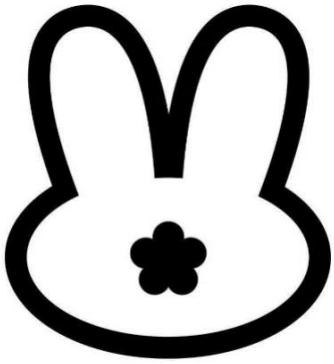
BL O/0064/24

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NO. 3689649

IN THE NAME OF BUNNYJUICE, INC. FOR THE TRADE MARK



IN CLASSES 10 AND 25

AND THE OPPOSITION THERETO UNDER NO. 430519

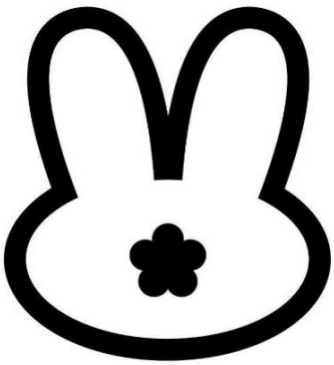
BY MERCIS B.V.

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF ARRAN COOPER (O/601/23) DATED 26 JUNE 2023.

DECISION

Introduction

1. This is an appeal by Mercis B.V. ("**Appellant**") from decision O/601/23 of Mr A. Cooper ("**Decision**") concerning the opposition by the Appellant to Bunnyjuice Inc's ("**Respondent**") application for the figurative mark shown below ("**Application**"), made pursuant to Article 59 of the Withdrawal Agreement between the UK and the EU, in respect of the goods and services listed below (as amended).



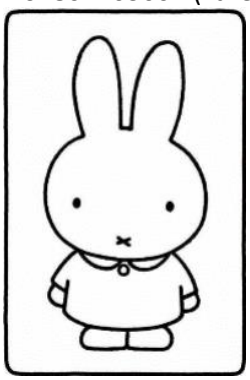
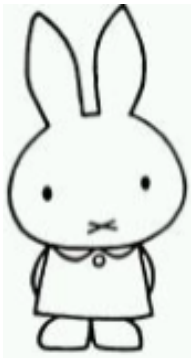
Class 10

Adult sexual stimulation kit comprised primarily of adult sexual stimulation aids.

Class 25

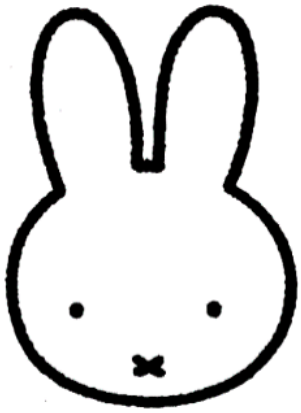
Clothing, namely, t-shirts, undergarments, and hats being headwear; all of the aforesaid being for adults only.

2. The Appellant opposed the Application under sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994. In respect of the 5(2)(b) and 5(3) grounds, the Appellant relied upon the following marks, the specifications of which are set out in the Annex to the Decision and will not be repeated in this decision owing to their length:

No. 801103662 ("the **662 mark**") 	Filing date: 28 September 2011 Registration date: 4 December 2012
No. 913876669 ("the **669 mark**") 	Filing date: 25 March 2015 Registration date: 17 December 2015 Seniority dates 23 August 1995 and 20 February 2001
No. 2046528 ("the **528 mark**") 	Filing date: 27 November 1995 Registration date: 1 November 1996 Priority date 23 August 1995

3. I shall refer to all the above as the "**Earlier Marks**".

4. For its 5(4)(a) ground, the Appellant relied upon the signs shown in the Earlier Marks (contending that each had been used throughout the UK), plus a further sign shown below ("**Unregistered Sign**"), contended to have been used throughout the UK since 2006:



5. Neither party requested a hearing, so a decision was made on the papers. In the Decision, A. Cooper for the Registrar held that the opposition was unsuccessful.

6. On 25 July 2023 the Appellant filed a Notice to Appeal to the Appointed Person against the Decision under Section 76 of the Trade Marks Act 1994.

The Hearing Officer's decision

7. The Hearing Officer held as follows (in summary, and insofar as is relevant to this appeal):

    a. The average consumer is a member of the general public at large, exercising a medium degree of attention;

    b. The purchase will be made primarily on a visual basis, but there may also be an aural component to the purchasing process, albeit that the consumer will still review the products visually;

    c. The Appellant having been put to proof of use in relation to the 628 and 528 marks, the Appellant established genuine use in relation to "children's books", and certain associated merchandise, including children's clothing, women's clothing and children's toys, but none of the services asserted in the opposition;

    d. The Earlier Marks are inherently distinctive to a medium degree, with no enhanced level of distinctiveness through use;

    e. There is a low degree of visual similarity and a high degree of conceptual similarity between the Application and the Earlier Marks, it not being possible to carry out an aural comparison;

    f. There is no similarity between the Respondent's Class 10 goods (sexual stimulation aids) and any of the Appellant's goods, however the Respondent's clothing under Class 25 is identical to the Appellant's "*clothing, footwear and headgear*";

    g. Overall, there is no likelihood of either direct or indirect confusion in respect of the identical goods. The s. 5(2)(b) opposition therefore failed;

    h. The Appellant enjoys a moderate reputation in the EU for "children's books", but no proven reputation in the UK for the same. It has no proven reputation in the EU for the

various merchandising goods, although the Hearing Officer was prepared to proceed on the basis that there exists a moderate reputation in the EU in respect of the merchandising goods;

i. No link between the Earlier Marks and the Application would be formed in the mind of the UK consumer, so the s. 5(3) opposition was unsuccessful;

j. The Appellant has a low level of goodwill in the UK in its book selling business in respect of each of the Earlier Marks and the Unregistered Sign, but no UK goodwill in its merchandising business;

k. There is no misrepresentation between the Application and any of the Earlier Marks and the Unregistered Sign, and therefore the s. 5(4)(a) opposition failed.

Grounds of Appeal

8. In the Grounds of Appeal and skeleton argument, the Appellant made the following criticisms of the Decision (the numbering is mine rather than the Appellant's):

Section 5(2)(b) opposition

a. **Ground 1:** the Hearing Officer made an error of principle by failing to hold the Respondent to its pleaded case on absence of a likelihood of confusion.

b. **Ground 2:** the Hearing Officer erred in relation to his assessment of similarity of the marks. Having rejected the Respondent's evidence that rabbit motifs or images were common in relation to the goods in question, he went on to conclude that the rabbit images would not be seen as particularly remarkable for the goods in issue. That was internally inconsistent, and also failed to take into account the similar nature of the depictions.

c. **Ground 3:** the Hearing Officer failed to take into account normal and fair use of the mark.

d. **Ground 4:** the Hearing Officer relied too rigidly on turnover figures when assessing enhanced distinctiveness. He should have also taken into account the awards and other materials relied upon by the Appellant, and made a finding of enhanced distinctiveness for all goods for which use had been proven.

Section 5(3) opposition

e. **Ground 5**: the Hearing Officer relied too rigidly on turnover figures when assessing repute. He should have also taken into account the awards and other materials relied upon by the Appellant, and made a finding of a strong reputation in respect of at least "children's books" for all three of the Earlier Marks (i.e. both across the EU and in the UK).

f. **Ground 6**: the Hearing Officer should have gone on to find the requisite mental link between the Earlier Marks and the Application.

g. **Ground 7**: the Hearing Officer should have given more consideration to the earlier EU case between the parties, in which the s. 5(3) opposition was successful.

Section 5(4)(a) opposition

h. **Ground 8**: the Hearing Officer adopted an overly granular approach to assessment of UK goodwill. Had he considered the evidence more globally, he would have established a far more extensive goodwill in terms of its breadth.

i. **Ground 9**: the Hearing Officer failed to take into account the extent of the evidence as to goodwill attaching to the Appellant's books business, and failed to take into account the evidence that its licensing activities were well-established and award-winning. He should have concluded that the goodwill in relation to books was very significant, and that there was a well-established business in licensing the Appellant's character in the UK.

j. **Ground 10**: the Hearing Officer misunderstood the Respondent's submissions in relation to goodwill.

9. The Appellant's Trade Mark Attorney, Mr Wood, expanded upon the above at the hearing, and I set out below further details as are necessary to understand my overall conclusions. The Respondent did not file a Respondent's notice, but filed a skeleton argument and its Trade Mark Attorney, Mr Thurgood, expanded on those arguments in the hearing. I am grateful to both advocates for their clear and detailed written and oral submissions, which I found very helpful.

Standard of review

10. The approach to be adopted in an appeal hearing has been laid down a number of times in case law. It was recently summarised in *Axogen v Aviv* [2022] EWHC 95 (Ch) at §24-25:

> **"Appellate Function**
>
> 24. Although I was referred to numerous cases on the subject (including *English v Emery Demibold & Struck Ltd* [2002] 1 WLR 2409, *REEF Trade Mark* [2003] RPC 5, *Fine & Country Ltd v Okotoks Ltd* [2014] FSR 11, *Fage UK Ltd v Chobani UK Ltd* [2014] EWCA Civ 5, *Shanks v Unilever Plc* [2014] RPC 29, *TT Education Ltd v Pie Corbett Consultancy* [2017] RPC 17, *Apple Inc v Arcadia Trading Limited* [2017] EWHC 440 (Ch), *Actavis Group PTC v ICOS Corporation* [2019] UKSC 1671 and *NINEPLUS* O/039/21), the approach of the appeal court to a statutory appeal under section 76(1) of the TMA is uncontroversial. I bear the following principles, relevant to the issues before me, firmly in mind:
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> i) The appeal is by way of a review, not a rehearing (see *TT Education Ltd v Pie Corbett Consultancy Ltd* (O/017/17) at [52(i)]);
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> ii) The appeal court will allow an appeal where the decision of the lower court was "wrong" (see CPR 52.11). Neither surprise at a Hearing Officer's conclusion, nor a belief that he or she has reached the wrong decision suffices to justify interference (*NINEPLUS* O/039/21 at [14]);
>
> iii) The decision of the lower court will be "wrong" if the judge makes an error of law, which might involve asking the wrong question, failing to take account of relevant matters or taking into account irrelevant matters. Absent an error of law, the appellate court would be justified in concluding that the decision of the lower court was wrong if the judge's conclusion was "outside the bounds within which reasonable disagreement is possible" (*Actavis Group* at [81]);

iv) The approach required by the appeal court depends on a number of variables including the nature of the evaluation in question (*REEF Trade Mark* [2003] RPC per at [26]). There is a "spectrum of appropriate respect for the Registrar's determination depending on the nature of the decision" (*TT Education* at [52(ii)]), with decisions of primary fact at one end of the spectrum and multi-factorial decisions (of the type which the parties agree were made in this case by the Hearing Officer) being further along the spectrum.

v) In the case of a multifactorial assessment or evaluation, involving the weighing of different factors against each other, the appeal court should show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle. Special caution is required before overturning such decisions (*TT Education* at [52(iv)], *REEF* at [28] and *Fine & Country* at [50]-[51]).

vi) An error of principle is not confined to an error as to the law but extends to certain types of error in the application of a legal standard to the facts in an evaluation of those facts. The evaluative process is often a matter of degree upon which different judges can legitimately differ and an appellate court ought not to interfere unless it is satisfied that the judge's conclusion is outside the bounds within which reasonable disagreement is possible (*Actavis Group* at [80]).

vii) Another variable to be taken into account will be "the standing and experience of the fact-finding judge or tribunal" (*REEF* at [26], *Actavis Group* at [78]). Expert tribunals are charged with applying the law in the specialised fields and their decisions should be respected unless it is quite clear that they have misdirected themselves in law. Appellate courts should not rush to find such misdirections simply because they might have reached a different conclusion on the facts (*Shanks* at [28] citing the warning given by Baroness Hale in *AH (Sudan) v Secretary of State for the Home Department* [2007] UKHL 49).

viii) The appellate court should not treat a judgment as containing an error of principle simply because of its belief that the judgment or decision could have been better expressed; "The duty to give reasons must not be turned into an intolerable burden" (see *REEF* at [29]). The reasons need not be elaborate. There is no duty on a judge, in giving her reasons, to deal with every argument presented by counsel in support of his case. It is sufficient if what she says shows the basis on which she has acted (*English* at [17], *Fage* at [115]). The issues the resolution of which were vital to the judge's conclusions should be identified and the manner in which she resolved them explained (*English* at [19]).

ix) In evaluating the evidence, the appellate court is entitled to assume, absent good reason to the contrary, that the first instance judge has taken all of the evidence into account (*TT Education* at [52(vi)]).

25. In the context of appeals relating to the likelihood of confusion, an evaluative issue described by Mr Iain Purvis QC sitting as an Appointed Person in *ROCHESTER Trade Mark* BL O/049/17 at [31] as "indeterminate and open to debate", Mr Purvis QC went on to say this at [33]:

"…the reluctance of the Appointed Person to interfere with a decision of a Hearing Officer on likelihood of confusion is quite high for at least the following reasons:

(i) The decision involves the consideration of a large number of factors, whose relative weight is not laid down by law but is a matter of judgment for the tribunal on the particular facts of each case

(ii) The legal test 'likely to cause confusion amongst the average consumer' is inherently imprecise, not least because the average consumer is not a real person

(iii) The Hearing Officer is an experienced and well-trained tribunal, who deals with far more cases on a day-to-day basis than the Appellate tribunal

(iv) The legal test involves a prediction as to how the public might react to the presence of two trade marks in ordinary use in trade. Any wise person who has practised in this field will have come to recognize that it is often very difficult to make such a prediction with confidence. Jacob J (as he then was) made this point in the passing off case *Neutrogena v Golden* [1996] RPC 473 at 482:

'It was certainly my experience in practice that my own view as to the likelihood of deception was not always reliable. As I grew more experienced I said more and more "it depends on the evidence."'

Any sensible Appellate tribunal will therefore apply a healthy degree of self-doubt to its own opinion on the result of the legal test in any particular case.

34. I shall therefore approach this appeal on the basis that in the absence of a distinct and material error of principle, I ought not to interfere with the decision of the Hearing Officer unless I consider that his view on the issue of likelihood of confusion was clearly wrong in the sense that it was outside the range of views which could have been reasonably taken on the established facts."

11. I shall bear all the above in mind when reviewing the Decision.

Background

12. The Hearing Officer explains at §§39-41 that the Earlier Marks are depictions of a children's book character. In the Netherlands, from where the character originates (it was created by a Dutch artist, Dick Bruna, in 1955), it is known as "Nijntje", meaning "little rabbit". In the UK, where the books have been sold since 1963, the character is called "Miffy". As well as books, the Appellant also sells a range of Miffy/Nijntje-branded merchandise.

A preliminary issue – new arguments/evidence raised in the Respondent's skeleton argument

13. In its submissions before the Hearing Officer, the Respondent contended that there is a prevalence of bunny imagery in the marketplace, and because the consumer is frequently exposed to such, they would not be confused by the marks at issue. The Hearing Officer rejected the Respondent's contention, as he held it to be unsupported in the evidence filed by the Respondent (§§24-25, 103).

14. The Respondent does not challenge that part of the Decision *per se*, but sought in its skeleton argument to repeat and/or boost the contention, relying on usage such as the Playboy bunny, the bunny costume worn by the main character in the Bridget Jones' Diary film, and the Rampant Rabbit vibrator. The Respondent also included in its skeleton argument some new evidence as to the size of the UK children's books market. However, no application to rely on additional evidence was made by the Respondent, and I accordingly decline to take any of this new evidence into account in this appeal.

15. The Respondent also sought to contend, in the hearing, that the use of bunny imagery is widespread enough for the Hearing Officer to have taken judicial notice of it. I reviewed the law on the taking of judicial notice in O/0709/23 *SMASH PATTIES*. The requirement is that a fact must be "notorious", or extremely well-known by the general public, in order for judicial notice to be taken of it. As I see it, the prevalence of bunny imagery in relation to sexual matters may well be "notorious" enough for judicial notice to be taken. However, having reviewed the Respondent's written arguments filed before the Hearing Officer, it is clear that the Hearing Officer was not invited to take judicial notice - rather the Respondent sought to rely on its evidence to make good its contention (which was rejected by the Hearing Officer). The contention that the Hearing Officer should have taken judicial notice is therefore a new argument in this appeal. There is no Respondent's Notice, and no application for permission, and accordingly I decline to take this new argument into account.

Discussion

16. Looking at each of the grounds in turn, my analysis is as follows.

(1) Failure to hold the Respondent to its pleaded case on absence of a likelihood of confusion.

17. The Respondent's argument in relation to likelihood of confusion was predicated as follows (I set out the Hearing Officer's decision in relation to each integer in square brackets):

    a. The marks are dissimilar [there is a low degree of visual similarity and a high degree of conceptual similarity];

    b. If the marks are similar, in relation to the class 10 goods the dissimilarity of the goods means there can be no likelihood of confusion [the goods are dissimilar];

    c. By reason of the commonness of rabbit images for class 10 and 25 goods, there can be no likelihood of confusion [rabbit images have not been proven to be commonplace in the marketplace in question].

18. The Appellant points out that integers (a) and (c), which were the only ones relevant to Class 25, were each rejected by the Hearing Officer. As such, the Hearing Officer should have concluded that the Respondent therefore accepted that there exists a likelihood of confusion in relation to Class 25 goods. The decision of the Hearing Officer to decide the matter on an argument not contended by either party was an error of principle.

19. The Appellant relied in support of the above on the decision of Amanda Michaels, sitting as the Appointed Person, in O/096/16 *Intel Corporation v Hvivo Services*, and Miles J in the High Court in *Iconix Luxembourg Holdings SARL v Dream Pairs Europe Inc & Anor* [2023] EWHC 706 (Ch). In both those cases, the AP/Judge held, in terms, that a party was limited to arguing its pleaded case, and was not at liberty to seek to argue unpleaded points.

20. I invited the parties to file further submissions on the issue of whether, when assessing likelihood of confusion, a Hearing Officer is bound in his/her analysis by the approaches contended by the parties, or whether he/she is entitled to decide that ultimate question in his/her own way, taking into account the parties' evidence. The Respondent filed a letter contending that, irrespective of the Respondent's submissions at first instance as to similarity of marks and goods, the Respondent in its Notice of Defence and Counterstatement said that "There is no likelihood of confusion owing to the differences in the marks", and it was on that basis that the Hearing Officer decided as he did. The "pleading point" therefore does not arise.

21. The Appellant filed a further short skeleton argument annexing pp. 63-65 and 85-89 from Contentious Trade Mark Registry Proceedings by Michael Edenborough KC (2nd Ed). Those further submissions clearly establish the importance of the parties' statements of case, which delineate the grounds on which a party relies. What neither they, nor the two cases mentioned above address, however, is the related but different question of whether a Hearing Officer is entitled, should he/she wish, to assess likelihood of confusion in a manner that is not pleaded by either party. It is clear that the Hearing Officer in this case could have decided that, given his rejection of the Respondent's argument, a likelihood of confusion is made out. The Appellant's argument, though, is that the Hearing Officer was obliged to do that, and his failure to do so is an error of principle.

22. That question is addressed and answered in very clear terms in the Court of Appeal decision in *esure INSURANCE LTD v DIRECT LINE INSURANCE PLC* [2008] R.P.C. 34. At 55-57, Arden LJ said:

> "55 By contrast, Mr Hobbs submits that a judge is entitled to make a decision based on his own experience, even in the absence of evidence (see *Re GE Trade Mark*). The judge did not have the benefit of this authority.
>
> 56 In my judgment, Mr Hobbs is correct on this point. What the hearing officer had to determine was what the average consumer would have thought of the two marks and whether they would have confused him. The services sold by the parties were identical and were of a kind familiar to members of the public. In those circumstances, I see no reason why the hearing officer should not have decided the issue of similarity on his own in the absence of evidence apart from the marks themselves and evidence as to the goods or services to which they were, or, in the case of esure's mark, were to be applied. As Lord Diplock held in *Re GE Trade Mark* at 321:
>
> > "My Lords, where goods are of a kind which are not normally sold to the general public for consumption or domestic use but are sold in a specialised market consisting of persons engaged in a particular trade, evidence of persons accustomed to dealing in that market as to the likelihood of deception or confusion is essential. A judge, though he must use his common sense in assessing the credibility and probative value of that evidence is not entitled to supplement any deficiency in evidence of this kind by giving effect to his own subjective view as to whether or not he himself would be likely to be deceived or confused. . . But where goods are sold to the general public for consumption or domestic use, the question whether such buyers would be likely to be deceived or confused by the use of the trade mark is a "jury question". By that I mean: that if the issue had now, as formerly, to be tried by a jury, who as members of the general public would themselves be potential buyers of the goods, they would be required not only to consider any evidence of other members of the public which had been adduced, but also to use their

own common sense and to consider whether they would themselves be likely to be deceived or confused.

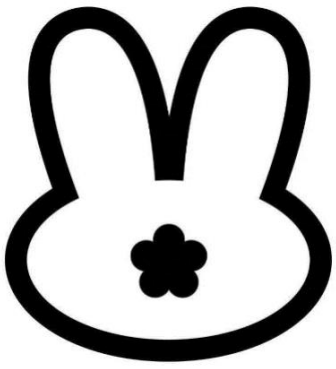
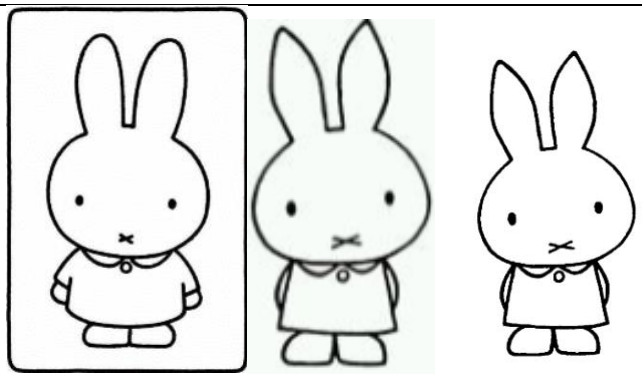
The question does not cease to be a "jury question" when the issue is tried by a judge alone or on appeal by a plurality of judges. The judge's approach to the question should be the same as that of a jury. He, too, would be a potential buyer of the goods. He should, of course, be alert to the danger of allowing his own idiosyncratic knowledge or temperament to influence his decision, but the whole of his training in the practice of the law should have accustomed him to this, and this should provide the safety which in the case of a jury is provided by their number. That in issues of this kind judges are entitled to give effect to their own opinions as to the likelihood of deception or confusion and, in doing so, are not confined to the evidence of witnesses called at the trial is well established by decisions of this House itself."

57 An example of such a decision would, as Mr Hobbs submits, be *Spalding v Gamage* (1915) 32 R.P.C. 273. The *GE Trade Mark* decision was under the provision in the Trade Marks Act 1938 for the rectification of the Register of Trade Marks. But the principle that it enunciates is one which is derived from the law of evidence and the decision is thus not limited to trade marks, or the 1938 Act".

23. Assessment of likelihood of confusion is a "jury question" in precisely the same way as assessment of likelihood of deception in passing off law. It is clear from *esure INSURANCE LTD* that a Hearing Officer is entitled to decide the issue for him/herself, without being restricted by the arguments (or even the evidence) put forth by the parties. The Hearing Officer made no error of principle in deciding that there was no likelihood of confusion, notwithstanding his rejection of the Respondent's argument, and I accordingly dismiss this first ground of appeal.

(2) Error in relation to assessment of similarity of the marks

24. The Hearing Officer made a finding of a low level of similarity between the marks. For convenience, I set out below side-by-side representations of the marks.

Application	**Earlier Marks**
	

25. Of course, the Appellant accepts that it cannot challenge that finding unless it involved an error or principle or is wrong in the sense set out at 10(iii) above. The Appellant confirmed during the hearing that it accepts that the decision was inside "the bounds within which reasonable disagreement is possible". However, it is contended that the Hearing Officer made an error of principle. Specifically, having rejected the contention that there is a prevalence of bunny

imagery in the marketplace, his conclusion at §106 that they would merely be seen as rabbit images, which were not remarkable for the goods in issue, was an error of principle as there was no basis for such a finding.

26. At §106 the Hearing Officer said:

> "The opponent's marks are different depictions of cartoon rabbits. These are the dominant and distinctive elements of all of the marks. The marks are not descriptive of or allusive to the goods at issue and while they are stylistic depictions of rabbits, I do not consider the use of animals as the basis for trade marks on the goods at issue to be particularly remarkable. As a result, I consider that the opponent's marks are inherently distinctive to a medium degree. For the avoidance of doubt, I find that this applies regardless of the pose of the rabbit within the marks or the presence of the border element in the opponent's first mark". (my underlining)

27. Clearly, therefore, the Hearing Officer's finding was that application of animal imagery generally (as opposed to rabbit imagery specifically) to the goods in issue was not particularly remarkable. Did he have any basis for that finding? I believe that he clearly did. First, the Appellant's evidence before the Hearing Officer made reference to a large number of other animal-related children's books and similar merchandise, including Sesame Street, Winnie the Pooh, Peppa Pig, Peter Rabbit, Mickey Mouse, Paddington Bear, Wallace & Gromit (the latter being a dog) and Shaun the Sheep. In light of that evidence, the Hearing Officer was clearly entitled to make a finding that the use of animals is "not … particularly remarkable" in relation to the goods in issue.

28. Secondly and in any case, I consider that most, if not all, of the examples cited in the paragraph above are so well-known that the Hearing Officer would have been entitled to take judicial notice of them, even had they not been included in evidence. Given, though, that the examples were cited in evidence, it is not necessary to consider this further.

29. Accordingly, the Hearing Officer was entitled to make the finding that he did, and I dismiss this second ground of appeal.

(3) Failure to take into account normal and fair use of the mark

30. The Appellant contends that given that the goods in Class 25 is clothing (t-shirts and undergarments) and hats, the Hearing Officer should have considered the likelihood that the marks would be represented on tags, neck labels and clothing tags, i.e. the relevant consumer would be likely only to see a small depiction of the Application, and would be more likely to confuse the marks.

31. It is true that the Hearing Officer did not address this issue. However, in my view it leads nowhere. The Hearing Officer's analysis of visual similarity is at §§100-101. He rightly rejected the Respondent's approach to assessing similarity (which involved looking at the thickness used in the lines of the marks, the stylisation of the ears of each rabbit, the delicacy of the features in the face of the opponent's marks and the indication of the gender of the rabbits), on the grounds that that is too intricate an approach and one that the average consumer would not conduct. However, he noted "the differences between the heads, such as the presence of a face (and lack thereof) and the stylistic points, and the inclusion of a body in the opponent's marks". Those differences are so stark, and so integral to the presentations of the rabbits in the

respective marks, that they would in my view easily be noticed by the average consumer even in a small depiction such as on a clothing tag.

32. I accordingly dismiss this third ground of appeal.

(4) Over-rigid reliance on turnover figures when assessing enhanced distinctiveness

33. The Appellant submitted turnover figures in relation to its sales of books and merchandise, which were assessed by the Hearing Officer at §§39-42. The Appellant also submitted other evidence, including advertising spend (considered at §43), third party advertising and promotional materials (§44), trade shows (§45), PR activities (§46), press coverage (§47), awards (§§48-49) and results from a survey conducted by a research agency in the Netherlands (§50). The Hearing Officer was unpersuaded by the evidence relating to trade shows (insufficient information as to attendance figures or whether they are events aimed at members of the public or the trade) and awards (insufficient information as to the nature of the awards and whether they are aimed at consumers), and held that the relevance of the survey evidence was limited, as no permission had been sought and no information as to the details of the survey methodology had been provided (§51).

34. He went to analyse and consider the remainder of the Appellant's evidence when assessing proof of use, and raised a number of further criticisms. At §§59-61 he said:

> "That being said, the issue before me is in relation to the difficulty I have in determining precisely what goods have been shown in the evidence and whether the use of the same is at a level that is considered genuine. On this point, I have discussed above that the evidence refers to the existence of over 1,000 products on the market at any given time. There is nothing before me by way of specific breakdowns of the turnover figures such as how much turnover relates to clothing or toys, and so on. Instead, it appears that the opponent has simply appended a wide range of what it refers to as 'random examples' of use to its evidence with no further information or explanation in its narrative evidence as to what this is purported to actually show.
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> …
>
> Given that the specifications relied upon cover a wide range of goods, I consider it reasonable for the opponent to have at least made some attempt to demonstrating the level of sales that can be attributed to the goods and services relied upon. Instead, it has been for me to trawl through the evidence provided in order to pick out any evidence that I can accurately attribute to the goods and services at issue.
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> …
>
> … the evidence provided in the PR report is still, for the most part, vague in nature. For example, the turnover regarding the opponent's website and that stemming from its social media account (being the evidence referred to at paragraph 46 above) include no breakdown as to what has actually been sold. Additionally, the aforementioned evidence relating to backpack evidence covers the sale of just £116.35 worth of products. From this, it is reasonable to argue that, without anything further, this makes up the entirety of backpack sales and such a level of use is, in my view, far from sufficient to warrant a finding of genuine use. This is an issue consistent with a wide range of goods relied upon".

35. At §62 he reminded himself of Daniel Alexander Q.C.'s (acting as the Appointed Person) statement in *Awareness Limited v Plymouth City Council*, Case BL O/236/13:

> "22. The burden lies on the registered proprietor to prove use..... However, it is not strictly necessary to exhibit any particular kind of documentation, but if it is likely that such material would exist and little or none is provided, a tribunal will be justified in rejecting the evidence as insufficiently solid. That is all the more so since the nature and extent of use is likely to be particularly well known to the proprietor itself. A tribunal is entitled to be sceptical of a case of use if, notwithstanding the ease with which it could have been convincingly demonstrated, the material actually provided is inconclusive. By the time the tribunal (which in many cases will be the Hearing Officer in the first instance) comes to take its final decision, the evidence must be sufficiently solid and specific to enable the evaluation of the scope of protection to which the proprietor is legitimately entitled to be properly and fairly undertaken, having regard to the interests of the proprietor, the opponent and, it should be said, the public."

36. He decided at §64 that although (given the deficiencies he identified) it was open to him "to simply refuse to find use for a wide range of goods relied upon on the basis that the evidence is insufficiently solid and simply proceed on the basis of the limited range of accepted terms put forward by the applicant", he declined to do that but instead proceeded "to examine the evidence to a degree that I consider reasonable and, in doing so, will bear in mind the admissions of the applicant and the case of *Titanic Spa* (cited above)".

37. In relation to enhanced distinctiveness, the Hearing Officer said at §107 "I rely on the same evidence summary as set out at paragraphs 39 to 55 above". Consequently, the Hearing Officer's criticisms of the evidence in relation to use were equally applicable when it came to his assessment of enhanced distinctiveness. Indeed, he went on to say "Further, [the issues discussed above at paragraphs 59 to 71] are even more of a problem for the opponent in the present case as this assessment is based on the UK market, not the EU. Given the fact that UK figures for the sales of books and merchandising are significantly less than those for the EU, I consider that the issues discussed above are further compounded under the present assessment".

38. His overall conclusion at §107 was that "Bearing these issues in mind and taking the evidence into account (particularly the UK evidence in respect of turnover and level of sales) together with the fact that, inevitably, some of the turnover will stem from goods not at issue and comparing it against the wide range of goods relied upon and the relevant markets for all of those goods, I have no basis upon which to hang a finding that the opponent's marks enjoy an enhanced degree of distinctiveness due to the use made of them".

39. It is clear to me that the Hearing Officer carried out a careful and detailed analysis of the evidence submitted by the Appellant. The criticisms he made of the evidence were ones he was entitled to make, and if anything, the Hearing Officer was arguably overly generous to the Appellant in his overall assessment of the evidence. Furthermore, it is abundantly clear that the Hearing Officer had well in mind the distinctions in law between proof of use, enhanced distinctive character and reputation, as well as the need to differentiate between the positions in the EU and UK.

40. The assessment of the evidence was a matter for the Hearing Officer. He made no error of principle in his analysis, and his conclusions therefore stand. I dismiss this fourth ground of appeal.

A final word on s. 5(2)(b)

41. As the Appellant has not identified any error of principle on the part of the Hearing Officer, it is not open to me to revisit his overall analysis of likelihood of confusion. However, for what it is worth, I wish to record that I am in full agreement with the Hearing Officer's overall conclusion. In particular, the Application is simply not very similar, at anything other than a high conceptual level, to the Earlier Marks. The Hearing Officer was entitled to conclude that the level of visual similarity is low, and in light of his other findings, his conclusion that there is no likelihood of direct or indirect confusion is unimpeachable.

(5) Over-rigid reliance on turnover figures when assessing repute

42. The Appellant contends that the Hearing Officer took too narrow a view of the materials as a whole when considering repute, in that he focused his approach on the turnover figures. It contends that had he properly considered the evidence, he would have found a strong reputation in relation to books, or at least children's books, in relation to all three of the Earlier Marks.

43. The Hearing Officer considered repute at §§123-129. He said "I have produced a summary of the opponent's evidence at paragraphs 39 to 55 above. While this was for the purpose of assessing whether there was genuine use of the opponent's first and third marks, the same evidence is relevant to this assessment". Consequently, the Hearing Officer's criticisms in the context of use, discussed at paragraphs 33-36 above, apply equally to his assessment of the evidence in relation to repute. Just as with proof of use and enhanced distinctive character, it was necessary for the Hearing Officer to carry out the analysis on a granular basis, looking at each of the categories of goods in turn. The Hearing Officer explained why he was unable to do that given the evidential deficiencies he had identified, and his overall conclusion cannot be faulted.

44. In addition, the Hearing Officer made clear at §124 that he was also taking into account some additional goods which were not relevant to the issue of use but were relevant to repute.

45. The Hearing Officer held that the Appellant enjoys a moderate level of reputation in the EU for children's books, but no reputation in the UK in the 528 Mark. For merchandising goods, whilst the Hearing Officer was unpersuaded that the Appellant had established a reputation in its marks in the EU, he was prepared to proceed on the basis that it had a moderate reputation in the EU in respect of the goods for which use had been demonstrated. In light of the deficiencies in the Appellant's evidence identified by the Hearing Officer, he was if anything overly generous to the Appellant in that regard. There is no error of principle, and I dismiss this fifth ground of appeal.

(6) The Hearing Officer should have gone on to find the requisite mental link between the Earlier Marks and the Application.

46. The Hearing Officer's conclusion on link (§136) was:

> "While I appreciate that the opponent enjoys a reputation in the EU, I remind myself that my assessment on link must be based on the understanding of the UK consumer. Taking all

of the above into account together with the limited and imprecise evidence in respect of the UK market and consumer, I am of the view that, regardless of the level of reputation in the EU for the opponent's marks, there will be no link in the mind of the relevant public in the UK between the marks at issue. On this point, I wish to reiterate the fact that the opponent's UK based evidence is very limited with only approximately 60,000 sales of books. Further, its merchandising evidence demonstrates a turnover of approximately €10 million over a four year period and I consider that this is very low, especially given that the turnover covers a wide range of diverse markets that I can only assume to range from being large to enormous markets (again, I have no evidence in respect of the markets at issue). As per the issues discussed at paragraphs 59 to 71 above, there is no way for me to accurately attribute any turnover to any of the relevant goods and given the low level of turnover, I see no reason why the UK consumer would be accustomed with the opponent's marks to the point that they would make a link between the marks. While I appreciate the longstanding use of the marks on children's books, I have nothing sufficiently solid outside of the sales figures (which only cover two years) upon which to justify a finding that the UK consumer would create a link when confronted with the parties' marks. In addition, I note the presence of the opponent's branding over a number of years at events and in press articles but, again, this is not indicative of a widespread enough level of knowledge across the UK to warrant a finding of the existence of a link being made by the UK relevant public. In reaching this conclusion, I have borne in mind not only the low level of visual similarity between the marks but the lack of a likelihood of confusion and the fact that shared use of an animal device is fairly unremarkable from a trade mark perspective. In respect of the distance of the goods at issue, I appreciate that some may be identical but all of the aforementioned points are factors pointing against the existence of link regardless of the level of identity/similarity of the goods at issue.

47. In addition to the alleged error which is the subject of ground 5, the Appellant contends that the Hearing Officer fell into error in §136 by relying on the following factors:

    a. A low level of visual similarity;

    b. A lack of likelihood of confusion; and

    c. That the device is unremarkable.

48. I have already dealt with (c) in paragraphs 25-28 above. With regard to (a), the Appellant contends that the Hearing Officer ignored conceptual similarity. However, given that I have upheld his finding that the application of animal imagery generally to the goods in issue was not particularly remarkable, I consider that he was entitled to give little weight to the high level of conceptual similarity when deciding whether the requisite link is present.

49. As for (b), I agree with the Appellant that a lack of likelihood of confusion is not a negative factor in the context of s. 5(3): rather a likelihood of confusion is a positive factor where it exists as it may assist a finding of unfair advantage. However, I do not read the Hearing Officer's account at §136 as any indication that he believed that a likelihood of confusion is a necessary condition to establish a link – he simply noted that a potential positive factor was not present.

50. Given that I have rejected the fifth and sixth ground of appeal, there is no error of principle that would entitle me to revisit the Hearing Officer's rejection of the requisite mental link. Again, though, I am in full agreement with the Hearing Officer's conclusion. It is clear from §136 that

he took all relevant factors into account, and his decision was not only one that he was entitled to reach, but was in my view entirely correct.

(7) The Hearing Officer should have given more consideration to the earlier EU case between the parties, in which the s. 5(3) opposition was successful.

51. The parties have been engaged in proceedings before the EUIPO in relation to the EUTM upon which the Application is currently based. At first instance, the Appellant successfully opposed the Application on the basis of a likelihood of confusion with a mark corresponding to the Unregistered Sign. That mark is not asserted in this action in relation to the s. 5(2)(b) and 5(3) grounds. Furthermore, on appeal the Appellant succeeded in relation to the EU equivalent of s. 5(3) in relation to the 662 and 669 marks, on the basis that the Appellant did have a very strong reputation in at least the Netherlands and that the relevant public in Benelux countries would establish a link that would lead to damage.

52. At §20 the Hearing Officer said:

> "I have considered both decisions, however, they are not binding upon me and are not relevant to the decision I must now make. I wish to point out that the opponent's mark subject to the successful likelihood of confusion assessment is not at issue here. Although it is relied upon under the 5(4)(a) ground, the test for that assessment is not on all fours with the issue of confusion. Further, the appeal decision wherein success was found under the Article 8(5) ground was based on a link made by the relevant public in Benelux countries. In the present case, the assessment I must consider in respect of the existence of a link is based on the UK consumer. As a result, the EUIPO decisions are irrelevant to the present case and, to confirm, my decision will be based on the global assessment of the issues before me and not on the decisions of the EUIPO".

53. Put simply, the EU decisions concern (in one instance) a different right, and different facts and circumstances. The Hearing Officer explained why he reached a different decision than the EUIPO, which he was entitled to do. I dismiss this seventh ground of appeal.

(8) Overly granular approach to assessment of UK goodwill

54. The Appellant contends that the Hearing Officer erred in requiring granularity as to the amount sold of each type of item, and should instead have considered the evidence more globally.

55. The Hearing Officer reviewed the legal definition of goodwill at §144-148. At §149 he said:

> "Goodwill arises as a result of trading activities. I have given consideration to the opponent's evidence in respect of its trading activities at various stages throughout this decision, namely in considering genuine use, enhanced distinctiveness and reputation. Unlike my assessment on genuine use and reputation, the issue of goodwill requires an assessment of the UK consumer meaning that the EU evidence is of no assistance here. On this point, I remind myself that I have found there to be no reputation in the UK for the opponent's marks, however, the test for goodwill is less onerous that the one for reputation and the case law surrounding passing off claims set out that small businesses which have more than a trivial goodwill can protect signs which are distinctive of those businesses under the law of passing off even though the goodwill and reputation may be small".

56. At §150 he reviewed the Appellant's evidence in relation to sale of books in the UK, and concluded that it enjoys a low level of goodwill. That is the subject of Ground 9 below. At §151 he said

> "As for the remaining goods and services relied upon under this ground, I repeat, again, the issues I have discussed throughout this decision (namely under paragraphs 59 to 71 and 107) regarding the imprecise and vague nature of the opponent's UK use for its 'merchandising' goods. These issues are, in my view, fatal to the opponent's reliance on a claim of the existence of goodwill in respect of its remaining goods and services".

57. He therefore read across and applied, in relation to goodwill, his earlier analysis of the Appellant's evidence which I discuss at paragraphs 34-37. In doing so, did he fall into error? I believe that he did in one important respect. In trade mark law, the analysis of proof of use, reputation and enhanced distinctive character needs to be performed on a granular basis, looking at each of the individual goods and services in turn. I have already said that the Hearing Officer carried out this exercise with care, such that his conclusions in respect of the trade mark issues cannot be faulted. In passing off law, however, goodwill attaches to a business, rather than to isolated individual goods and services. Of course, when assessing goodwill, it is necessary to ask, "What is the nature of the business?", but it is not appropriate to break the business down at the same level of granularity as is done for assessing trade mark use etc.

58. Looking at the evidence at the appropriate level of granularity, the Hearing Officer noted that the Appellant achieved revenues of around €10 million over the four-year period 2016-2019 for its UK merchandising goods business, i.e. an annual average of around €2.5 million. At §54 he said, "I am willing to infer that it covers use for some of the goods demonstrated in the evidence". He went on to hold that a fair specification, reflecting the use he had found, for the UK (528) mark was:

> Class 9: Computer games for mobile devices (downloadable).
>
> Class 14: Clocks
>
> Class 16: Children's books; posters; postcards; rubber erasers; drink coasters of paper; wrapping paper; pens, bibs of paper; rubber erasers; greeting card; notepads.
>
> Class 18: Tote bags; make-up bags
>
> Class 21: Mugs; glasses [drinking vessels]; plates; bottles; containers for household or kitchen use; coasters, not of paper and other than table linen; paper plates; piggy banks; cutlery; none of the aforesaid of precious metal or coated therewith)
>
> Class 24: Pillows [cushions]; bedding, tea towels; textile coasters.
>
> Class 25: Children's clothing; women's clothing; socks; scarves.
>
> Class 27: Door mats
>
> Class 28: Stuffed toys; children's toys; children's card games.

59. When viewed at an appropriate level of generality, I consider that the Appellant made out, on the evidence, goodwill in a business which might be described as "merchandising goods in relation to a children's book character, including computer games, stationery and associated goods, drinking and eating vessels, bedding, clothing and toys".

60. As to the level of such goodwill, I note that annual sales of around €2.5 million, whilst far from trivial, are not large in the context of children's merchandise. I would assess the level of goodwill in the Appellant's merchandising goods business as at a low level, i.e. at the same level as the Hearing Officer found for the children's books business.

(9) Failure to take into account the extent of the evidence as to goodwill attaching to the Appellant's books business, and failed to take into account the evidence that its licensing activities were well-established and award-winning

61. The Hearing Officer's analysis of goodwill in relation to UK sales of books is set out at §150:

> "While I appreciate that the opponent's evidence surrounding the opponent's sale of books in the UK are not significant, they are sufficiently solid and longstanding. In my view, the sale of over 60,000 books in the UK over a two years period together with the fact that the opponent has operated its book business since 1963 are sufficient to warrant a finding that the opponent enjoys a level of protectable goodwill in its business and that that the signs relied upon are distinctive or and/or associated with that goodwill. In making this finding, I bear in mind the presence of the opponent's branding across various press articles in the UK and at a number of exhibitions and events prior to the relevant date. That being said, I am of the view that the level of sales are only sufficient to warrant a finding that the opponent enjoys a low level of goodwill".

62. It is clear that he took into account not only the level of sales, but also the press articles, exhibitions and events detailed in the Appellant's evidence, together with the fact that it has sold books in the UK since 1963. The contention that he "failed to take into account the extent of the evidence as to the goodwill" in relation to books is therefore not sustainable. It is true, however, that he declined to take into account the evidence that the Appellant's licensing activities were well-established and award-winning. His analysis of the same is set out at §48:

> "Various awards that Miffy branded goods have won is also discussed and while some of these cover awards given during the relevant period, I have nothing to suggest the nature of these awards and their reach amongst the relevant consumer base for the goods at issue. For example, I note that three awards are design awards and another is a licensing award which, to me, implies that the awards are industry awards, not those aimed at the relevant consumer base. Additionally, there is no information as to whether the awards were voted by a select judge panel or members of the general public".

63. The Hearing Officer therefore considered the evidence in relation to awards, but decided not to take it into account on the grounds that it was insufficiently detailed. He was entitled to make that decision, and made no error of principle in doing so. I dismiss this ninth ground of appeal.

(10) The Hearing Officer misunderstood the Respondent's submissions in relation to goodwill

64. At paragraph 55 of its submissions to the Hearing Officer, the Respondent said:

> "The Applicant further contends that the Opponent has not provided sufficient evidence that it has established goodwill in the above sign in relation to the wide range of goods claimed. The majority of the Opponent's evidence shows use in relation to children's books and a limited range of associated merchandise, including women's and children's clothing, bedding, soft toys and lights".

65. At §151 the Hearing Officer said

"As for the remaining goods and services relied upon under this ground, I repeat, again, the issues I have discussed throughout this decision (namely under paragraphs 59 to 71 and 107) regarding the imprecise and vague nature of the opponent's UK use for its 'merchandising' goods. These issues are, in my view, fatal to the opponent's reliance on a claim of the existence of goodwill in respect of its remaining goods and services. On this point I remind myself that the applicant has accepted use for some goods relied upon, however, I do not consider that this equates to a concession as to the existence of goodwill. In any event, I note that in its submissions, the applicant has specifically argued that the opponent's evidence fails to establish the existence of goodwill".

66. The Appellant contends that "If he had considered it properly he would have understood that this submission [i.e. that in paragraph 55] was that the goodwill did not extend to the broad specification claimed: it is, however, inconceivable that they could accept genuine use for goods but that it was insufficient to found goodwill or that it could be understood to be such a position".

67. As I explain in paragraphs 57-60 above, I have differed from the Hearing Officer in relation to goodwill in merchandising, and therefore it is not necessary for me to consider further whether the Hearing Officer may have misunderstood the Respondent's submissions in relation to the same.

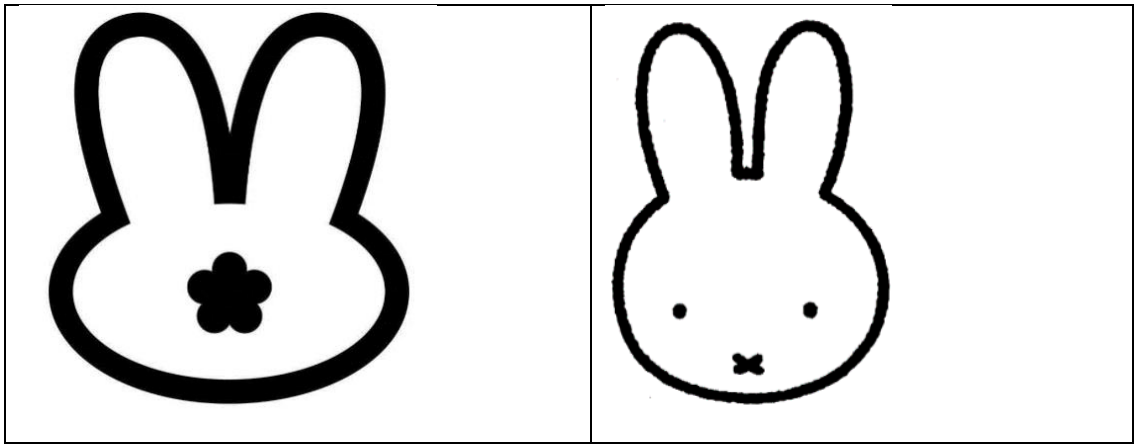
Conclusions on passing off

68. As I have reached a different conclusion than the Hearing Officer in relation to one issue – goodwill in merchandising goods – it is necessary for me to determine whether this affects the Hearing Officer's overall conclusion in relation to passing off.

69. In the Hearing, the Appellant conceded that if the s. 5(2)(b) oppositions failed, the s. 5(4)(a) opposition was likely also to fail in relation to the three signs corresponding to the Earlier Marks. In my view this was a sensible concession – although the tests for s.5(2)(b) and passing off are not the same, it is generally accepted that the requirement in passing off to establish a misrepresentation leading to a likelihood of deception amongst a substantial number of the claimant's customers is more onerous (or, at least, no-less onerous) that the requirement in s. 5(2)(b) to establish a likelihood of confusion on the part of the average consumer. Accordingly, I shall confine my analysis to the Unregistered Sign, which is self-evidently more similar to the Application given that it does not include a body.

70. I set out below for convenience a side-by-side comparison.

Application	**Unregistered Sign**



71. The Hearing Officer held:

- The Appellant has a low level of goodwill in relation to children's books;
- Having reminded himself that the absence of a common field of activity is not fatal, but not irrelevant either, the Respondent's goods in issue cannot be said to exist in the same fields of business as children's books;
- Although he did not expressly categorise the level of similarity between the Application and the Unregistered Sign, he said at §156 "the differences between the sign and the mark will be noticed".

72. His ultimate finding, at §156, was:

> "I do not consider that there is likely to be any association between children's books and clothing (for adults only) and sex toys. I certainly do not consider that members of the relevant public are going to reasonably believe that a producer of children's books has diversified into selling sex toys".

73. Would that finding have been different had he taken the Appellant's goodwill in its merchandising business into account? I believe not, for two reasons. First, the level of association between all of the Appellant's merchandising business save for clothing (i.e. including computer games, stationery and associated goods, drinking and eating vessels, bedding, and toys) is every bit as remote as "children's books" from the Respondent's business. The Hearing Officer cited Slade LJ in *Stringfellow v. McCain Foods (G.B.) Ltd.* [1984] R.P.C. 501 in support of the proposition that "the further removed from one another the respective fields of activities, the less likely was it that any member of the public could reasonably be confused into thinking that the one business was connected with the other". His finding that members of the public would not reasonably believe that a producer of children's books has diversified into selling sex toys is equally applicable as regards the Appellant's merchandising business (other than clothing).

74. Secondly, and specifically in relation to clothing, the Hearing Officer said at §157:

> "For the avoidance of doubt, I am of the view that there would be no misrepresentation between the sign and the mark at issue even if the opponent enjoyed a level of goodwill in "women's clothing", for example. In this scenario, the parties would operate in the same sector for their clothing goods only. This is on the basis that the issue facing the opponent in

that it only enjoys a low level of goodwill in its business would not overcome any heightened degree of similarity between the opponent's fourth sign and the applicant's mark (on the basis that the opponent's fourth sign can be said to be more similar to the applicant's sign than its other signs as it does not include a body). Regardless of any increased level of similarity, I refer again to the point raised at paragraph 101 above in that different representations of the same thing does not necessarily mean that they are visually similar".

75. That *obiter* finding is one that the Hearing Officer was entitled to make, and is in my view correct.

76. Accordingly, I dismiss this final ground of appeal.

Conclusion

77. The appeal is dismissed, and the Application may proceed to registration for all of the goods applied for.

Costs

78. Clearly, the Respondent has been the successful party in this appeal. I order that the Appellant should pay the Respondent £1,000 by way of costs of this appeal, comprising:

- Preparation of skeleton argument: £400 (reduced by one third from £600 because of the inclusion of inadmissible new evidence and arguments); and
- Attendance at hearing: £600.

79. That is in addition to the £1,400 costs awarded to the Respondent by the Hearing Officer. The total costs award to the Respondent is accordingly £2,400.

Dr. Brian Whitehead

29 January 2024

Representation

Mr Aaron Wood of Brandsmiths for the Opponent / Appellant

Mr Jonathan Thurgood of HGF Limited for the Applicant / Respondent