

O-280-14

**TRADE MARKS ACT 1994  
IN THE MATTER OF APPLICATION  
Nos. 3000658 & 3000664  
BY UNIVERSAL PROTEIN SUPPLEMENTS CORP.  
t/a UNIVERSAL NUTRITION  
TO REGISTER THE TRADE MARKS**

**ANIMAL**

&





**IN CLASS 25**

**AND**

**IN THE MATTER OF CONSOLIDATED OPPOSITIONS  
THERE TO UNDER Nos. 400701 & 400702 BY  
H YOUNG HOLDINGS PUBLIC LIMITED COMPANY**

## BACKGROUND

1) On 5 April 2013 Universal Protein Supplements Corporation t/a Universal Nutrition (hereinafter the applicant), applied to register the following trade marks:

Number	Mark	Filing Date	Class	Goods
3000658		05 April 2013	25	Clothing and headgear and footgear.
3000664		05 April 2013	25	Clothing and headgear and footgear.

2) The applications were examined and accepted, and subsequently published for opposition purposes on 12 July 2013 in Trade Marks Journal No. 2013/ 028 and 5 July 2013 in Trade Marks Journal No.2013 /027 respectively.

3) On 14 August 2013 H Young Holdings Public Limited Company (hereinafter the opponent) filed notices of opposition, subsequently consolidated. The grounds of opposition are in summary:

a) The opponent is the proprietor of the following trade marks:

Mark	Number	Date of filing / Registration	Class	Relevant Goods
ANIMAL	2054886	02.02.96 14.03.97	25	Clothing, casual footwear, knitted hats, fleece hats and sun hats, baseball caps, sweatshirts, t-shirts.
ANIMAL	2296316	25.03.02 20.06.03	25	Clothing, headgear, baseball caps, sweatshirts, t-shirts; sports clothing; wet suits; gloves; headbands; sports hats and helmets; sports footwear; sports shoes; gymnastic clothing; bandannas.

b) The opponent contends that the marks and goods of both parties are identical and or similar and as such mark 3000658 offends against Sections 5(1), whilst both marks in suit offend against Sections 5(2)(b) and 5(3) of the Act.

4) On 15 October 2013 the applicant filed counterstatements. These put the opponent to strict proof of use, whilst also contending that there is no likelihood of confusion due to the applicant's lengthy and extensive use of its marks and the fact that there are a considerable number of other "Animal" marks in use in the clothing/footwear/headgear market. It contends that the public has come to distinguish between the goods of the owners of these marks thereby negating any likelihood of confusion.

5) Both sides filed evidence. Both seek an award of costs in their favour. The matter came to be heard on 2 June 2014 when the opponent was represented by Mr Hollingsworth of Counsel instructed by Messrs Nabarro LLP; the applicant was represented by Mr Wilkes of Messrs Groom Wilkes & Wright LLP.

### **OPPONENT'S EVIDENCE**

6) The opponent filed two witness statements. The first, dated 17 December 2013, is by Richard Tape the Finance Director of Animal a division of H Young (Operations) Ltd a wholly owned subsidiary of the opponent. He has held this position since 2007. He provides the following figures for UK sales of ANIMAL branded clothing, footwear and headgear.

Year	Clothing £	Footwear £	Headgear £	Promotional budget £
2008	34,898,155	3,703,586	1,386,506	1,049,592
2009	34,387,631	3,847,568	1,454,621	1,454,375
2010	33,130,722	4,629,406	1,437,510	1,076,716
2011	25,281,445	4,424,198	1,375,435	745,646
2012	21,199,381	3,525,847	722,702	654,240

7) Mr Tape provides a list of the 35 stores that his company owns in the UK and these are spread throughout England and Wales. In addition there are 16 ANIMAL stores which are licensed by the opponent and sell only the opponent's ANIMAL products. He provides a range of exhibits which demonstrate that the opponent has used its ANIMAL mark on the clothing footwear and headgear for which it is registered. These are:

- RT 1: copies of catalogues for each year during the period 2008 – 2013. These show use of the Animal mark both on the actual catalogue and on a large number of items of clothing, shoes and headgear featured in the brochures. See annex A for examples of the fronts of two brochures. This was a very large exhibit and contained a great many pages that either did not reflect use of the mark in suit or were simply duplicating what had already been provided. I accept that it is suitable to show use in each year and on a variety of clothing etc but this exhibit would have been much better for being somewhat smaller and more focussed.

- RT 2: Photographs of swing tags and labels. These all show the word “Animal” in plain type.
- RT 3-6 print outs from the opponent’s website obtained via wayback machine. These show that clothing, headgear and footwear were sold via the “Animal” shop on line. The images also show the name ANIMAL being used on footwear, headgear and certain items of clothing. The print outs are dated between August 2010 – February 2011.
- RT 7: A selection of invoices showing sales of ANIMAL goods to other retailers such as John Lewis, Debenhams, Littlewoods etc. On these the product code has a prefix of CL for clothing and FMS for footwear. These are dated between February 2012 – August 2012 and show a range of clothing and footwear being supplied under the name ANIMAL which appears in plain type as well as a stylised font at the top of each page.
- RT 11: Print outs from Blacks Leisure, John Lewis, House of Fraser, Littlewoods and Debenhams websites showing Animal products being offered for sale. These show footwear and clothing under the ANIMAL label being offered for sale. These are dated 13 December 2013.
- RT 15-17: A collection of promotional material relating to the Animal Action Sports Tour which has, since 2002, performed more than 2,000 shows; and press articles relating to the shows. These events relate primarily to cycle sports. These are dated between 2010 and June 2012.
- RT 19 -20: Promotional materials and press articles relating to the Animal Windfest which took place between 2001 -2010. This was an annual three day event in Dorset. This event was primarily a water based board event. They show the various years and also the ANIMAL mark.

8) The second witness statement, dated 16 December 2013 is by David Parrish the opponent’s Trade Mark Attorney. He provides, without comment, the following exhibits:

- DP1 & 2: An undertaking from Eliya Supplements Ltd based in Solihull, dated 2 November 2011 to the opponent stating that they would “permanently refrain from using the sign “Animal” or the sign “A Animal” in relation to the importation, advertisement, sale or supply anywhere in the European Union of any clothing, headgear, bags and/or wrist straps”. The undertaking also involved a payment to the opponent of £2,620.44. Also included is a letter, dated 20 October 2011, from Wedlake Bell, acting on behalf of Eliya Supplements Ltd, to the opponent stating that their client did not wish to become involved in a legal battle with the opponent and wished to come to an arrangement whereby they would offer an undertaking and a payment rather than go to Court. This letter also states that Eliya had only sold a total of £6,339.16 worth of goods under the Animal brands.

- DP3: Prints from the internet of anarchy symbols which include a number of the letter “A” within a circle.
- DP4: Various newspaper articles of anarchist riots in the UK in 2010 and 2011.

## **APPLICANT’S EVIDENCE**

9) The applicant filed a witness statement, dated 18 February 2014, by Ian Wilkes the applicant’s Trade Mark Attorney. He points out that there are a number of marks containing the word “Animal” on the UK IPO Register in Class 25. He lists 22 of them and the list includes: Animal Kingdom; Animal Planet; Animal Insight; Animal Soup; The Party Animal; We are Animals; Run like an Animal; Pyscho Animal; VIA Very Important Animal; Call me Animal; Animal Magic; Animal Antics; Animal Story; Super Tiny Animals and Animal Instinct. At least one of these predates the opponent’s mark. He states:

“9. Thus, it can be seen that “Animal” marks are commonly adopted in connection with goods in Class 25 and the opponent does not have a monopoly in respect of marks consisting of and/or comprising the word “Animal” in respect of clothing, footwear or headgear.”

10) That concludes my summary of the evidence filed, insofar as I consider it necessary.

## **DECISION**

11) At the hearing Mr Wilkes accepted that the opponent had indeed shown proof of use of its marks in relation to the whole of the specifications for which they are registered and that the goods of the two parties were therefore identical. He also accepted that the opponent had a reputation in the marks relied upon sufficient to get them over the first hurdle under Section 5(3).

12) The first ground of opposition is under Section 5(1) of the Act and is in relation to application 3000658 only. Section 5(1) reads:

“5.-(1) A trade mark shall not be registered if it is identical with an earlier trade mark and the goods or services for which the earlier trade mark is applied for are identical with the goods or services for which the earlier trade mark is protected.”

13) In determining this issue I look to the decision of the then European Court of Justice (ECJ) in the *LTJ Diffusion S.A. v Sadas Vertbaudet S.A.* (case C-291/00) [2003] FSR 34 where at paragraphs 49-54 they stated:

“49. On the other hand, Article 5(1)(a) of the directive does not require evidence of such a likelihood in order to afford absolute protection in the case of identity of the sign and the trade mark and of the goods or services.

50. The criterion of identity of the sign and the trade mark must be interpreted strictly. The very definition implies that the two elements compared should be the same in all respects. Indeed, the absolute protection in the case of a sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered, which is guaranteed by Article 5(1)(a) of the directive, cannot be extended beyond the situations for which it was envisaged, in particular, to those situations which are more specifically protected by Article 5(1)(b) of the directive.

51. There is therefore identity between the sign and the trade mark where the former reproduces, without any modification or addition, all the elements constituting the latter.

52. However, the perception of identity between the sign and the trade mark must be assessed globally with respect to an average consumer who is deemed to be reasonably well informed, reasonably observant and circumspect. The sign produces an overall impression on such a consumer. That consumer only rarely has the chance to make a direct comparison between signs and trade marks and must place his trust in the imperfect picture of them that he has kept in his mind. Moreover, his level of attention is likely to vary according to the category of goods or services in question (see, to that effect, Case C-342/97 Lloyd Schuhfabrik Meyer [1999] ECR I-3819, paragraph 26).

53. Since the perception of identity between the sign and the trade mark is not the result of a direct comparison of all the characteristics of the elements compared, insignificant differences between the sign and the trade mark may go unnoticed by the average consumer.

54. In those circumstances, the answer to the question referred must be that Article 5(1)(a) of the directive must be interpreted as meaning that a sign is identical with the trade mark where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer.”

14) Mr Hollingsworth contended that when used on a neck label on a garment then the image of a man behind the word ANIMAL will be effectively invisible as the average consumer will not be able to make out the very subtle detail. I am willing to accept that the smaller the version of this mark, the more difficult it is to ascertain the logo element. However, it will be used on printed swing tags and possibly, as per the opponent’s mark emblazoned across the chest of various garments. In such instances I believe that the logo element will be apparent to the average consumer and provides a difference that is far more than insignificant. **The opposition under Section 5(1) fails.**

15) The next ground of opposition is based on section 5(2)(b) of the Act which reads:

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

- (a) .....
- (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.”

16) An “earlier trade mark” is defined in section 6, the relevant part of which states:

“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.”

17) When considering the issues under Section 5(2) and the likelihood of confusion, I take into account the guidance from the settled case law provided by the CJEU in *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG & Adidas Benelux BV* [2000] E.T.M.R. 723, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH* C-120/04 and *Shaker di L. Laudato & C. Sas v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) C-334/05 P (LIMONCELLO)*. In *La Chemise Lacoste SA v Baker Street Clothing Ltd* [ALLIGATOR O/333/10] Mr Hobbs QC acting as the Appointed Person set out the test shown below which was endorsed by Arnold J. in *Och-Ziff Management Europe Ltd and Oz Management Lp v Och Capital LLP; Union Investment Management Ltd & Ochocki*, [2010] EWCH 2599 (Ch).

(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods/ services in question; who is deemed to be reasonably well informed and reasonably circumspect and observant - but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements; nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;

(e) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element in that mark;

(f) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa;

(g) 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;

(h) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient;

(i) 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;

(j) if the association between the marks causes the public to wrongly believe that the respective goods or services come from the same or economically linked undertakings, there is a likelihood of confusion.

### **The average consumer and the nature of the purchasing process**

18) Both parties have specifications consisting, broadly speaking, of clothing, footwear and headgear. Such goods will be sold in a variety of ways including in traditional retail outlets on the high street, through catalogues and by way of the Internet. Neither of the parties' respective specifications is subject to any limitation as to the method of sale and so I must keep all of these trade channels in mind. The average consumer of the goods at issue is a member of the general public who is likely to select the goods mainly by visual means though I accept that more expensive items may be researched or discussed with a member of staff. In this respect I note that in *New Look Ltd v OHIM Cases- T-117/03 to T-119/03 and T-171/03*, the General Court (GC) said this about the selection of clothing:



“50. Generally in clothes shops customers can themselves either choose the clothes they wish to buy or be assisted by the sales staff. Whilst oral communication in respect of the product and the trade mark is not excluded, the choice of the item of clothing is generally made visually. Therefore, the visual perception of the marks in question will generally take place prior to purchase. Accordingly, the visual aspect plays a greater role in the global assessment of the likelihood of confusion.”

19) The selection, whether made online or in person, is likely to be by eye. Whilst aural considerations must not be overlooked because of word of mouth recommendations etc, it is the visual aspect of the competing trade marks that will dominate the selection process. In the same case the GC also commented upon the degree of care the average consumer will take when selecting clothing. It said:

“43. It should be noted in this regard that the average consumer’s level of attention may vary according to the category of goods or services in question (see, by analogy, Case C 342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraph 26). As OHIM rightly pointed out, an applicant cannot simply assert that in a particular sector the consumer is particularly attentive to trade marks without supporting that claim with facts or evidence. As regards the clothing sector, the Court finds it comprises goods which vary widely in quality and price. Whilst it is possible that the consumer is more attentive to the choice of mark where he or she buys a particularly expensive item of clothing, such an approach on the part of the consumer cannot be presumed without evidence with regard to all goods in that sector. It follows that that argument must be rejected.”




20) Clearly, the average consumer’s level of attention will vary considerably depending on the cost and nature of the item concerned, however, even when selecting routine and relatively inexpensive items of clothing such as socks, I consider the average consumer will pay attention to considerations such as size, colour, style, material and cost. Overall, the average consumer is likely to pay a reasonable degree of attention to the selection of items of clothing, footwear or headgear.

### **Comparison of goods**

21) It was common ground that the goods of the two parties are identical.

### **Comparison of trade marks**

22) The opponent’s marks are identical so there needs to be only one comparison test carried out. The trade marks to be compared are as follows:

Applicant's marks	Opponent's mark
	
	

23) It is well established that the average consumer is considered to be reasonably well informed, circumspect and observant but perceives trade marks as wholes and does not pause to analyse their various details. In addition, he rarely has the chance to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them he has kept in his mind. In reaching a conclusion on similarity, I must identify what I consider to be the distinctive and dominant elements of the respective trade marks and, with that conclusion in mind, I must go on and compare the respective trade marks from the visual, aural and conceptual perspectives.

**Distinctiveness of earlier marks and dominant components of both parties marks**

24) The opponent has provided evidence, see paragraphs 6 & 7 above, of use of its mark in the UK in relation to, broadly speaking, clothing, footwear and headgear. Although the figures have not been put into context of the total UK market for such goods, the numbers are not insubstantial as are the promotional figures. I regard the use as sufficient for the opponent to benefit from an enhanced distinctiveness. In respect of inherent distinctiveness the applicant filed evidence of 22 other marks on the UK Register for clothing which have the word “ANIMAL” as part of the mark. The applicant contends that this shows that the opponent’s registered marks are not particularly distinctive. No evidence of any use of any of these marks was provided and it seems to me that this is usually termed state of the register evidence. In *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 28 Jacob J. said:

“It has long been held under the old Act that comparison with other marks on the register is in principle irrelevant when considering a particular mark tendered for registration, see e.g. *MADAME* Trade Mark [1966] RPC 541 and the same must be true under the 1994 Act.”

25) In *Digipos Store Solutions v Digit International* [2008] RPC 24 Mr Alexander Q.C acting as a Deputy Judge of the High Court commented:

“63 That was said in the context of a case where absolute grounds were relied on as the basis for refusing registration. However, in the present case, this material is not relied on in support of an argument that a mark which shares characteristics with those already registered should, for that reason, also be registered: the register is not relied on for its precedent value, in my judgment, rightly so. The register is not in this case deployed to show actual use of the marks recorded there either: for that purpose too, it would be of limited, if any, evidential value. Instead, the register is relied upon to show that, as a matter of fact, a significant number of traders have expressed the intention of using (and *may* be using) the prefix DIGI- as part of a mark in relation to class 9 goods which (one is invited to infer, in the absence of detailed specifications) involve a digital or computer-related element. It does not seem to me to be illegitimate, as a matter of principle, to deploy material of this kind for that limited purpose and, for that purpose, it is of some value as part of a larger body of material.”

26) However, in *GfK AG v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-135/04* the General Court (GC) stated:

“68. As regards the search of the Cedex database, the mere fact that a number of trade marks relating to Class 35 contain the word ‘bus’ is not enough to establish that the distinctive character of that element has been weakened because of its frequent use in the field concerned. Firstly, the search in question does not provide any information on the trade marks actually used in relation to the services concerned. Secondly, it includes a number of trade marks in which the word ‘bus’ is used descriptively by public transport businesses.”

27) This was a view re-iterated by the GC in *Zero Industry Srl v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-400/06.* In *Digipos* Mr Alexander was not referred to the judgment of the GC in *GfK AG*. I also note that in his judgment Mr Alexander referred to the *Madame* case being an absolute grounds case and appeared to consider this of some significance. The GC cases referred to above are relative grounds cases; clearly the GC considered that the principle of not giving weight to state-of-the-register evidence also applies in cases involving relative grounds issues. Just as in the *GfK* case mentioned above, the applicant has not provided evidence that the marks are in use.

28) Clearly, the term ANIMAL will be familiar to UK consumers. However, it has, as far as I am aware, no meaning in relation to the goods in this case. I consider the opponent’s marks to have a high degree of inherent distinctiveness.

### **Visual / Aural and Conceptual similarity**

29) I shall firstly compare the applicant’s mark 3000658 with the opponent’s mark. If this mark is enlarged somewhat it can be seen that there is the image of the back of a man’s body from the base of the spine to the top of the head, although the head is inclined forwards. In an enlarged version this becomes apparent as one looks at the mark, although at first glance it can be missed. In small versions this image is effectively

invisible. In either version the initial impact of the mark is the word ANIMAL, albeit with some of the ink missing in parts. There is a strong visual similarity, an aural identity and a high degree of conceptual similarity.

30) Turning to the applicant's mark 3000664 there is a device element of the "anarchy" logo and the word "Animal". Once again some of the ink is missing from both elements although this time I cannot discern any hidden motif behind the word "Animal". The anarchy logo given its size and location could be said to be the dominant element. However, the word "Animal" cannot be ignored, and is obviously an independent element within the mark. There are obvious visual and aural similarities although I accept that there are significant visual differences and if one would attempt to pronounce the logo it would only be as the letter "A" and so there could be said to be slight aural differences. Conceptually the idea of an anarchy animal invokes an image of a rioting job and so there is a degree of conceptual difference. However, given that, overall the respective marks share a reasonable level of visual, aural and conceptual similarity.

### **Likelihood of confusion**

31) I must now take all the above into account and consider the matter globally taking into account the interdependency principle- a lesser degree of similarity between trade marks may be offset by a greater degree of similarity between goods and vice versa. The evidence shows that the opponent has an enhanced distinctiveness for clothing footwear and headgear and the mark is inherently very distinctive. The whole of the opponent's mark is within the marks in suit as either the distinctive and dominant element or an independent element. The goods of the two parties are identical. To my mind in respect of both of the applicant's marks there is a likelihood of consumers being confused into believing that the goods provided by the applicant are those of the opponent or provided by some undertaking linked to them. **The opposition under Section 5(2) (b) therefore succeeds in relation to both marks.**

32) I now turn to consider the ground of opposition under Section 5(3) which reads:

"5-(3) A trade mark which –

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in 3 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.

33) The scope of the Section has been considered in a number of cases notably *General Motors Corp v Yplon SA (Chevy)* [1999] ETMR 122 and [2000] RPC 572, *Premier Brands UK Limited v Typhoon Europe Limited (Typhoon)* [2000] RPC 767, *Daimler Chrysler v Alavi (Merc)* [2001] RPC 42, *C.A. Sheimer (M) Sdn Bhd's TM Application (Visa)* [2000] RPC 484 *Valucci Designs Ltd v IPC Magazines (Loaded)*

O/455/00, *Mastercard International Inc and Hitachi Credit (UK) Plc* [2004] EWHC 1623 (Ch) and *Electrocoin Automatics Limited and Coinworld Limited and others* [2005] FSR 7. Guidance in relation to reputation under Section 5(3) has been set out in *General Motors Corporation v Yplon SA* in paragraphs 23 to 27. Paragraphs 26 & 27 indicate the standard that must be reached:-

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

27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.”

34) The onus is upon the opponent to prove that its earlier trade marks enjoy a reputation or public recognition and it needs to furnish the evidence to support this claim. To my mind the opponent has provided the evidence that its marks do enjoy such a reputation and so it clears the first hurdle.

35) Once the matter of reputation is settled any applicant for invalidity must then show how the earlier trade marks would be affected by the registration of the later trade mark. The opponent contends that its marks are unique and there is no evidence to the contrary. In *Inlima S.L's* application [2000] RPC 61 Mr Simon Thorley QC, sitting as the Appointed Person, said:

“The word ‘similar’ is a relative term. One has to ask the question ‘similar for what purpose’. The question of similarity accordingly can only be answered within the context of a particular set of facts, once one has identified both the facts and the purpose for which similarity is required. In the case of section 5(3), the purpose of requiring similarity is so that the possibility of detriment or unfair advantage might arise. In any particular case, a conclusion as to whether it does arise must depend not only upon the degree of similarity but on all the other factors of the case, not least, the extent of the reputation. I therefore conclude that the same global appreciation as is required for confusion under section 5(2) is likewise to be applied to the changed circumstances of section 5(3).”

36) This matter was considered by Mr Daniel Alexander sitting as the Appointed Person in BL O/307/10 where he stated:

“37. The Decision in this case was handed down on 18th May 2009. On 18th June 2009, the ECJ handed down judgment in *L'Oréal v. Bellure*, Case C-487/07 in which it gave guidance on the proper approach to interpretation of Article 5(2) of the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), (the “Trade Marks Directive”).

38. The ECJ said the following as regards Article 5(2) of the Trade Marks Directive and the requirement to show detriment or unfair advantage.”

"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 coattails of the mark with a reputation.

42 Just one of those three types of injury suffices for Article 5(2) of Directive 89/104 to apply (see, to that effect, Intel Corporation, paragraph 28).

43 It follows that an advantage taken by a third party of the distinctive character or the repute of the mark may be unfair, even if the use of the identical or similar sign is not detrimental either to the distinctive character or to the repute of the mark or, more generally, to its proprietor.

44 In order to determine whether the use of a sign takes unfair advantage of the distinctive character or the repute of the mark, it is necessary to undertake a global assessment, taking into account all factors relevant to the circumstances of the case, which include the strength of the mark's reputation and the degree of distinctive character of the mark, the degree of similarity between the marks at issue and the nature and degree of proximity of the goods or services concerned. As regards the strength of the reputation and the degree of distinctive character of the mark, the Court has already held that, the stronger that mark's distinctive character and reputation are, the easier it will be to accept that detriment has been caused to it. It is also clear from the case-law that, the more immediately and strongly the mark is brought to mind by the sign, the greater the likelihood that the current or future use of the sign is taking, or will take, unfair advantage of the distinctive character or the repute of the mark or is, or will be, detrimental to them (see, to that effect, Intel Corporation, paragraphs 67 to 69).

45 In addition, it must be stated that any such global assessment may also take into account, where necessary, the fact that there is a likelihood of dilution or tarnishment of the mark.

46 In the present case, it is a matter of agreement that Malaika and Starion use packaging and bottles similar to the marks with a reputation registered by L'Oréal and Others in order to market perfumes which constitute 'downmarket' imitations of the luxury fragrances for which those marks are registered and used.

47 In that regard, the referring court has held that there is a link between certain packaging used by Malaika and Starion, on the one hand, and certain marks relating to packaging and bottles belonging to L'Oréal and Others, on the other. In addition, it is apparent from the order for reference that that link confers a commercial advantage on the defendants in the main proceedings. It is also apparent from the order for reference that the similarity between those marks and the products marketed by Malaika and Starion was created intentionally in order to create an association in the mind of the public between fine fragrances and their imitations, with the aim of facilitating the marketing of those imitations.

48 In the general assessment which the referring court will have to undertake in order to determine whether, in those circumstances, it can be held that unfair advantage is being taken of the distinctive character or the repute of the mark, that court will, in particular, have to take account of the fact that the use of packaging and bottles similar to those of the fragrances that are being imitated is intended to take advantage, for promotional purposes, of the distinctive character and the repute of the marks under which those fragrances are marketed.

49 In that regard, where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark.

50 In the light of the above, the answer to the fifth question is that Article 5(2) of Directive 89/104 must be interpreted as meaning that the taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of that provision, does not require that there be a likelihood of confusion or a likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor. The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the repute of the mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image."

37) It is accepted in the instant case that the goods of the two parties are identical. I also found that the opponent's marks are inherently highly distinctive for "clothing, footwear and headgear" and has enhanced distinctiveness. I also found that, despite the minor differences between the marks the overall effect was such that they are quite similar, and will create the link that is required. Adopting the composite approach advocated, the conclusions that I have set out above naturally lead me to the view that there is an advantage for the applicants to derive. As far as detriment is concerned, the opponent suggested that this would subsist in a reduction in the distinctiveness of their marks and also in linking their marks to anarchy and rioting. I accept that registration of the marks in suit could have an impact in this respect, be it to the distinctiveness of the earlier marks or the reputation they enjoy. **The opposition under Section 5(3) therefore succeeds.**

## **COSTS**

38) As the opponent has been successful in two of the three ground pleaded it is entitled to a contribution towards its costs. The opponent sought to have costs off the scale. The opponent contended:

"67. The Opponent expressly raised off-scale costs in its written submissions dated 17 December 2013 (tab 29). It provided a bill of costs to the Applicant on 27 May 2014 (copy attached hereto), which reflects the importance of the ANIMAL brand to the Opponent and the evidence and legal argument which has been required, given the Applicant's stance in these proceedings.

68. There is a wide discretion to award costs under s. 68 of the 1994 Act. TPN 2/2000 provides guidance as follows as regards 'off-scale' costs (with emphasis added):

8. Users' comments taken as a whole supported the general thrust of the present policy based upon fixed reasonable costs, provided that there is the flexibility to award costs off the scale where the circumstances warrant it. The Office also believes this is the way to proceed, since it provides a low cost tribunal for all litigants, but especially unrepresented ones and SMEs, and builds in a degree of predictability as to how much proceedings before the Comptroller, if conscientiously handled by the party, may cost them. The present policy of generally awarding costs informed by guidance drawn from a scale will therefore be retained. However, the Office envisages the necessary flexibility as going beyond the criterion of "without a genuine belief that there is an issue to be tried" developed in the Rizla case. It is vital that the Comptroller has the ability to award costs off the scale, approaching full compensation, to deal proportionately with wider breaches of rules, delaying tactics or other unreasonable behaviour. The fact that this flexibility and the Comptroller's willingness to exercise it in suitable cases has been the subject



of consultation and publicity means that there will have been "an established yardstick" underpinning a change in the previous practice.

9. It would be impossible to indicate all of the circumstances in which a Hearing Officer could or should depart from the scale of costs; indeed it would be wrong to attempt to fetter his or her discretion in such a way. The overriding factor is to act judicially in all the facts of a case. That said, it is possible to conceive of examples. A party seeking an amendment to its statement of case which, if granted, would cause the other side to have to amend its statement or would lead to the filing of further evidence, might expect to incur a costs penalty if the amendment had clearly been avoidable. In another example, the costs associated with evidence filed in respect of grounds which are in the event not pursued at the main or substantive hearing might lead to award which departs from the scale. Costs may also be affected if a losing party unreasonably rejected efforts to settle a dispute before an action was launched or a hearing held, or unreasonably declined the opportunity of an appropriate form of Alternative Dispute Resolution (ADR). A party's unnotified failure to attend a hearing would also be a relevant factor.

69. That guidance has been confirmed and amplified in paragraphs 5 to 7 of TPN 4/2007.

70. A substantial 'off scale' costs award was made in Case O-281-07 Music Choice, in which the taking of points which from the outset had no foundation, or which became untenable in the light of available evidence, yet which were pursued up to and/or at the hearing, was regarded as amounting to unreasonable behaviour (paragraph 110). See also the observations of Mrs Pike in Case O-424-13 Curve at [65] to [69] as to the importance of focussed pleadings, having regard to considerations of justice, fairness, efficiency and economy (Per Demon Ale [2000] RPC 345, Geoffrey Hobbs QC). In that case, the running of a case at disproportionate cost to the other party amounted to unreasonable behaviour.

71. In the present case:

- a) The Applications were made after the Applicant had sought to invalidate both of the Opponent's marks, but abandoned those attempts in October 2012.
- b) The Applicant was accordingly fully aware of the Opponent's marks, and must have recognised that they were not susceptible to challenge.
- c) There is a clear and obvious conflict between the marks in issue. The IPO notified the Opponent of the Applications on the basis that it considered that there was a conflict (See the Annex to the Notice of Opposition at tabs A and B).

- d) The Applicant nonetheless sought to pursue the Applications by filing Counterstatements in October 2013 in which it:
- (a) made unfocussed blanket denials of each of the grounds of opposition raised;
  - (b) raised two untenable 'defences' (addressed in paragraphs 36 to 45 above), one of which – alleged prior use – was in essence the very point which had been abandoned in the invalidity proceedings; and
  - (c) put the Opponent to proof of use in respect of all of the goods relied upon. It did so notwithstanding that it must have recognised that the marks had been used *inter alia* since (i) it knew of the ANIMAL marks and had abandoned its attempts to invalidate them; (ii) it must have known of the proceedings brought against Eliya in 2011; and (iii) it had already seen extensive evidence of use from the Opponent in previous OHIM proceedings (As noted in the Opponent's submissions at para 47).
  - (d) Following the Opponent's extensive evidence and written submissions (dated 17 December 2013), the Applicant did not make any admissions or concessions. It maintained its position in full and filed evidence dated 18 February 2014 but no submissions indicating what points it seriously wished to maintain and on what basis.
  - (e) It has therefore been necessary to prepare for the hearing upon the basis that the Opponent is being put to proof of every element of its grounds of opposition and that each of the points sought to be raised in the Counterstatements is still in issue.

72) It is submitted that that approach was and is unreasonable. The Applicant took points from the outset which had no foundation and/or which became untenable in the light of the evidence; yet these were all pursued up to the hearing. This has necessitated the running of the case by the Opponent at disproportionate cost.

73) Accordingly the Opponent seeks off-scale costs commensurate with the sums which it has had to expend, as shown on its bill of costs dated 27 May 2014."

39) The applicant contended:

"In the event that the Tribunal should find in the Opponent's favour, the Opponent has requested an award of costs in excess of the usual scale - the Applicant submits that there is no justification for this.

The Applicant is seeking to find marks that comprise its ANIMAL brand (which is well-established for nutritional products) that can co-exist for clothing with the Opponent's mark- and there is a genuine belief on the part of the Applicant that the present marks meet this requirement.

Of course the Tribunal has the ability to award costs off the scale, approaching full compensation, but this should generally be reserved for instances of- breaches of rules;

delaying tactics; or  
other unreasonable behaviour  
and the Applicant has not engaged in any of the above.

In any event - Hearing Officers have stated that the amount (of costs awarded in excess of the usual scale) should be commensurate with the extra expenditure a party has incurred as the result of unreasonable behaviour on the part of the other side, and there has been no extra expenditure in this instance.”

40) Whilst I accept that the applicant would have been aware of the opponent’s marks this does not mean that it was unreasonable for the applicant to apply to register marks it believes, erroneously, to be different enough from those of the opponent that it does not breach any sections of the Act. Regarding previous cases between the parties at OHIM, no evidence of these cases or the evidence filed has been provided. However, it is possible that different evidence would have been required before OHIM than before the UK IPO. If not then no additional costs would have been incurred in filing the same evidence in both cases. I agree with some of the criticism regarding the lack of concessions prior to the hearing, particularly in the light of the skeleton argument not covering a number of topics which were conceded at the hearing. I do not agree that costs off the scale are justified particularly in view of the fact that some of the evidence filed by the opponent was unnecessary and other costs such as employing Counsel, not matter how eloquent, seem excessive if the case were as simple as the opponent contends. Regarding the position of Eliya, the applicant cannot be expected to know what motivated the decision by its distributor to provide the undertaking provided in the evidence. Given the lack of concessions prior to the hearing, the “prior use” case pleaded but not pursued and the generally unfocussed pleadings, I am going to award costs towards the top end of the scale.

Expenses	£200
Preparing a statement and considering the other side’s statement	£400
Preparing evidence and considering the evidence of the other side	£1400
Preparing for and attending a hearing	£1400
TOTAL	£3,400

41) I order Universal Protein Supplements Corp. t/a Universal Nutrition to pay H Young Holdings Public Limited Company the sum of £3,400. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 24th day of June 2014

George W Salthouse  
For the Registrar,  
the Comptroller-General

ANNEX A

