marketing and selling of Union’s goods and services becomes easier. The fact that the applicant is a trades union is not, of itself, any reason to find that there is any detriment to the

distinctive character of the marks or detriment to repute or that there would be any unfair advantage. Objections to the registration of a mark and founded on the basis of section 5(3) of the Act require consideration of that objection in light of the goods and services for which the application is made rather than the ownership of that application. The objections under section 5(3) of the Act fail.

23. The final requirement to be satisfied under section 5(3) is that the applicant's proposed use of the mark applied for must be "without due cause". Since Union did not raise a defence of due cause, the hearing officer made no finding as to this element (see paragraph 98), and I need say no more about it.

Grounds of Appeal

24. Group's appeal relates only to the finding of lack of detriment to repute of the earlier trade marks. Group agrees with most of the hearing officer's analysis and findings up until paragraph 110 of the decision, but there the criticisms begin. As an overall observation, Mr Hollingworth suggested that, having conducted a thorough analysis of the evidence and grounds of opposition under section 5(2), the decision rather 'petered out' after that, with inadequate consideration of the evidence that was specifically relevant to section 5(3), failure to consider some of the key authorities relevant to the provision, and an incorrect approach.

25. The grounds of appeal advanced by Group essentially boil down to the following:

- (1) the hearing officer failed to pay any or any adequate regard to the evidence as to the negative perception of the public of Union's trade union activities;
- (2) she imposed too high a burden of proof on the opponent, whereas the grounds under section 5(3) could have been made out based on an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all other circumstances of the case;
- (3) she was wrong in requiring Group to show that there would be a change in economic behaviour of the consumer for the purposes of the claim of detriment to the repute of its earlier trade marks, which mistakenly conflated the test for 'detriment to repute' with that for 'detriment to distinctiveness'; or, if this was a proper requirement, she wrongly assumed that this was a higher requirement than it is; and
- (4) she did not properly consider the goods and services for which Union had sought registration when assessing the risk that detriment to repute would occur.

26. In considering these grounds below, I take account of the detailed submissions made on behalf of Group in its Notice of appeal, skeleton argument and at the hearing by Mr Hollingworth, and the response from Union made in the skeleton argument and oral submissions from Ms Bowhill.

Decision

27. Before looking at the grounds of appeal in detail, it is necessary to consider what facts and circumstances can and should be taken into account when considering an opposition under section 5(3).
28. The Court of Justice authorities mentioned above, *Intel* and *L'Oréal v Bellure*, focus attention on the likely perception of the public of the **goods or services** for which the later mark will be used, and in particular whether those goods or services possess a characteristic or quality that gives rise to the likelihood of detriment to the repute of the mark. The Court reiterated in Case C-323/09 *Interflora v Marks & Spencer* at [73] that “detriment to the repute of the mark, also referred to as, inter alia, ‘tarnishment’ is caused when the **goods or services** for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the trade mark’s power of attraction is reduced” (emphasis added).
29. The sorts of examples that spring to mind, and are relied on by Ms Bowhill, are where the goods or services themselves have obvious negative connotations (e.g. the successful opposition to HOLLYWOOD as a mark for tobacco and smoking products based on an earlier registration for HOLLYWOOD for chewing gum: *Hollywood v Souza Cruz* [2002] ETMR 64), or where the nature of the applicant’s goods or services is obviously such as to give rise to connotations that are contrary to those imbued in the opponent’s mark (e.g. the successful opposition of LIPOSTATIN for substances having a corrosive effect, such as bleaching, cleaning, polishing, scouring and abrasive preparations, based on an earlier registration for LIPOSTAT for pharmaceutical products: *ER Squibb & Sons v Pharmedica Italia Srl* Case R 1007/2000-1, OHIM Board of Appeal, 30 November 2001).
30. In contrast, in this case, Group is unable to bring its complaint merely by reference to the goods and services themselves since, as is evident from the list set out in paragraph 3 above, there is nothing inherent in the nature of any of them that could be said to have negative connotations or connotations that conflict with the repute of Group’s earlier marks. Indeed, a number of them arguably have inherently positive associations, for example: “education relating to the working environment, employment, the economy and health and safety” in Class 41; “child care services” in Class 43; “medical assistance; convalescence services” in class 44; and “funeral assistance; health and safety representation and assistance” in Class 45.
31. Group’s objection instead has to be that negative connotations will arise because of the identity and activities of Union, as proprietor of the mark, on the basis that any goods and services marketed by Union would be ‘tarnished with the brush’ of Union’s identity and activities. In fact, Mr Hollingworth had to go a bit further than this because Union was only set up in May 2007, whereas the relevant date at which the oppositions must be considered is the filing date for each of the trade mark applications, which was 26 April 2007. By this date, on Union’s evidence as summarised by the hearing officer at

paragraph 27 of the decision, and not contested by Group, there had not yet been any use of the new brand. Therefore, Mr Hollingworth also ran his argument by reference to the activities of unions generally; he additionally relied on post-filing date material relating to Union's activities and public reaction to them as evidence of what would have been expected by the relevant consumer as at the filing date.

32. In order to decide whether and to what extent it is appropriate to take such matters into account, I turn to some of the authorities relied on by each side. But first, I should mention the decision of Arnold J in *Red Bull GmbH v Sun Mark Ltd* [2012] EWHC 1929 (Ch) which had only recently been issued when I heard this appeal, in which he stated (at [93]) that “[t]he present state of the law with regard to detriment to the repute of the trade mark is conveniently summarised in *Kerly's Law of Trade Marks and Trade Names* (15th ed) at §9-131”. Taking the quote directly from the text of *Kerly* (with the original footnotes included in brackets and my own footnote added):

“Detrimental effect occurs where the later mark is used for goods or services which provoke a reaction of annoyance or displeasure, whether through their intrinsic nature or because of the unpleasant mental association with the goods for which the earlier mark is reputed. (*Ferrero v Kindercare Learning (KINDERCARE/kinder et al)*, Case R-1004/2000, [2005] E.T.M.R. 6 OHIM BoA at para. 30.) It may also occur when the trade mark applied for is used in an unpleasant, obscene or degrading context, or in a context which is not inherently unpleasant but which proves to be incompatible with the earlier trade mark's image. (*Elleni Holding* [2005] E.T.M.R. 51 at para. 43.)² These cases give rise to the phenomenon of ‘tarnishment’, whereby the reputed mark ceases to convey desirable messages to the public: hence the detriment to its distinctive character.”

33. The detriment to repute claim in *Red Bull* was only dealt with very briefly (at [110]), and this was in any event an infringement claim where it is well established that context of use of the later sign can and should be taken into account in the global assessment. So the case does not assist in the question of how far the matter of context of use – including in particular the identity and activities of the applicant – should be taken into account, if at all, in considering an opposition under section 5(3) of the Act (or article 8(4) of the Regulation). So I next turn to the two OHIM Board of Appeal cases cited in the extract from *Kerly*.
34. *KINDERCARE* involved an opposition based on *inter alia* article 8(5) of the Regulation. OHIM's First Board of Appeal approached the question of detriment to repute by considering the goods and services covered by the opposed trade mark (which included printed publications, educational services, nursery services, canteens and catering) without reference to the identity of the trade mark applicant or any other context of use, concluding (at [31]): “None of the goods or services listed in the CTM application generate any feeling of annoyance or disgust”, and therefore holding that this ground of opposition was not made out.

² Note: the ‘51’ here refers to the page number rather than case number; the usual case reference is [2005] E.T.M.R. 7. (Case R 1127/2000-3, *Elleni Holding BV v Sigla SA* OHIM 3rd BoA, 1 April 2003.)

35. *Elleni Holding v Sigla* was also a CTM opposition, in part based on article 8(5), in which the opponent who owned an earlier Spanish registration for the word VIPS with a reputation for restaurants and selfservice restaurants, bars and cafeterias failed to block a CTM application to register VIPS in respect of “computer programming for hotel services, restaurants and cafes”. Again, while the Third Board of Appeal did indeed mention (at [43]) the possibility that “an unpleasant, obscene or degrading context” of use of the trade mark applied for, or one that is “incompatible with the [earlier] trade mark’s image” might injure the image of the trade mark and be a basis for a claim of tarnishment, no such context was alleged or found in the case, whether by virtue of the identity of the applicant or otherwise. The Board concluded (at [47]) that “no evidence or argument at all has been submitted by the opponent to prove ... that [the reputation of its earlier mark] would be damaged by the use of the [applicant’s] mark”.

36. This conclusion was upheld by the General Court (Case T-215/03 *Sigla SA v OHIM* [2007] E.T.M.R. 79), but it is notable that the Court did not repeat the Board’s reference to the context of use of the later mark potentially giving rise to the risk of detriment to repute. When dealing with the principles involved, the Court stated at [39]:

39. As regards, secondly, detriment to the repute of the earlier mark by the use without due cause of the mark applied for, it must be pointed out that such detriment is made out where the goods or services covered by the mark applied for may appeal to the public’s senses in such a way that the earlier mark’s power of attraction is diminished (*SPAFINDERS*, paragraph 34 above, paragraph 46). The risk of that detriment can, inter alia, occur where those goods or services have a characteristic or a quality which may have a negative influence on the image of an earlier mark with a reputation on account of its being identical or similar to the mark applied for.

37. And when applying the principles to the facts, it stated at [66]-[68]:

66. Secondly, it is appropriate to examine the risk that the use of the mark applied for could be detrimental to the reputation of the earlier mark. As was explained in paragraph 39 above, at issue is the risk that the association of the earlier mark with a reputation with the goods or services covered by the identical or similar mark applied for results in the earlier mark being damaged or tarnished, as a result of the fact that the goods or services covered by the mark applied for have a characteristic or a particular quality which may have a negative influence on the earlier mark’s image.

67. In that regard, it must be stated that the services covered by the mark applied for do not have any characteristic or quality capable of establishing the likelihood of detriment of that type to the earlier mark. The applicant neither cited, nor a fortiori proved, any characteristic or quality of that kind. The mere existence of a connection between the services covered by the conflicting marks is neither sufficient nor determinative. It is true that the existence of such a connection strengthens the probability that the public, faced with the mark applied for, would also think of the earlier mark. However, that factor is not, in itself, sufficient to diminish the earlier mark’s power of attraction. Such an outcome can arise only if it is established that the services covered by the mark applied for have characteristics or qualities which are potentially detrimental to the reputation of the earlier mark. Such evidence has not been adduced in the present case.

68. Consequently, the Board of Appeal was right in finding that there was no risk of detriment to the reputation of the earlier mark.

38. Thus, both the Board and the Court looked to the intrinsic characteristics or qualities of the services covered by the mark applied for, and not any other context such as the identity or activities of the applicant.

39. I turn now to consider the specific cases relied on by Mr Hollingworth. First, he drew my attention to the decision of the Second Board of Appeal of OHIM in Case R-240/2004-2 Waterford Stellenbosch/ Waterford (23 November 2010), in particular, the following:

87. Detriment to the repute of a mark, also referred to as ‘tarnishment’ or ‘degradation’, is caused when goods or services for which the identical or similar sign is used by a third party may be perceived by the public in such a way that the trade mark’s power of attraction is reduced. The likelihood of such a detriment may arise in particular from the fact that the goods or services offered by the third party possess a characteristic or a quality which is liable to have a negative impact on the image of the mark (‘L’Oréal’, paragraph 40, and ‘Spa-Finders’, paragraph 46). In fact, in addition of (sic.) being an indication of origin, a trade mark may also serve as a medium for an image associated with it. Such an image, incorporated into the trade mark through use and advertisement, may refer to the product’s qualities or indeed to intangible values such as luxury, lifestyle, exclusivity, adventure, etc. It may result from the qualities of the goods or services for which it is used, but also from its proprietor’s reputation or other elements, such as the particular presentation of the product or service or the exclusivity of the sales networks.

88. Tarnishment or debasement of a trade mark’s image through association with something inappropriate may happen when the trade mark is used, on the one hand, in an unpleasant, obscene or degrading context or, on the other hand, in a context which is not inherently unpleasant but which proves to be incompatible with the trade mark’s image. This may be the case when the reputed mark might be linked with goods of poor quality or which evoke undesirable or questionable mental associations which conflict with the associations or image generated by legitimate use of the reputed trade mark by its proprietor, or when the reputed mark is linked to goods which are incompatible with the quality and prestige associated with that mark, even though it is not a matter of inappropriate use of the mark itself, or, eventually, when the reputed mark’s verbal or figurative element is amended or altered in a negative way.

40. So, here again, this time after the decision in L’Oréal, the OHIM Boards continue to refer to use of the mark applied for “in an unpleasant, obscene or degrading context” or “in a context which is not inherently unpleasant but which proves to be incompatible with the trade mark’s image”. But, as in Elleni Holding v Sigla, it is not explained how this could arise in an opposition context, and there is no reference to the identity or activities of the applicant as a relevant factor. Furthermore, once again, it seems to me that the Board went further than it needed to in order to determine the dispute in issue, since it went on to find that the opponent had not supported its original claim of detriment to repute of its earlier mark (WATERFORD for crystal products, including glassware) by the proposed use of a device mark containing the words WATERFORD STELLENBOSCH for alcoholic beverages, and that there was “no antagonism between either the nature or the way of using glassware and wine” and therefore rejected the claim (paragraphs [91]-[92]). In doing so, it did not discuss the “context” in which the later mark might be used by the applicant or pay any attention to the identity or activities of the applicant.

41. The WATERFORD case was referred to and applied by the Fifth Board of Appeal in Case R-297/2011-5 Karelia Tobacco Company Inc. v Basic Trademark SA (12 March 2012) at [34] to [40]. However, while paragraph 87 of WATERFORD was reproduced almost verbatim, the only part of paragraph 88 that it set out was the following (at [36]):

36. Tarnishment may occur when the reputed mark is linked to goods which evoke undesirable or questionable mental associations which conflict with the associations or image generated by legitimate use of the reputed trade mark by its proprietor.

42. Thus the reference to “context” of use of the mark had disappeared. The Board went on to uphold OHIM’s first instance decision to the effect that the use of the word mark KAPPA in respect of tobacco products and the like would be detrimental to the repute of a device mark containing the word KAPPA which had a reputation for sports clothing and footwear, on the basis *inter alia* that the opponent’s goods were “intrinsically related to the concept of a healthy lifestyle” in the minds of the relevant consumer whereas “smoking tobacco is universally considered to be an extremely unhealthy habit” (paragraphs [37]-[38]). So, again, it was the nature of the goods for which registration was sought that gave rise to the detriment to repute, rather than extrinsic factors connected to a particular manner or context of use or the identity of the applicant.

43. Following this review, I do not regard as authoritative the suggestion in some OHIM Boards of Appeal decisions that “context” of use of the mark applied for may be the cause of detriment to repute, at least not insofar as such context is intended to mean something other than what would be ascertainable from the trade mark itself or the list of goods and services. Although the General Court and CJEU have not expressly denied the relevance of context, they have not adopted the idea despite opportunities to do so.

44. Moving on to a case considered by the UK IPO, Mr Hollingworth drew my attention to Ounces to Pounds Limited’s Application (BL O-024-11) in which the hearing officer concluded that there were negative connotations associated with scrap metal services to which the opponent, O2 Holdings, might legitimately object:

62. ... The class 35 services all relate to scrap precious and semiprecious metals, jewellery and the like (the procurement services can also relate to the procuring of scrap items). Although these are not pawn broking services there is an affinity with them and there is certainly a negative image in relation to these services, whether fairly earned or not. It can be readily seen that the image and reputation of Holdings could be tarnished by a link with the class 35 services of the application. It can be easily understood why Holdings would not want to be associated in the mind of a consumer with the class 35 services of the application.

45. By analogy, Mr Hollingworth says that it is obvious why Group would not want to be associated in the mind of relevant consumers with a trade union. However, this is not a true analogy: that submission ignores the fact that the negative image found in the above case derived from the nature of the services themselves, not from the nature or identity of the applicant for the trade mark. Based on the reasoning in the decision, my expectation would be that the outcome in the O2 case would have been the same whether the

applicant was an Arthur Daley style scrap metal dealer or a reputable high-end jeweller who applied to register a mark in respect of scrap metal services.

46. Indeed, having reviewed these and other opposition cases, I have not found any in which the identity or activities of the trade mark applicant have been considered in coming to a conclusion on the existence of detriment to repute of an earlier trade mark. I can understand how these matters would form part of the relevant context in an infringement case, but I have difficulty with the notion that it should do so in an opposition. After all, many, if not most, trade mark applications are for trade marks which have not yet been used by the proprietor; some are applied for by a person or entity that intends to license them to a third party rather than use them him/itself; and others are applied for by an entity that has only just come into existence.
47. I do not exclude the possibility that, where an established trading entity applies to register a mark that it has already been using for the goods or services to be covered by the mark, in such a way that the mark and thus the trader have already acquired some associated negative reputation, perhaps for poor quality goods or services, this fact might be taken into account as relevant “context” in assessing the risk of detriment to repute of an earlier trade mark. Another scenario might be if, for example, a trade mark applicant who was a known Fascist had advertised the fact prior to the application that he was launching a new line of Nazi memorabilia under his name: I can see how that might be relevant context on which the opponent could rely if the goods and services covered by the application appeared to match the advertised activities. But I would hesitate to decide an opposition on that basis without having had confirmation from a higher tribunal that it would be correct to take such matters into account.
48. I have decided that I do not need to seek assistance from the CJEU, which would be my only recourse in the circumstances, since I can decide this appeal without having to make a final determination on this issue of principle. In short, I am not certain that the hearing officer was entirely correct to state as a general proposition, as she did at paragraph 112, that:

112. ... Objections to the registration of a mark and founded on the basis of section 5(3) of the Act require consideration of that objection in light of the goods and services for which the application is made rather than the ownership of that application. ...
49. However, even if there are exceptions to this statement, or situations where the reputation of the applicant is such that it is inextricably linked with the trade mark applied for, I do not believe that the facts of this case would justify a different conclusion based on the identity, or activities, of the applicant.
50. I now turn to consider the grounds of appeal in order to explain this further.

Ground (1): inadequate regard to evidence as to negative perception

51. To appreciate the relevance of the alleged negative perception of Union's trade union activities, it is necessary to consider Group's activities conducted under its earlier trade marks and the nature of the reputation that has been found to exist. Group was founded in 1991 and listed on the London Stock Exchange in 2000. It develops, manages and co-invests in commercial and residential property developments and provides temporary accommodation services to students. It has been particularly successful in the field of student accommodation.
52. The hearing officer went very carefully through Group's evidence of use and reputation, presented through two witness statements of Ms Amanda Williams, Group's Head of Corporate Communications. Mr Hollingworth accepted that this was a "very thorough assessment" and drew my attention to the following paragraphs in particular:
- "23. Ms Williams states that Group's core service is known best by students, parents and universities but that its reputation extends to the wider higher education sector. At AW61-70 she exhibits a number of reports and publications which Group has commissioned, supported, produced or otherwise been involved in. These include copies of the annual Student Experience Report, first published in 2000. The 2005 edition shows it to have been "commissioned by UNITE in association with HEPI and conducted by MORI". At AW66 are three editions of Campus Life, which appears to be Group's newsletter for students. None of the three are dated but, from information included within them, they appear to have been published in early, mid and late 2007 respectively.
24. Ms Williams states Group has won a number of industry awards and accreditations and gives details of those relevant to 2005 and 2006. In 2006, for example, Group won the 'Management Today/Unisys Service Excellence Award' (Retail category). It was granted Investors in People accreditation in 2005. The other awards she lists relate to Group's performance (or that of individual members of its staff) in the customer service, HR practice, communication and training areas (see AW71-77)."
53. He relied on these paragraphs to emphasise the fact that Group's core service is known best by students, parents and universities. He then accepted the finding at paragraph 104 that the reputation of the earlier trade marks is "established in relation to the provision of serviced accommodation to students" and moved on to highlight the hearing officer's finding at paragraph 109 (set out above) that "[t]he relevant public for such services are those seeking such accommodation, which may be the student himself or his parent or guardian who may be funding that accommodation" and stressing "the importance of finding a safe, secure, habitable place to live and the likely cost of the overall commitment".
54. Mr Hollingworth submitted that this discussion demonstrated the importance of Group's UNITE brand and the need for trust in it, in making what is an important decision for the student and parent or guardian concerned. He did not suggest that this had not been appreciated by the hearing officer, though his theme was that she had not paid sufficient regard to it.

55. More importantly, however, Mr Hollingworth contended that the hearing officer had failed to consider or adequately consider the evidence put forward by Group as to the negative perception of the public of Union's trade union activities, and that her finding at paragraph 112 that "[t]here is no evidence that either Union itself or the services it provides attract disapproval" was plainly wrong.
56. The evidence referred to comprised a witness statement of Ms Eesheta Shah, a solicitor with Group's trade mark representatives, Nabarro LLP. The hearing officer referred to this evidence at paragraph 106 of the decision, as follows:

"106. In her witness statement Ms Shah states:

"...whilst it is in the nature of the services provided by the Union that a section of society – and any given consumer group – will applaud the activities of the Union and be positively attracted to the "UNITE" brand, others will inevitably disapprove of the Union's activities and think less well of the brand".

She goes on to say:

"Trade unions are primarily concerned with conditions of employment and the workplace, and as such their activity will of course be supported and applauded by a certain section of society. However, in addition to providing benefits to members and engaging in collective bargaining, trade union activity throughout history has also included industrial action and political activity.

The enforcement of industrial action and strikes in furtherance of particular goals, in particular, is disapproved of by large sections of society, from employers to the general public whose lives are disrupted as a result of strike action (for example, strike action affecting public services such as transport, medical services and so on).Use of the "UNITE" or a "UNITE"-based name in connection with this type of activity, amongst those who hold a negative view of trade union activity, will have an impact on the way in which they perceive the "UNITE" brand. They will no longer be attracted to the brand in a positive way, and this will damage the reputation of [Group's] Trade Marks.

Trade unions also engage in broader social and political struggle, advocating for social policies and legislation favorable to their members or to workers in general. As such, they are often closely aligned with political parties. In the UK, trade unions have been strongly aligned with the Labour Party, and opposed to the Conservative Party. The Union itself is active in voicing its opposition against the Conservative Party....A significant proportion of the UK population, including students, is likely to hold an unsupportive or contrasting view. Moreover, political convictions tend to be strongly held. As such, campaigns of this nature are likely to stay in the minds of those who hold an unsupportive or contrasting view, and as a result the association created between this type of polemical activity and "UNITE" or a "UNITE"-based name will likely be long lasting.

There is a real risk that those who disapprove of a trade union's activities in general, or the Union's activities in particular, or both, will think less well of the "UNITE" brand. This will inevitably have a damaging effect on the brand".

107. Ms Shah attaches a number of exhibits to her witness statement including newspaper and other articles downloaded from the Internet, most of which date from after the relevant date. The articles refer to a number of trade unions and their background as well

as certain activities they have been involved in and provides some reaction to some of these activities.”

57. These extracts constitute the entirety of the content of Ms Shah’s witness statement that related specifically to Union’s activities, and appeared in the midst of the section of the decision on section 5(3), so it cannot be right that the evidence was not considered at all by the hearing officer. But Mr Hollingworth took me to other paragraphs of Ms Shah’s statement which related to trade union activity generally, and the publicity that trade unions receive, which were not reproduced or specifically referred to in the decision, but which he submitted were important. He also argued that the lack of any detailed consideration of the exhibits in the decision indicated that the hearing officer had not properly considered them. He urged me to review Ms Shah’s exhibits, in particular, which (adopting his summary) included press coverage on the following topics:

- shutting of schools and disruption to bin collections, public libraries, leisure services, ferry crossings, burials and cremations, as a result of industrial action by Union (Times, 21 August 2008, ES-4);
- strike at Harrods, in which Union’s regional officer was quoted as saying “if this strike goes ahead, the rich and famous might have to find somewhere else to do their shopping” (Times, 28 July 2008, ES-4);
- strikes by hospital workers and civil servants in the NHS (Times, 31 May 2008, ES-4; and the Guardian 24 October, 2008);
- transport strikes organised by the Union causing “travel chaos” (Independent 10 October 2008, ES-4; Sunday Times 24 August 2008, ES-7 p. 4);
- “24-hour strikes to wreck bank holiday flights” (Daily Telegraph, 16 August 2008, ES-7 p 5);
- travel strikes in London leading to “huge queues at bus stations and taxi ranks”; “tempers frayed at some pressure points and police were called to reports of scuffles”; and in which a member of the public was quoted as saying “I’ve no idea why they’re striking or what this is all about. All I know is that they are making life a misery for millions of people” (Times, 5 September 2007, ES-7 p. 56); and
- pre-Christmas strikes, leading to dustbins remaining unemptied and closed schools, causing the comment “do the Unite ... members really reckon that they’ll win public support for their cause by inflicting more misery on the people who depend on their services?” (Telegraph.co.uk, 24 November 2008, ES-9).

58. Mr Hollingworth took me through these and other exhibits and also referred to Union’s own evidence, which included press coverage of Union’s prominent role in the British Airways strikes in 2010, with references to “disgruntled passengers” and Union’s plans to announce strikes “hitting the travel plans of more than 300,000 people a day” (exhibit

SB-3), and contained evidence of Union's public support of the Labour party and criticism and campaigns against the Conservative party.

59. In his submission, this evidence demonstrated five things:

- (1) what trade unions do and what services they provide: they naturally involve striking activities; they are political in nature; and their activities are highly publicised;
- (2) the negative consequences of these types of activities: disruption and inconvenience to consumers;
- (3) the public's perception of strikes and their consequences generally: actual evidence of disapproval by members of the public resulting from disruption to travel, schools closing, etc.;
- (4) the public perception of striking caused by Union itself (which was not necessary to show, as the main point was the public perception of trade unions, but was "icing on the cake"); and
- (5) that Union is political, as is normally the case for trade unions.

60. Having reviewed the evidence, I conclude that there is some truth in each of Mr Hollingworth's five points. However, the evidence also points to the positive things that trade unions, including Union, do. For example, in her witness statement for Union, Ms Shubha Banerjee gives evidence of Union's involvement in assisting people who lose their jobs and in national campaigns to raise awareness of domestic abuse and racism in the workplace. It is common knowledge that trade unions work to maintain and improve conditions of employment for their members and that, notwithstanding the impression sought to be conveyed by Group, strike activity is not usually the way that this is done.

61. Ms Bowhill directed me to paragraph 26 of Ms Shah's witness statement where she says:

"26. The relevant section of the public as far as concerns ... Group's services are students, parents and representatives of universities. There is a substantial overlap between these groups in society and those to whom a trade union provides services, namely, employees and workers – employees and workers, naturally, can and do include students, parents and representatives of universities. The Union itself has a "Unite the union for working students" section on its website at www.amicustheunion.org. ..."

So, on Group's own evidence, there is a clear overlap between the people who rent accommodation from them and those people whom the Union represents, for whom they campaign for better working conditions and better pay. Such people are, in Ms Bowhill's submission, very unlikely to react badly to Union's trade marks.

62. In all these circumstances, to say that the relevant average consumer in this case would react badly to Union's trade marks or perceive them in a poor light, over-stretches the evidence. I do not believe that the hearing officer ignored the evidence as to the points

made on Group's behalf. She may have been rather brief in her summary of it, but she had plainly reviewed it and she did not agree with Group's view of what it showed.

63. Even if it were the case that the average consumer would think badly of trade unions and their activities, that would not get Group home in this case, for the following reasons:

- (1) firstly, the fact that unions generally get involved in striking activities and that these give rise to disapproval in some quarters does not mean that consumers who come across goods and services bearing the mark of a particular trade union would regard them with disapproval;
- (2) secondly, while there is evidence that Union's striking activities in particular have given rise to disapproval by some members of the public, as the hearing officer held at paragraph 112 of the decision, that does not mean that people disapprove of Union itself or its services generally;
- (3) thirdly, in any event, the relevant date for considering the grounds of opposition is the application date: as at that date, 26 April 2007, Union did not even exist, the trade marks applied for had not been used, and the UNITE brand had not been created;
- (4) fourthly, the notional legal person through whose eyes, ears and minds the requirement of detriment to repute must be assessed is the average consumer of Group's services for which the earlier trade marks are registered and have a reputation: if that person had seen Union's trade marks used on or in relation to any of the goods or services in the specification as at the filing date, they would not have had any negative reaction given the non-existence of Union and the lack of any meaning of its brand-to-be, as well as the innocuous nature of the goods and services themselves.

64. Accordingly, I dismiss Group's first ground of appeal.

Ground (2): burden of proof

65. Group argued that there is no requirement for it to prove actual and present injury to its trade marks for the purposes of section 5(3): a serious risk that such an injury will occur in the future is sufficient; relying on *Intel* at [37]-[39]. What the CJEU actually said on this point was as follows (emphasis added):

Proof

37. In order to benefit from the protection introduced by Article 4(4)(a) of the Directive, the proprietor of the earlier mark must adduce proof that the use of the later mark 'would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark'.

38. The proprietor of the earlier trade mark is not required, for that purpose, to demonstrate actual and present injury to its mark for the purposes of Article 4(4)(a) of the Directive. When it is foreseeable that such injury will ensue from the use which the proprietor of the later mark may be led to make of its mark, the proprietor of the earlier

mark cannot be required to wait for it actually to occur in order to be able to prohibit that use. The proprietor of the earlier mark must, however, prove that there is a serious risk that such an injury will occur in the future.

39. When the proprietor of the earlier mark has shown that there is either actual and present injury to its mark for the purposes of Article 4(4)(a) of the Directive or, failing that, a serious risk that such injury will occur in the future, it is for the proprietor of the later mark to establish that there is due cause for the use of that mark.

66. This approach was re-affirmed by the Court in Case C-100/11 *Helena Rubinstein SNC and L'Oréal SA v OHIM (BOTOLIST)* at [93], but the Court went on in that case to say:

95. Accordingly, the General Court was correct in holding, in paragraph 82 of the judgment under appeal, that the proprietor of the earlier mark is not required to demonstrate actual and present harm to its mark but must, however, adduce prima facie evidence of a future risk, which is not hypothetical, of unfair advantage or detriment, and such a conclusion may be established, in particular, on the basis of logical deductions made from 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.

67. Group submitted that the fact that Union is a trade union, the evidence of the characteristics and activities of trade unions in general and Union specifically, and the evidence of public disapproval of such activities should have been enough to enable the hearing officer to make the logical deduction that there was a serious risk that notional and fair use of the marks applied for would cause disapproval amongst at least some relevant consumers in the future, and hence tarnishment of the earlier trade marks.

68. Here, Group is assuming that the “relevant commercial sector” referred to in the above quote is that of Union – i.e. the trade union sector. However, the more natural interpretation is that it relates to the sector in which the types of goods and services listed in the specification are marketed. To the extent that the listed items are known to be provided by trade unions (e.g. “representation of employees and workers; negotiation services for pay and conditions for employees” in Class 45), then it will be relevant to take account of the trade union sector; but for the remainder of the goods and services, that is not the case.

69. Further, so far as logical deductions are concerned, such deductions have to be ones that the relevant average consumer could have made at the application date. As I said at paragraph 63(4) above, that person would have had no idea who Union was or what its activities were. Indeed, Union did not even own the trade mark applications. And even if they had known that Amicus was the proprietor and that Amicus was a trade union, it is a leap beyond a logical deduction to say that use by Amicus (in respect of which there is virtually no evidence) of the UNITE trade marks in relation to the goods and services in the specification would lead to detriment to repute as a result of the link that would be made between those marks and Group’s earlier trade marks.

70. A particular point made by Mr Hollingworth in relation to proof was that the hearing officer did not appear to have taken into account the newspaper articles in evidence that

post-dated the application date. From paragraph 107 of the decision (set out above), it is evident that the hearing officer did consider those articles, but apparently she did not find them helpful. She was right on that score. While it is true that evidence which sheds light on a risk that existed at the application date might be helpful, the later evidence as to trade union activities generally was no more useful than the earlier evidence; and the evidence of what Union became was not capable of informing the perception of the average consumer as at the filing date in circumstances where it did not exist and had no reputation at the time.

71. I therefore dismiss the second ground of appeal.

Ground (3): requirement of a change in economic behaviour of consumers

72. Group contends that the hearing officer wrongly conflated the three different types of injury under section 5(3) and, in particular, the ‘detriment to repute’ and ‘detriment to distinctiveness’ tests, since she wrongly assumed that the requirement of evidence of a change in economic behaviour of the average consumer of the goods or services for which the earlier mark is registered applies equally to detriment to repute as it does to detriment to distinctiveness (see paragraph 112 of the decision, reproduced above).

73. Having reached the conclusions that I have under the first two grounds, I do not need to determine this point. In short, the evidence does not support the claim of tarnishment/detriment to repute even if there is no additional requirement of a change in economic behaviour. However, I shall briefly deal with the issues that were raised before me.

74. The requirement of evidence of a change in economic behaviour comes from *Intel*, in which the CJEU stated that:

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

75. Mr Hollingworth submitted that this requirement of evidence of a change in economic behaviour only applies to detriment to distinctive character and not detriment to repute. He argued that not only did the Court not extend the requirement to detriment to repute when discussing the different types of injury to trade marks with a reputation in *Intel*, but it did not take the opportunity to do so in any of the subsequent cases mentioned above: *L’Oréal v Bellure*, *Interflora* and *Botolist*.

76. I am not prepared to draw a conclusion in either direction based on these submissions. In *Intel*, the Court was asked the specific question: “does the element of detriment to distinctive character of the earlier mark require an effect on the economic behaviour of the consumer?” It answered that question. It did not answer the equivalent question in relation to detriment to repute because it was not asked to do so. Nor was it asked to do so

in any of the subsequent cases. The fact that the Court in these cases referred to the requirement of an effect on the economic behaviour of the consumer in relation to the former injury but not the latter simply reflects its citation of the prior ruling in *Intel*.

77. Mr Hollingworth also relied on the fact that in *32Red plc v WHG (International) Limited* [2011] EWHC 62 (Ch) at [134], Henderson J noted the requirement of a change in economic behaviour to prove detriment to distinctiveness, without stating the same requirement for detriment to repute. However, it is clear from the decision that he was merely citing *Intel* at this point; and the Court of Appeal did not deal with the point on appeal: [2012] EWCA Civ 19, so I do not find this persuasive. Similarly, the Board of Appeal's reliance on *Intel* in *Waterford Stellenbosch/Waterford* in relation only to detriment to distinctive character and not detriment to repute is not persuasive in the light of the Board's conclusion that there was not even any *prima facie* evidence of tarnishment: see [91].
78. Ms Bowhill submitted that there was no reason why one of the types of injury involving damage to the earlier mark required a change in economic behaviour, but the other would not. She also argued that it is difficult to envisage detriment to repute which would have no economic effect: the whole idea behind the concept is that the use of the later mark would have a negative impact on the image of the earlier mark, which one would expect to turn consumers away from the brand. I agree with this second point but, on the first, it may simply be a matter of proof. Arguably, where a negative reaction to the later mark can be demonstrated, it can be assumed that there will be a change of economic behaviour; whereas it is more difficult to predict whether a later trade mark without obvious negative connotations, that is argued to be dilutive, will actually affect the behaviour of consumers, and so evidence is required.
79. Mr Hollingworth drew my attention to Case T-570/10 *Environmental Manufacturing LLP v OHIM (wolf's head)* at [51] to [54], in which the General Court appears to directly contradict the CJEU's guidance in *Intel* as to the requirement of showing an effect on the economic behaviour of the average consumer even in the case of detriment to distinctiveness, as well as to comments of Henderson J in *32Red* and of OHIM's First Board of Appeal in Case R 821/2005-1 *Citigate/Citi* indicating that the requirement is not onerous and can be shown to be present by reference to inherent probabilities arising out of the circumstances. As to the first case, to the extent that the General Court is inconsistent with the CJEU, I am bound to follow the CJEU; and in any event the case is currently pending on appeal to the CJEU (Case C-383/12 P). As to the other two, particularly given the pending appeal, I do not believe that it would be helpful for me to try to derive a further guiding principle from those specific cases as to how onerous the requirement is.
80. Having reviewed the authorities, I do not feel able to conclude that it definitely is or is not necessary to produce evidence of a change of economic behaviour in order to establish

detriment to repute. The issue raised by this ground of appeal is therefore not acte clair and will at some point need to be clarified by the CJEU. However, it is not necessary for me to refer the point in order to reach a conclusion in this case since I would agree with the hearing officer's conclusion even if there were no requirement of evidence of a change in economic behaviour of consumers, for the reasons stated under grounds (1) and (2) above.

Ground (4): failure to consider Union's goods and services

81. Group's fourth and final ground of appeal is a complaint that the hearing officer failed to give consideration to the goods and services covered by Union's applications. Had she done so, Group submitted that she would have appreciated the risks involved in the UNITE mark being used, particularly in respect of Union's core trade union activities such as "representation of employees and workers"; "negotiation services for pay and conditions for employees" and "health and safety representation and assistance" in class 45. Further, since the other goods and services would inevitably be used in connection with Union's trade union activities, the link with such activities – and their negative connotations – would be obvious.

82. First, I would go back to my earlier observation at paragraph 30 that there is nothing inherent in the nature of any of the goods and services covered by the trade mark applications that could be said to have negative connotations. Even the services in Class 45 highlighted by Group are in themselves neutral or even positive in terms of the image associated with them. In particular, it is not the case that only trade unions provide such services.

83. Mr Hollingworth cited O2 Holdings Ltd v Hutchison (referred to above) as authority for the proposition that objections to registration must be considered in all the circumstances in which the mark applied for might be used if it were to be registered. I accept that, but with the caveat that the word "might" should not be taken as an invitation to flights of fanciful conjecture or post hoc rationalisation: there must be a reasonable likelihood as to the circumstances of use to be considered, as at the filing date, or the job of the tribunal considering oppositions would be impossible. The important point being made in O2 v Hutchison was that in an infringement action, the Court is stuck with considering the specific use and specific circumstances of use of the sign in issue, whereas an opposition tribunal may have to consider more possibilities. However, I do not believe that the Court had the identity of the applicant particularly in mind. Of course, an applicant "might" change his mind in the future as to what to do with the mark; he "might" change the nature of his business in which it will be used; or he "might" assign or license it to a third party. But such possibilities cannot drive an opposition decision.

84. I was then taken to §9-092 of *Kerly*, which states in relation to oppositions based on earlier trade marks: "If in fact it is known what use an applicant intends to make of his mark, then that use cannot be excluded. Evidence that an intended use is particularly

likely to be confusing is helpful to an opponent, to prevent such use being dismissed as unfair or fanciful.” These statements are said to be supported by three cases under the Trade Marks Act 1938 (“*Grundig*” [1968] RPC 89; “*Players*” [1965] RPC 363; and “*Woodies*” [1965] RPC 366), with an assertion from the authors that “there is no reason why the same does not apply under the 1994 Act”. As to this, I note the following:

- (1) *Grundig* was a case in which the mark that was under opposition had been used for several years without causing deception of the nature alleged by the opponent (that the goods would be seen as being associated with Ireland because the mark contained a trefoil device that looked like a shamrock), and this was taken into account in the assessment of the opposition, as was the fact that the opponent had not filed any evidence of the impression created by the mark on the viewer. There was no discussion of the applicant’s intent, however; nor of the relevance of its identity and activities generally.
- (2) *Players* involved the successful opposition by the proprietor of the mark PLAYERS for tobacco of an application to register the same mark for “non-medicated sugar confectionary and sweet biscuits”, where there was evidence available to the effect that the applicant intended to apply the mark to “sweet cigarettes”, which was taken into account in determining that there would be a likelihood of confusion. In this case, while the applicant’s intention was taken into account, this related to the identity and nature of a subset of the proposed goods themselves, and not to the identity or general activities of the applicant.
- (3) *Woodies* was a similar case in which the applicant proposed to use the mark WOODIES for cigarettes made of confectionery and distributed through the same channels as Woodbine tobacco cigarettes.

85. Therefore, these comments and cases relate to the manner of the intended use of the mark concerned in relation to the goods and services in issue; they do not relate to the identity or general activities of the applicant.

86. Mr Hollingworth also relied on the decision of Geoffrey Hobbs QC, sitting as the Appointed Person, in *Flying Scotsman* (BL O-313-11) at paragraphs 11 to 18 and 22, to the effect that “optional characteristics” of the goods or services covered by a trade mark application must be considered. That case and those discussed in it related to the lack of registrability of trade marks that are descriptive or non-distinctive in respect of the goods and services applied for because of particular characteristics that they may possess. The specific question in *Flying Scotsman* was whether a mark consisting of the words FLYING SCOTSMAN and a picture of a locomotive would be descriptive of or non-distinctive for goods such as CDs, books, posters, calendars and toys, which all “optionally” could be “about” or bear images of the Flying Scotsman. The question at the heart of the cases discussed was whether and in what circumstances a particular theme or

subject of a trade mark would be regarded as an optional characteristic of goods and services which are apt to convey imagery or information. As the Appointed Person stated:

18. The approach adopted in these decisions is applicable where: (a) the potential for goods or services of the kind specified to provide consumers with imagery or information about someone or something denoted by the sign is sufficiently real and significant to be a material consideration; and (b) it is reasonable to believe that the sign '*will actually be recognised by the relevant class of persons*' as a description of the content or character of such goods or services. ...

87. I do not think this line of cases assists Group, since they involve trade marks which themselves comprise or contain imagery or information that could be descriptive of the relevant goods or services (e.g. FLYING SCOTSMAN for books which could be about the Flying Scotsman; Dr NO for a poster of that film or character). They do not relate to cases where the mark itself has no descriptive link to the goods or a sub-set of them, but the argument being made by the opponent is that the goods will denote their proprietor and their proprietor's activities to consumers by virtue of external information.
88. Finally, Mr Hollingworth relied on the decision of the General Court in Case T-131/09 *Botumax* (at [95]), upholding an opposition under article 8(5) in respect of "printed matter" and "instructional and teaching material (except apparatus)" on the basis that they encompass magazines and specialised medical or scientific journals and that consumers would be led to buy such goods designated by the mark applied for, thinking that they would relate to anti-ageing treatments. But again, this is not analogous to the instant case. The point in *Botumax* was that the use of the mark BOTUMAX in relation to magazines and medical journals (being a sub-set of "printed matter") would cause consumers who were aware of the extensive reputation of the earlier mark BOTOX as a beauty treatment to think that the magazines related to such treatments, thus taking unfair advantage of the distinctive character or repute of the BOTOX trade mark. The equivalent in this case would be to say that consumers seeing Union's UNITE mark or Unite the Union logo on the goods and services of the applications would assume that such goods and services related to student accommodation services for which Group's earlier marks have a reputation.
89. That is not what Group is arguing. On the contrary, the argument being put forward is that it would be obvious to the average consumer of Group's services, who comes across Union's marks used in relation to any of the goods and services in issue, that those goods/services somehow represent the activities of Union (or any trade union) of which they would disapprove.
90. By way of example, Mr Hollingworth argued that, in view of who/what Union is, it was obvious that, in applying to register its marks for "umbrellas", it was not going into business manufacturing umbrellas in competition with James Smith & Sons of Bloomsbury; it would be applying the UNITE mark to umbrellas for use in connection with their trade union activities.

91. If I was to adopt this assumption, it would be tantamount to ruling that Union had no intention to use its marks other than for the purpose of promoting its union activities. I am not prepared to do that, since I think it assumes facts that are not in evidence and are not logically derived from the evidence. If Group wants to make that case, there are other means by which it could do so.
92. Even for those services in Class 45 that more obviously fall within the scope of activities conducted by trade unions (among others), I have not been persuaded that the link that would be formed in the mind of the average consumer of Group's services, when they come across the later UNITE mark used in respect of "representation of employees and workers; negotiation services for pay and conditions for employees" and "health and safety representation and assistance", would result in tarnishment of Group's UNITE trade marks. Once again, Group's arguments are based on an assumption that the average consumer would have had knowledge at the filing date of things that he could not have known, and on the basis that they would hold a negative view of Union and its activities, neither of which are made out on the evidence.
93. Accordingly, I dismiss the fourth ground of appeal.

Conclusion

94. The result is that the appeal is dismissed and the application should be permitted to proceed to registration for the goods and services (other than those crossed out) set out in the table in paragraph 3 above.
95. Since I have upheld the first instance decision, Union is entitled to receive the award of costs made by the hearing officer, in the sum of £800; and I order Group to pay Union an additional sum of £1,500 as a contribution towards the costs of this appeal. Both sums are to be paid within 14 days of the date of notification of this decision.



ANNA CARBONI

17 May 2013

The Appellant (Opponent) was represented by Guy Hollingworth, instructed by Nabarro LLP.

The Respondent (Applicant) was represented by Jessie Bowhill, instructed by Hogan Lovells.