

O/142/19

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NO. 3236070 OWNED BY
SHANTOU CHENGAI DISTRICT LONGJUN TOYS FACTORY CO., LTD
FOR THE TRADE MARK**



IN CLASS 28

AND

**THE APPLICATION FOR A DECLARATION OF INVALIDITY THERETO
UNDER NUMBER 501966
BY LEGO JURIS A/S**

Background

1. On 8 June 2017, Shantou Chenghai District Longjun Toys Factory Co., Ltd (“the proprietor”) filed trade mark application number 3236070 for the mark



for *Toys; Building blocks [toys]; Dolls' houses; Dolls' rooms; Toy vehicles; Radio-controlled toy vehicles; Toy models; Jigsaw puzzles; Controllers for toys; Toy robots*, in class 28. The mark achieved registration on 1 September 2017.

2. On 6 February 2018, LEGO Juris A/S (“the applicant”) applied to have the registration declared invalid under section 47(2) of the Trade Marks Act 1994 (“the Act”), on the basis that it was registered contrary to sections 5(2)(b), 5(3) and 5(4)(a) of the Act. The grounds under sections 5(2)(b) and 5(3) are based upon the applicant’s earlier European Trade Mark 2829463:



3. This mark was filed on 28 August 2002, registered on 7 January 2004, and claims the colours red, white, black and yellow. The applicant relies upon “Games and playthings in class 28”, in relation to which it has made a statement of use. The applicant claims that there is a likelihood of confusion under both sections 5(2)(b) and 5(3), and that use of the later mark would give the proprietor an unfair advantage and cause detriment to the distinctive character and repute of the

applicant's mark. The applicant states that the later mark has been used for goods which are of poor quality.

4. Under section 5(4)(a) of the Act, the applicant relies upon its use of a sign corresponding to its registered mark, shown above, which it states was first used throughout the UK in 1973. The applicant states that the earlier right has been used in relation to "Toys (including building blocks, toy models, dolls houses, toy vehicles, radio controlled toy vehicles, jigsaw puzzles and controllers for toys and toy robots), video games, films, TV programmes, theme parks, clothing and accessories, books and other publications, stationery products, pictures, kitchenware, mobile phone and iPod covers, clocks and watches and educational services." The applicant claims that its valuable reputation and goodwill entitles it to prevent the use of the later mark under the law of passing off.


5. The proprietor filed a defence and counterstatement, denying all the grounds. The proprietor requests the applicant to prove that it has made genuine use of its earlier mark.

6. As the proprietor has played no further part in these proceedings, I reproduce below its counterstatement in full:

The Proprietor hereby gives the Counter-statement against Notice of Cancellation (No. CA000501966) of Shantou Chenghai District Longjun Toys Factory Co., Ltd:-

1. The Proprietor, Shantou Chenghai District Longjun Toys Factory Co., Ltd with address at No.4, National road on the east side, Zhulin Village, Lianshang Town, Chenghai District, Shantou, China, is a company organized under the laws of China.
2. "LEGO" is a known and recognised dictionary word in the English language means "A construction toy consisting of interlocking plastic building blocks", which originates from Danish leg godt "play well", from lege "to play".
[Oxford English Dictionary]
3. "LEPIN", on the other hand, is not a dictionary or recognised word and it has no meaning in the English language, it is a coined word created by the Proprietor himself. Actually, it is the transliteration of the two Chinese characters in the mark, "LE" means "happy; cheerful; laugh" and "PIN" means "spell; piece; risk" in English. It is submitted that LEPIN immediately strikes and conveys the impression to the average UK consumer generally, as a foreign word (e.g. Chinese) of unknown meaning, or a coined term. These facts distinguish it immediately from the "LEGO" mark.



4. Further, the Cancellation Applicant's trade mark  consists of the literal element "LEGO" in white with black and yellow outlines, the background of the design is red. Color, font and typeface are unique identifying qualities of the mark. It is clearly identified by consumers that the inherent distinctiveness is the color, customers will be attracted by its unique color combination at the very first sight and are likely to combine the color mark with its goods in some degree.

5. The Proprietor's mark contains two Chinese characters and the word "LEPIN" below. The Chinese characters dominates the main part of the mark, and the customers are likely to associate the mark and its goods with China or Chinese company. There are no fixed color features in Proprietor's mark. The Proprietor's mark is clearly identified by consumers that the inherent distinctiveness is the Chinese characters and Latin words "LEPIN". Thus, the visual appearance of the marks on the whole are noticeably different and unlikely to result in source confusion.

6. The prefix "LE-" is common in the English language. A brief review of the UKIPO database, reveals numerous marks containing this prefix in class 28, including Leguino, LEEDA, Lepow, Leboo, Leven, LeTou, LEMUR, LEKI, LEXICON. Both "LEPIN" and "LEGO" is a single word with only four or five letters, the average customers pay equal attention to the whole wording. Although the goods toys are mainly aimed at children, those who purchase and recognize the mark are their parents, namely, adults. The average English speaking reader, and also the average UK consumer are unlikely to be confused by "PIN" and "GO" or caused to wonder whether one trademark is similar to the other. Therefore, the Proprietor's marks "LEPIN" is dissimilar with the Cancellation

Applicant's mark visually and aurally.

7. The marks are therefore dissimilar, the use or registration of the Proprietor's mark will not cause any damage to the Cancellation Applicant.
8. Conclusively, The Proprietor denies all the allegations of the Cancellation Applicant in the Notice of Cancellation dated 14 February 2018.
9. By reason of the matters set forth herein and by virtue of the law and in the exercise of the Registrar's discretion, The Proprietor pray that these Cancellation Proceedings be refused and that the Proprietor's mark be valid, and that costs in favor of The Proprietor be ordered against the Cancellation Applicant.

7. The applicant filed evidence. It has been represented throughout the proceedings by Stephenson Harwood LLP. The proprietor is represented by Mr Ray Young (in as much as the only participation in the proceedings has been the filing of the defence). The matter came to be heard on 15 February 2019, by video conference. Mr Guy Hollingworth, of Counsel, instructed by Stephenson Harwood LLP, appeared for the applicant. The proprietor did not attend, did not send representation and did not file written submissions in lieu of attendance.

Evidence

8. The applicant has filed evidence from the following three people:

i) Marina Edwards, who is the Vice President and General Manager (UK and Ireland) at LEGO Company Ltd, which is part of the LEGO Group of Companies. I will refer to her evidence as being about the applicant, for convenience. Her first witness statement is dated 25 June 2018. Her second, dated 6 July 2018, was filed in response to the registry's refusal to grant confidentiality in respect of some of the

content in her first witness statement, content which the applicant subsequently withdrew.

ii) Peter Taylor, who is a solicitor with the conduct of these proceedings on behalf of the applicant (and a consultant for Stephenson Harwood LLP). His witness statement is dated 20 June 2018.

iii) Peter Kjaer, who is Vice President and Deputy General Counsel at LEGO System A/S, part of the Lego Group. As before, I will refer to his evidence as being about the applicant.

Ms Edwards' evidence

9. I set out here some of the headlines from Ms Edwards' evidence. When I refer to LEGO, it is to the earlier mark.

- The applicant's UK and Ireland advertising spend for the mark during 2013-14 was more than £150 million, in France more than £120 million, in Germany more than £250 million and throughout the EU more than £1,000 million.
- Between 2013-16, the applicant received more than £75 million in royalties from the sale of LEGO-branded video games in the UK. More than 25 million LEGO video games were sold in the UK between 2015 to 2017.
- Between 2015-17, the applicant received more than £8 million in royalties from UK sales of LEGO clothing and accessories, books and publications, stationery, pictures, kitchenware, mobile phone and iPod covers, clocks and watches.
- The mark has been used in its registered form since 1998, and is substantially unchanged since 1973. It is used in its registered form on all the applicant's product packaging, advertising, websites, social media, signage and stationery throughout the EU.
- 78% of UK children owned LEGO goods in 2017.
- In January 2000, LEGO (i.e. the goods sold under the LEGO mark) was named Toy of the Century by the British Association of Toy Retailers.

- Between 2013 and 2017, turnover in relation to LEGO toys in the UK and Ireland came to £1,265 million.
- There have been over 600 LEGO sets under the 'Star Wars' theme, since 1999. The Bionicle theme was released in 2001, consisting of buildable action figures. Pictures of the packaging for these are shown, with the mark in the top left-hand corner.
- The applicant has fourteen stores in the UK, all prominently displaying the LEGO mark. The goods are also sold via the applicant's online store, and in a wide range of other retailers. An average of 9 million UK consumers have visited the LEGO website annually in the last five years.
- The applicant's theme park, LEGOLAND Windsor, had 2.138 million visitors in 2016, making it the most visited UK theme park. Exhibit ME13 shows that the LEGO mark is used in conjunction with the name of the theme park.
- Over 67 video games have been released since 1995 based on the LEGO mark. The packaging always bears the mark. There is also a LEGO movie franchise. The 2014 movie generated £42 million in revenue in the UK and £90 million in the UK. The 2017 LEGO Batman movie generated £25 million in the UK and £48 million in the EU.

10. In relation to specific types of toys, other than building bricks and construction sets, I note the following from a catalogue¹ dated from January to June 2017, which is within the relevant period for the purpose of proof of use:

- Page 8: dolls' houses and toy vehicles
- Page 15: action figures

Peter Taylor's evidence

11. Mr Taylor states that he has advised the applicant on intellectual property since about 1985. He has direct knowledge of the steps the applicant has taken to protect and enforce its mark. Mr Taylor states that the purpose of his evidence is to show how the LEPIN logo has been used in the UK; the action which the applicant has

¹ Exhibit ME8.

taken against a UK-based seller of LEPIN products; how the LEGO mark, even without the word LEGO, is distinctive of the applicant in the UK; and what it has done to protect its mark in the UK. The following is a summary of what I consider to be relevant, or which provides context, to the issues to be decided in these proceedings.

12. Mr Taylor provides prints of the proprietor's goods on sale on Amazon.co.uk (as at 18 January 2018); for example:



In April 2018, Mr Taylor made test purchases of the proprietor's goods from a UK seller. He provides photographs of two of the boxes, together with photographs of the corresponding LEGO sets:





13. Mr Taylor states that the building instructions in the proprietor's goods were almost identical copies of the building instructions for the corresponding LEGO sets.

Peter Kjaer's evidence

14. Again, I refer here only to evidence which I consider to be relevant to the issues to be decided in these proceedings.

15. Similar examples to those shown above are referred to by Mr Kjaer in his witness statement:



16. Mr Kjaer's evidence shows that the LEGO mark is largely unchanged since its 1973 form, including its arrangement of colours. He points out that the proprietor uses its mark in the same colour combination as the LEGO mark, with a very similar shade of red. In answer to the proprietor's statement that "LEGO" is a known and recognised dictionary word in the English language means [*sic*] "A construction toy consisting of interlocking plastic building blocks" which originates from Danish *leg godt* "play well", from *lege* "to play". [*Oxford English Dictionary*], Mr Kjaer exhibits² a copy of an extract from the Oxford English Dictionary (the edition is not specified) showing the entry for "Lego" and that the publishers of the dictionary have recorded 'Lego' as a trademark:

Lego *noun* trademark a toy consisting of interlocking plastic building blocks.
- ORIGIN from Danish *leg godt* 'play well'.

17. Mr Kjaer states that the applicant's Consumer Service Department, which is based in the UK but covers the EU, has received a large number of complaints from the public about the proprietor's LEPIN products. Exhibit PTK3 comprises a schedule of such complaints. As the present proceedings concern matters from the UK public's perspective (whether a likelihood of confusion, a link/damage and/or misrepresentation), the entries from EU countries other than the UK do not have a bearing on the assessment I must make. There are a number of UK entries, but not all of them show unequivocally that confusion has arisen because of the trade marks. It is not clear whether the packaging has also played a part, or the instruction booklet, for example. Some of the comments do not demonstrate confusion but demonstrate some other kind of comparison being made by consumers. I acknowledge that comments such as these may be relevant to the ground of invalidation under section 5(3) of the Act. The UK comments that I consider to be relevant are as follows (reproduced verbatim):

- May 2016: "Hi recently seen on other selling sites sets looks very much like Lego but called lepin can you please tell me is this Lego made for another country?"

² Exhibit PTK2

- June 2016: Hello there, I was just having a look around google and I noticed a photo of what I thought was a Lego Set but when I looked closely I see this was a copy of a Lego Set by “Lepin” (I am guessing Lego is familiar with this and knows about this company). I then noticed many more sets made by this company with what looks like the exact photo of what is on the front of the Lego Boxes. I just want to know if this company will be challenged at all, as I am collector and seller of new Lego Parts and I know that when I purchase official Lego this is quality assured, but from what I see Lepin could undermine this and flood the market with cheap copy’s. Looking forward to hearing from yourself. Kind regards”
- July 2016: “Hi I don’t have a problem with the product you sell but I recently bought the new Lego millennium falcon 75105 from Amazon. I received my parcel 2 weeks later and it was not Lego at all. It had your logo but where it should say Star Wars it say STAR WNRS ha!! I thought I would inform you of this, I would want to know if someone was selling products with my logo on pretending it’s Lego. If you would like more details on the purchase please just ask. Thanks.”
- May 2017: “Hi, I saw and advert floating around Facebook this morning for something very similar to Lego right down to the red boxed logo. I’ll copy in the link to the site, I never got anything flagged up from it, but please do whatever checks you need to first to ensure you’re happy it’s safe. The brand seems to “Lepin” now it could simply be that this is Lego for another market I genuinely don’t know. They seem to carry lots of individual characters aswell as full build sets.”
- June 2017: “Hi I find a website to buy LEGO cheaper than normal but I am not sure if it is legal. This is the site: <https://blockkings.com/>. Any help?” A follow-up comment from the applicant’s Customer Advisor was “Customer replied, asking if we really do not care, or believe that it is okay that the website previously sent, blockkings.com, which is a LEPIN distributor website also stating that their products are not genuine LEGO in some instances. Going to

apologize for the confusion, reiterate that we do not approve of LEPIN, explain briefly that there's a lawsuit underway, and will thank him for being a loyal LEGO fan.”

- July 2017: “Hello LEGO, I’m writing to you to ask what is being done about LEPIN. This knock off LEGO is making me furious. I’ll tell you why. I believe in Lego, and what it represents, it’s values and enjoyment. My parents bought Lego for me, my grandparents bought Lego for me, I inherited the bulk of my ‘big Lego box’ from family friends and when I have children I will be buying them Lego. I am a huge fan of Lego and I build sets regularly. Lego encapsulates my childhood and partially defines who I am as a person, my interests and as a teacher I use it in class daily. Lego is in my blood. It pains me to see all this fake knock off lego that has infiltrated the market around the globe. You tubers actively review lepin sets and how they compare to Lego versions. I’m sure Lego absolutely know about this, but it boils my blood to see reviewers promoting, directly or indirectly illegal knock off lego. The Lego I know and the Lego we all enjoy is being corrupted by lepin. What is the Lego group doing about this?...”

18. Mr Kjaer refers to reviews of the proprietor’s goods which are unfavourable as regards quality, such as Exhibit PTK5, which comprises an article published on Brickset.com on 30 July 2017. This is described as an independent company which provides information about the applicant’s products. The reviewer makes negative comments about some of the LEPIN parts being grubby because of grease in the injection moulds, together with other faults caused by poor injection moulding. The author says that such flaws are relatively unheard of with LEGO products, and that the proprietor’s after-sales care is non-existent.

Decision

Section 5(2)(b) of the Act

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

“(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.”

20. Section 47 of the Act states:

“(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

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

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

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

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

(2A) But the registration of a trade mark may not be declared invalid on the ground that there is an earlier trade mark unless –

(a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration,

(b) the registration procedure for the earlier trade mark was not completed before that date, or

(c) the use conditions are met.

(2B) The use conditions are met if –

(a) within the period of five years ending with the date of the application for the declaration the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or

(b) it has not been so used, but there are proper reasons for non-use.

(2C) For these purposes –

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(2D) In relation to a European Union trade mark or international trade mark (EC), any reference in subsection (2B) or (2C) to the United Kingdom shall be construed as a reference to the European Union.

(2E) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated

for the purposes of this section as if it were registered only in respect of those goods or services.

(2F) Subsection (2A) does not apply where the earlier trade mark is a trade mark within section 6(1)(c)

(3) An application for a declaration of invalidity may be made by any person, and may be made either to the registrar or to the court, except that-

(a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and

(b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(4) In the case of bad faith in the registration of a trade mark, the registrar himself may apply to the court for a declaration of the invalidity of the registration.

(5) Where the grounds of invalidity exists in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made.

Provided that this shall not affect transactions past and closed.”

21. The relevant period for proving use of the earlier mark is 7 February 2013 to 6 February 2018 (the five years ending on the date of the application for a declaration of invalidity). In *Walton International Ltd & Anor v Verweij Fashion BV* [2018] EWHC 1608 (Ch) (28 June 2018), Arnold J. summarised the case law on genuine use of trade marks:

“114. The CJEU has considered what amounts to “genuine use” of a trade mark in a series of cases: Case C-40/01 Ansul BV v Ajax Brandbeveiliging BV [2003] ECR I-2439, La Mer (cited above), Case C-416/04 P Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs) [2006] ECR I-4237, Case C-442/07 Verein Radetsky-Order v Bunderversammlung Kamaradschaft ‘Feldmarschall Radetsky’ [2008] ECR I-9223, Case C-495/07 Silberquelle GmbH v Maselli-Strickmode GmbH [2009] ECR I-2759, Case C-149/11 Leno Merken BV v Hagelkruis Beheer BV [EU:C:2012:816], [2013] ETMR 16, Case C-609/11 P Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG [EU:C:2013:592], [2014] ETMR, Case C-141/13 P Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs) [EU:C:2014:2089] and Case C-689/15 W.F. Gözze Frottierweberei GmbH v Verein Bremer Baumwollbörse [EU:C:2017:434], [2017] Bus LR 1795.

115. The principles established by these cases may be summarised as follows:

(1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: Ansul at [35] and [37].

(2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: Ansul at [36]; Sunrider at [70]; Verein at [13]; Leno at [29]; Centrotherm at [71]; Reber at [29].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: Ansul at [36]; Sunrider at [70]; Verein at [13]; Silberquelle at [17]; Leno at [29]; Centrotherm at [71]. Accordingly, affixing of a trade mark on goods as a label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods

are manufactured and which is responsible for their quality: Gözze at [43]-[51].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: Ansul at [37]. Internal use by the proprietor does not suffice: Ansul at [37]; Verein at [14] and [22]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: Silberquelle at [20]-[21]. But use by a non-profit making association can constitute genuine use: Verein at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: Ansul at [37]-[38]; Verein at [14]; Silberquelle at [18]; Centrotherm at [71]; Reber at [29].

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: Ansul at [38] and [39]; La Mer at [22]-[23]; Sunrider at [70]-[71], [76]; Leno at [29]-[30], [56]; Centrotherm at [72]-[76]; Reber at [29], [32]-[34].

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For

example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no de minimis rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72] and [76]-[77]; *Leno* at [55].

(8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].”

22. The onus is on the opponent, as the proprietor of the earlier marks, to show use because Section 100 of the Act states:

“If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

23. The turnover figures are of considerable magnitude. It is abundantly clear from the evidence (and it is a notorious fact) that the earlier mark has been used during the relevant period in relation to toy building bricks and toy construction sets. The evidence also shows use on dolls’ houses, action figures and toy vehicles within the relevant period. I consider that a fair specification³ bearing in mind the scale and breadth of the applicant’s use of its mark is the specification relied upon: “Games and playthings in class 28.”

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

³ *Property Renaissance Ltd (t/a Titanic Spa) v Stanley Dock Hotel Ltd (t/a Titanic Hotel Liverpool) & Ors* [2016] EWHC 3103 (Ch).

The principles

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

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

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

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

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

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

Comparison of goods

25. The competing goods are shown in this table:

Applicant's mark	Proprietor's mark
<i>Games and playthings in class 28.</i>	<i>Toys; Building blocks [toys]; Dolls' houses; Dolls' rooms; Toy vehicles; Radio-controlled toy vehicles; Toy models; Jigsaw puzzles; Controllers for toys; Toy robots.</i>

26. The law requires that goods be considered identical where one party's description of its goods encompasses the specific goods covered by the other party's description (and vice versa): see *Gérard Meric v OHIM*, Case T-33/05, General Court ("GC"). The goods in the proprietor's specification are identical to those of the applicant because the applicant's description of its goods encompasses those of the proprietor. Further, the proprietor has not denied identity, or made any comment at all in its counterstatement about similarity of the goods.

Average consumer and the purchasing process

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

28. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

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

29. The parties' goods are aimed at children (on a notional basis, notwithstanding the applicant's evidence that adults also build its construction sets for their own enjoyment). In the main, given the age group that plays with toys, it is likely to be adults who make the purchase, perhaps with children pointing out their particular choice. The purchase will be predominantly visual (from a shelf, catalogue or website) and an average degree of attention will be paid, or less if the toy is of low cost.

Comparison of marks



30. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a mark as a whole and does not analyse its various details. The same case also explains that the visual, aural and conceptual

similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components.

31. The CJEU stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

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

31. It is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks. The marks to be compared are:

Earlier mark	Later mark
 The LEGO logo, consisting of the word "LEGO" in a white, stylized, rounded font with a yellow outline, set against a red square background.	 The LEPIN logo, featuring the Chinese characters "乐拼" (Lè pīn) in a white, stylized font with a grey outline, positioned above the word "LEPIN" in a white, stylized font with a grey outline, all set against a dark grey square background.

32. The overall impression of the earlier mark is dominated by the word LEGO. Although the Chinese⁴ characters in the later mark are larger than the word LEPIN, the majority of UK average consumers will not be able to read the characters and will focus on LEPIN. For this reason, I consider that neither element dominates the other and that they contribute equally to the overall impression of the later mark.

⁴ Both parties have said that the characters are Chinese.

33. There is no colour claim in relation to the later mark. The applicant claims the colours red, white, black and yellow which means that the colours are a feature of its mark. I will say more about colour later in this decision but for now will note the visual arrangement of the colours in the earlier mark. The earlier mark comprises the word LEGO presented in the middle of a red square background. The letters are white, in upper case, slanting forwards, outlined firstly in black and then in yellow. The later mark also comprises a square background with white letters, in upper case, also slanting forward, outlined in black and then in a lighter shade. The word LEPIN is one letter longer than LEGO, and both words begin with LE. The later mark also contains Chinese characters, which have no counterpart in the earlier mark. Overall, there is a low degree of visual similarity between the marks.

34. The only element of the later mark which is likely to be pronounced by the average UK consumer is LEPIN. Although the first syllable is the same (LE), the second syllables are completely different in sound (GO and PIN). There is a low to medium degree of aural similarity between the marks.

35. Neither mark means anything in English. I will address the proprietor's dictionary point below. As neither mark has a meaning for the average UK consumer, they are conceptually neutral.

Distinctive character of the earlier mark

36. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*⁵ the CJEU stated that:

“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined

⁵ Case C-342/97

Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

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

37. The proprietor's claim that Lego is a known and recognised dictionary word in the English language which 'means' a construction toy is misguided. As the applicant's evidence shows, it is recorded in the Oxford English Dictionary as a trade mark. It does not 'mean' anything in the sense that words have definitions. Presumably, 'Lego' has made it into the dictionary because it is a famous trade mark. As LEGO is an invented word (from the Danish words leg godt, to play well), in the UK it has a high level of distinctive character inherently, or *per se*. In terms of the colour claim, the specific colours are an added factor contributing to the mark's inherent distinctiveness.

38. One of the principles which must be taken into account in deciding whether there is a likelihood of confusion is that there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either *per se* or because of the use that has been made of it. Distinctive character is a measure of how strongly the mark identifies the goods of the applicant. The applicant's evidence shows that it sells vast quantities of its goods every year in the UK (and in the EU). Even though the turnover figure is a combined figure for the UK and Ireland, it came to £1,265 million between 2013 and 2017. By any stretch of the imagination, even if the UK only accounted for half of that (which seems unlikely, given relative population figures), that is an enormous figure for the goods in question. The applicant's mark

has been used in its registered form since 1998, a form which is largely unchanged since 1973, in the same colours, in the same arrangement. The colour arrangement has been recognised by the proprietor, at least in relation to inherent distinctiveness, because it states in its counterstatement:

“Color, font and typeface are unique identifying qualities of the mark. It is clearly identified by consumers that the inherent distinctiveness is the color, customers will be attracted by its unique color combination at the very first sight and are likely to combine the color mark with its goods in some degree.”

39. I find that, at least in relation to construction toys, the earlier mark is about as distinctive as it is possible to be by virtue of its use. The arrangement of the colours, which has been unchanged since 1973, is a contributing factor to the mark’s inherent and enhanced level of distinctiveness.

Likelihood of confusion

40. Deciding whether there is a likelihood of confusion is not scientific; it is a matter of considering all the factors, weighing them and looking at their combined effect, in accordance with the authorities set out earlier in this decision. One of those principles states that a lesser degree of similarity between goods and services may be offset by a greater degree of similarity between the trade marks, and vice versa. The parties’ goods are identical.

41. I note that the counterstatement refers to the contested mark not having any “fixed color features”. Put more correctly, the contested mark notionally covers use in any colour because it is registered in monochrome. The applicant’s evidence shows the proprietor’s mark in use in colour and, importantly, shows it in use in exactly the same arrangement of colours as the earlier mark: a bright red background square, with white forward-slanting upper-case letters which are firstly outlined in black and then in yellow:



42. Tribunal Practice Notice ("TPN") 1/2014 is relevant because it concerns the applicability of the CJEU's judgment in *Specsavers International Healthcare and Others v Asda Stores Limited*, Case C-252/12 to cases before the Registrar under sections 5(2)(b) and 5(3) of the Act, with respect to colour:

"1. The judgement of the Court of Justice of the European Union ("CJEU") in Case C-252/12, *Specsavers International Healthcare Limited and Others v Asda Stores Limited* indicates that:

"Article 9(1)(b) and (c) of Regulation No 207/2009 must be interpreted as meaning that where a Community trade mark is not registered in colour, but the proprietor has used it extensively in a particular colour or combination of colours with the result that it has become associated in the mind of a significant portion of the public with that colour or combination of colours, the colour or colours which a third party uses in order to represent a sign alleged to infringe that trade mark are relevant in the global assessment of the likelihood of confusion or unfair advantage under that provision.

Article 9(1)(b) and (c) of Regulation No 207/2009 must be interpreted as meaning that the fact that the third party making use of a sign which allegedly infringes the registered trade mark is itself associated, in the mind of a significant portion of the public, with the colour or particular combination of colours which it uses for the representation of that sign is relevant to the global assessment of the likelihood of confusion and unfair advantage for the purposes of that provision."

2. The judgment concerns Community trade marks and proceedings under Community Trade Mark Regulation 207/2009. However, it is applicable, by analogy, to the interpretation of the corresponding provisions of the Trade Mark Directive, and therefore to the interpretation of national law implementing those provisions.

3. The CJEU judgment relates to the relevance of colour to a mark registered in black and white but used extensively in a particular colour or colours. It confirms that such use of colour may be taken into account as a relevant factor when considering the likelihood of confusion, detriment or unfair advantage being taken of the registered black and white mark.

4. The judgment also confirms that the established use of a later mark in a particular colour or colours may also be taken into account when assessing such matters in the context of infringement.

5. These findings may be applicable, by analogy, to opposition and cancellation proceedings before the Office based on grounds under s.5(2) and/or 5(3) of the Trade Marks Act 1994.

6. Unlike in infringement proceedings, the Registrar is required to consider the likelihood of confusion "in all the circumstances in which the mark applied for might be used if it were to be registered". See Case C-533/06, O2 Holdings v Hutchison 3G UK at paragraph 66. Consequently, where the earlier mark is registered in colour, or colour is established as forming part of the distinctive character of the **earlier** mark (even though it is registered in black and white), the **potential** or actual use of the later mark in the same colour(s) will be considered to be a relevant factor.

7. The colour(s) in which the later mark has or could be used will also be considered to be a relevant factor when assessing whether a later mark takes unfair advantage of an earlier mark of repute.

8. Because the Registrar's enquiry covers all normal and fair future potential uses of the later mark the Registrar takes the position that evidence of the existing use of the later mark in different colour(s) to those in which the earlier mark has been registered, or used, is not a relevant factor when assessing the likelihood of confusion.

9. In the Registrar's view, the CJEU's judgment does NOT mean that colour should be taken into account where the **earlier** mark has been registered in black and white but either i) has not been used or ii) has been used in colour(s), but the extent and consistency of such use is not such that the colour(s) formed part of the distinctive character of the earlier mark at the relevant date. In these circumstances, colour will be regarded as irrelevant. Only the marks on the register, or proposed to be added to the register, will be compared."

43. In the present proceedings, the earlier mark is registered in colour and is used in the colours in which it is registered. The particular arrangement of colours has been used by the applicant since 1973 and the distinctiveness of the earlier mark has been shown in evidence to have been enhanced through use to the highest level. Thus, the particular colours in the earlier mark have been established as forming part of the earlier mark's distinctive character.

44. It is, therefore, relevant to the consideration as to whether there exists a likelihood of confusion that the later mark has been used in the same colours as the earlier mark and in the same arrangement, for identical goods. I note that this fact led to confusion on the part of at least one UK customer, in July 2016, who said "It had your logo but where it should say Star Wars it say STAR WNRS ha!!" In fact, the set referred to (which I have shown an image of paragraph 12 of this decision) did not have the LEGO mark: it had a version of the contested mark in which LEPIN was larger than the Chinese characters, and above them. In the previous month, a customer noticed what he thought was a Lego set but when he looked 'closely', he realised it was by 'Lepin'.

45. Although the proprietor points out that its mark does not have any ‘fixed color features’, the *Specsavers* judgment shows that it is appropriate to consider potential or actual use of the later mark in the same colours where colour is established as forming part of the distinctive character of the earlier mark, as is the case in the present proceedings. Although the proprietor’s registration covers, notionally, use in all colours, the use which the proprietor actually makes of its mark is ‘paradigm’ notional use. Mr Hollingworth set out some of the authorities which explain this point of law, in his skeleton argument:

“Premier Brands UK Ltd v Typhoon Europe Ltd [2000] FSR 767 at p. 779 (Neuberger J)

In my judgment, in the absence of argument or evidence to the contrary, the way in which the proprietor actually uses the mark can be said, at the very least *prima facie*, to be the paradigm case of its use in a normal and fair manner.

Open Country Trade Mark [2000] RPC 477 at p. 482 (Aldous LJ)

. . . no court would be astute to believe that the way that an applicant has used his trade mark was not a normal and fair way to use it, unless the applicant submitted that it was not. It does not follow that the way that the applicant has used his trade mark is the only normal and fair manner. However in many cases actual use by an applicant can be used to make the comparison.

18. Paragraph 11-088 of Kerly similarly observes:

If in fact it is known what use an applicant intends to make of their mark, then consideration of 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.”

46. Therefore, in considering the likelihood of confusion, it is appropriate to take into account not only the colour claim and the part which the colours play in the distinctiveness of the earlier mark but also the fact that the proprietor's mark is used in the same colours. The same colours are arranged in the same way in the later mark as in the earlier mark, and the letters themselves are in white, in upper case, slanting forwards in both marks. These similarities form part of the global assessment.

47. In Case T-398/16, *Starbucks Corp v EUIPO*⁶, the GC considered the application shown below for 'services for providing drinks':



The earlier mark which formed the basis of the opposition under the Article 8(1)(b) of the EU Trade Mark Regulations⁷, equivalent to section 5(2)(b) of the UK Act, was:



This earlier mark is registered for 'café, cafeteria, snack bar, coffee bar and coffee house' services, which were found to be identical to the services of the application. The Court reviewed the similar structure of the marks and stated:

"52 Secondly, the similarity linked to the general appearance of the signs at issue is strengthened, first, by the use of the same colours, black and white, which highlight the central element, the band which surrounds it and the elements reproduced in that band, and, secondly, by the use of the same font for the word elements 'starbucks coffee' and 'coffee rocks'. That equivalence, which is also shown by the positioning of the various abovementioned

⁶ European Union Intellectual Property Office

⁷ European Parliament and Council Regulation No 207/2009, now No 2017/1001.

elements, contributes towards giving the impression that the marks at issue are based on the same structure.

53 Furthermore, as the applicant observes, the trade mark application seeks protection in respect of a composite figurative sign which does not refer to any colour in particular. That sign's user could therefore, as EUIPO acknowledged at the hearing, use it in the colour of its choice, including in the black, green and white shades of the earlier EU trade marks No 5671938 and No 689786 and the earlier United Kingdom trade mark. The protection of a trade mark which does not refer to any colour in particular is extended to all colour combinations as from the time when the mark is registered (see, to that effect, judgment of 18 June 2009, *LIBRO v OHIM — Causley (LiBRO)*, T-418/07, not published, EU:T:2009:208, paragraph 65)."

48. As I have already mentioned, the proprietor's mark not only notionally covers all colours, but is actually used in the same colours as the applicant's mark in a highly similar structural way. This includes the curved, coloured outline to the letters in each mark.

49. Bearing in mind the identical goods in play, the no more than average level of attention during the purchasing process, the huge level of distinctiveness of the earlier mark and the strong structural similarities between the marks in terms of colour, I find that there is a likelihood of confusion between the marks. It is the case that sometimes the eye has a tendency to see what it expects to see⁸ when a mark is extremely well known, leading to the assumption that the word in the contested mark is LEGO. In this scenario, there would be indirect confusion i.e. the average consumer notices the Chinese characters so knows that the marks are not the same, but assumes that the later mark is a variation on the earlier mark, such as a Chinese sub-brand or a co-brand. An alternative form of indirect confusion is also likely in that the perception will be that the goods are, in some way, a 'Chinese' version of the applicant's goods because of the highly similar colour structure on identical goods⁹,

⁸ See, for example, *Aveda Corporation v Dabur India Limited* [2013] EWHC 589 (Ch).

⁹ There is some evidence of this in the customer feedback evidence.

with both words beginning with LE and the additional Chinese characters, even though it is recognised that the words are different.

50. The ground of invalidation succeeds under section 5(2)(b) of the Act.

Section 5(3) of the Act

51. Section 5(3) states:

“(3) A trade mark which-

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

52. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel*, [2009] ETMR 13, Case C-408/01, *Adidas-Salomon*, [2004] ETMR 10 and Case C-487/07, *L’Oreal v Bellure* [2009] ETMR 55 and Case C-323/09, *Marks and Spencer v Interflora*. The law appears to be as follows.

a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors*, paragraph 24.

(b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors*, paragraph 26.

(c) It is necessary for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls

the earlier mark to mind; *Adidas Saloman*, paragraph 29 and *Intel*, paragraph 63.

(d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks and between the goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark's reputation and distinctiveness; *Intel*, paragraph 42.

(e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the future; *Intel*, paragraph 68; whether this is the case must also be assessed globally, taking account of all relevant factors; *Intel*, paragraph 79.

(f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious risk that this will happen in future; *Intel*, paragraphs 76 and 77.

(g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel*, paragraph 74.

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

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (*Marks and Spencer v Interflora*, paragraph 74 and the court's answer to question 1 in *L'Oreal v Bellure*).

53. The conditions of section 5(3) are cumulative. Firstly, the applicant must show that its mark is similar to the proprietor's mark. Secondly, that the earlier mark has achieved a level of knowledge/reputation amongst a significant part of the public. Thirdly, it must be established that the level of reputation and the similarities between the marks will cause the public to make a link between them, in the sense of the earlier mark being brought to mind by the later mark. Fourthly, assuming that the first three conditions have been met, section 5(3) requires that one or more of the three types of damage claimed will occur. It is unnecessary for the purposes of section 5(3) that the goods be similar, although the relative distance between them is one of the factors which must be assessed in deciding whether the public will make a link between the marks.

54. As to reputation of the earlier mark, it follows from my earlier findings that the earlier mark satisfies the requirement of a reputation in relation to games and playthings, especially so in relation to construction toys for which the earlier mark has an enormous level of reputation in the UK, which is enough for a substantial reputation in the EU¹⁰, as the earlier mark is an EUTM. The evidence shows, in any case, that the earlier mark has a substantial reputation across the EU, but it is not necessary for present purposes to summarise the EU-wide evidence in view of the enormous UK reputation.

¹⁰ *PAGO International GmbH v Tirolmilch registrierte Genossenschaft mbH*, case C-301/07.

55. In relation to the requirement of similarity between the marks, I note from the *Specsavers* judgment and the TPN that the colours in which a later mark has been used is relevant to the consideration of whether that mark takes unfair advantage of an earlier mark of repute which is known for those colours to a significant part of the relevant public. Taking into account the strength of the reputation and distinctiveness associated with the earlier mark and the identical or almost identical use of colour, together with the (relatively) limited degree of similarity between the marks (considered as wholes) in relation to identical goods, the earlier mark will be called to mind. I find that the necessary 'link' is established.

56. The next step in the enquiry is to assess whether any of the three pleaded types of damage will arise. The opponent claims that the applicant's mark takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the earlier trade mark. Detriment to the distinctive character or repute is damage done to the earlier mark which means that the relevant public is less likely to buy the goods or services of the earlier mark (because its distinctive character is eroded or its reputation is degraded).

57. Unfair advantage is different. It has no effect on the consumers of the earlier mark's goods and services. Instead, the taking of unfair advantage of the distinctive character or reputation of an earlier mark means that consumers are more likely to buy the goods and services of the later mark than they would otherwise have been if they had not been reminded of the earlier mark. Essentially, the later mark will get a marketing or commercial 'leg-up' because the link with the earlier, reputed, mark means that the owner of the later mark does not have to put as much effort into making the later mark known because it already feels familiar or sends a message to consumers as to what they can expect. I have already found that there is a likelihood of confusion between the marks, which means that there is automatic unfair advantage: the proprietor is gaining custom because of the confusion.

58. However, in case I am wrong about there being a likelihood of confusion, I will go on to assess the potential types of damage on the assumption that there is no likelihood of confusion, beginning with the unfair advantage claim.

59. In *Jack Wills Limited v House of Fraser (Stores) Limited* [2014] EWHC 110 (Ch), Arnold J. said:

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

60. The proprietor has been entirely silent about its intentions, which means that I can infer what its intentions were based on surrounding circumstances. The evidence which the applicant has provided showing how the proprietor's mark is used leaves me in no doubt that the proprietor did subjectively intend to exploit the applicant's reputation in the earlier mark. The highly similar arrangement of colours in the mark as used, together with its positioning on the packaging and the almost identical pictures of the goods (and references such as STAR WNRS, in identical fonts), are surrounding circumstances to be taken into account. These factors point strongly towards the conclusion that the proprietor intended not only to go head to head with the applicant on the market, but also intended to benefit from the power of attraction, the reputation and the prestige of the earlier mark and to exploit, without paying any financial compensation, the marketing effort expended by the applicant. The proprietor would find it easier to sell its goods (and has found it easier, as borne out by the customer comments in the evidence) because of the familiarity brought about by the enormous reputation of the applicant's mark in relation to identical goods. That enormous reputation has been the result of many years of effort by the

applicant in building its reputation for a quality and innovative product, enjoying a consistently high level of turnover and spending a consistently high amount on advertising. The proprietor has benefitted from this in a clear case of free-riding.

61. The claim to unfair advantage succeeds.

62. It is only necessary that one of the heads of damages succeeds. However, I will briefly mention the other two types of damage: detriment to distinctive character, and detriment to reputation of the earlier mark. Detriment to distinctive character, also known as 'dilution', was described by the CJEU in *L'Oréal v Bellure*:

“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).”

63. As set out above, one of the applicant's customers commented “I am a collector and seller of new Lego Parts and I know that when I purchase official Lego this is quality assured, but from what I see Lepin could undermine this and flood the market with cheap copy's [sic]”. This seems to me to be evidence of dilution or whittling away of the earlier mark's ability to identify the goods of the registered mark, as the earlier mark will stand out less from the crowd. There is also customer evidence that loyal fans of the applicant's goods identified by its earlier mark have become annoyed (in one case, incensed) at the perception that the applicant is not doing 'enough' to combat what they see as an undermining of the LEGO brand. That perception could also lead to dispersion of the identity and hold upon the public mind of the earlier mark.

64. Even without this customer evidence, the earlier mark is unique and, as the CJEU stated in *Intel*, the more unique a mark is, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character. The surrounding circumstances shown in the evidence include the near-identical packaging being used on identical goods and I have already made findings about the similarities in the colour arrangements in both marks. I find that the earlier mark's ability to arouse immediate association with the goods will be damaged and that the claim to detriment to distinctive character succeeds.

65. The CJEU described detriment to repute in the following way in *L'Oréal v Bellure*:

“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.”

66. Although Mr Hollingworth submitted that ‘tarnishment’ is commonly encountered in the context of goods or services carrying (in some way) negative associations, he also contended that the evidence shows that the proprietor has been using its mark in respect of goods of a poor or lower quality than those of the applicant and that the ground should succeed on this basis. Mr Hollingworth referred me to the decision of Ms Anna Carboni, sitting as the Appointed Person in *Unite the Union* [2014] RPC 14:

“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... 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.”

67. Mr Hollingworth submitted that whilst Ms Carboni said that she 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, he considered that the present case is much clearer.

68. In *Champagne Louis Roederer v J Garcia Carrion S.A. and Others* [2015] EWHC 2760 (Ch), the earlier mark, CRISTAL, was known as an exclusive and very expensive champagne, whilst the later mark, CRISTALINO, was used in relation to Spanish cava, a much more inexpensive drink. Amongst the claims made was one of detriment to repute, or tarnishment, based upon the fact that the defendant’s cava was cheaper. There was no evidence that the cava was good or bad *per se*. Mrs Justice Rose said:

“The case law on this type of injury is less well developed than the other two types. It appears to me that it would be a step forward in the law to find that tarnishment is made out merely by using a sign on a product which is cheaper and more ordinary than the product to which the mark is attached. I do not need to take any such step in order to decide this case and I therefore make no finding on the issue of tarnishment.”

69. I recognise that the applicant’s claim in the present proceedings is based on evidence that the proprietor’s goods are of lower quality than its own, which is a different issue to that in *CRISTALINO*. However, as I do not need to decide the point because I have found, in addition to the section 5(2)(b), that the section 5(3) ground succeeds under unfair advantage and detriment to distinctive character, I will make no finding here, particularly following the observations of the Appointed Person and Rose J.

70. The ground succeeds under section 5(3) of the Act.

Section 5(4)(a)

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

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b)...

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

72. In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56 In relation to deception, the court must assess whether “a substantial number” of the Claimants' customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

73. Halsbury's Laws of England Vol. 97A (2012 reissue) provides further guidance with regard to establishing the likelihood of deception. In paragraph 309 it is noted (with footnotes omitted) that:

"To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

(a) the nature and extent of the reputation relied upon;

(b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.”

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

74. As the proprietor has been completely silent about its use, I will start from the premise that the relevant date is the date on which the contested application was filed, 8 June 2017. In any event, even if I were to take into account the applicant’s statements about the proprietor’s use, it would not affect the outcome because the applicant’s use dates from 1973; there is nothing to suggest that the proprietor’s use goes back anywhere near this far. The applicant clearly has a very substantial level of goodwill in relation to its earlier mark for construction toys, which represents its best case because these are identical goods to those of the proprietor’s registration. It is unnecessary to make findings of goodwill about the other goods and services relied upon under this ground.

75. The proprietor has said nothing about the adoption of its mark. It has also not responded to the applicant’s evidence which shows that the proprietor’s packaging carries the same pictures and get-up as the applicant’s comparable goods. It is not necessary for a finding of passing off that there was an intention to deceive. However, these surrounding circumstances to the proprietor’s actual use of its mark, in the same colour arrangement as the applicant’s mark, appear to me to point strongly to an intention to benefit from the applicant’s vast amount of goodwill. The House of Lords stated in *Office Cleaning Services v. Westminster Office Cleaning* (1964) 63 RPC 39 that:

“Confusion innocently caused will yet be restrained. But if the intention to deceive is found, it will be readily inferred that deception will result. Who knows better than the trader the mysteries of his trade?” (at p. 42 per Lord Simonds).

In *Specsavers v Asda* [2012] EWCA Civ 24, Kitchen LJ cited *Slazenger & Sons v Feltham & Co* (1889) 6 R.P.C. (Lindley J):

“It has long been established that if it is shown that a defendant has deliberately sought to take the benefit of a claimant’s goodwill for himself the court will not “be astute to say that he cannot succeed in doing that which he is straining every nerve to do.”

76. The proprietor’s use of its mark, which is paradigm notional use, is in the same colours and the same structural colour arrangement as the earlier mark, incorporating a relatively short word which also begins with LE, on identical goods.

77. In *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, Morritt LJ stated that:

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

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

78. I find that that at the relevant date the applicant was entitled to have prevented the use of the later mark under the law of passing off because such use would have been damaging to the applicant’s goodwill. Damage could arise in a number of ways; such as, confusion by purchasers confronted by both parties’ goods in a purchasing process entailing no more than an average level of attention, leading to diversion of trade; a belief by the public that the goods or services offered by the applicant were supplied by or under licence from the opponent; damage caused by inferior quality goods; or other types of damage, as articulated by Warrington LJ in *Ewing v Buttercup Margarine Company, Limited*, [1917] 2 Ch. 1 (COA):

“To induce the belief that my business is a branch of another man's business may do that other man damage in various ways. The quality of goods I sell, the kind of business I do, the credit or otherwise which I enjoy are all things which may injure the other man who is assumed wrongly to be associated with me.”

79. The ground under section 5(4)(a) of the Act succeeds.

Overall outcome

80. The application for a declaration of invalidity succeeds in full. Under section 47(6) of the Act, the registration is deemed never to have been made.

Costs

81. The applicant has been successful and is entitled to a contribution towards its costs. Mr Hollingworth said that the applicant was content for the award to be based on the scale¹¹, but that the award should be towards the top of the scale. The reason for this was that the proprietor put the applicant to proof of use of its mark. As it happens, the applicant originally relied upon a much wider range of goods and services covered by its earlier mark, but restricted the scope of its action to a reliance on games and playthings at the point when it filed its evidence. In a letter from the applicant which accompanied its evidence, dated 26 June 2018, the applicant said that it wished to reduce the width of the goods and services relied upon to reduce the volume of evidence required, which would reduce costs. At no point did the proprietor withdraw its request for proof of use or make any admissions regarding the level of reputation of the earlier mark. I consider this to have been unreasonable in view of the enormous fame of the applicant's mark, at least in relation to construction toys, which is a notorious fact and, at the very least, a fact easily discovered with basic research. Some of the applicant's evidence went to the actions it has taken elsewhere against the proprietor. These reflect the applicant's

¹¹ Published in Tribunal Practice Notice 2/2016.

own view of whether the marks are confusing, which cannot have a bearing on my decision. Taking everything into account, I award costs to the applicant as follows:

Official fee for the application	£200
Filing the application and considering the counterstatement	£400
Filing evidence	£1700
Preparation for and attendance at a hearing	£800
Total	£3100

82. I order Shantou Chenghai District Longjun Toys Factory Co., Ltd to pay to LEGO Juris A/S the sum of **£3100**. This sum is to be paid within 14 days of the expiry of the appeal period or within 14 days of the final determination of this case if any appeal against this decision is unsuccessful.

19th March 2019

Judi Pike
For the Registrar,
the Comptroller-General