

O/0611/24

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO. UK00003797584

BY ZHENG SHU

FOR THE TRADE MARK:

Thinkingcaphellfireclub

IN CLASS 28

AND

IN THE MATTER OF OPPOSITION THERETO

BY NETFLIX STUDIOS, LLC

UNDER NO. 435986

BACKGROUND AND PLEADINGS

1. On 10 June 2022, Zheng Shu (“the applicant”) applied to register the trade mark shown on the cover page of this decision, in the UK. The application was published for opposition purposes on 1 July 2022 and registration is sought for the following goods:

Class 28: *Toys for pets; Play balloons; Building blocks [toys]; Plush dolls; Halloween masks; Jigsaw puzzles; Inflatable pool toys; Inflatable toys; Indoor play tents; Novelty toys for parties; Squeeze toys; Toy cars; Toy guns; Hand puppets; Beach balls; Talking dolls.*

2. On 1 September 2022, Netflix Studios, LLC (“the opponent”) opposed the application based upon Sections 5(4)(a) and 3(6) of the Trade Marks Act 1994 (“the Act”).

3. Under Section 5(4)(a), the opponent claims to have used the signs THINKING CAP and HELLFIRE CLUB throughout the UK since 27 May 2022. The opponent claims use of both signs in relation to *"toys and games; toy figures; board games"* and *"entertainment services; entertainment services in the nature of a dramatic television series; providing online non-downloadable video clips and other multimedia digital content containing audio, video, artwork, and text from or related to a dramatic television series"*. In addition, the opponent claims use of the sign THINKING CAP in relation to *"headwear, namely, caps"*, and use of HELLFIRE CLUB in relation to *"enamel lapel pins", "posters", "mugs", "clothing, namely, baby bibs, hoodies, jackets, sweatshirts, t-shirts, tops; headwear, namely, hats"*. Further, the opponent submits that:

- The opponent has used of the signs THINKING CAP and HELLFIRE CLUB in the context of a successful science fiction horror series called STRANGER THINGS that premiered exclusively on the opponent’s Netflix streaming platform since 15 July 2016 and is available for streaming on-demand to Netflix’s members. The series has produced four seasons to date, and it has

been a global success. The first part of season 4 (Volume 1) was released on 27 May 2022, while the second part (Volume 2) was released on 1 July 2022;

- The most recent fourth season of STRANGER THINGS introduced the THINKING CAP and HELLFIRE CLUB signs. Specifically, THINKING CAP is a reference to the hat worn by one of the main characters throughout Season 4 and HELLFIRE CLUB is the name of the Dungeons & Dragons club at Hawkins High School. HELLFIRE CLUB is also the title of the first episode of Season 4, which premiered on 27 May 2022. These signs play a key role in the plot of Season 4;
- To further celebrate the huge success of Season 4 of the STRANGER THINGS series, the opponent partnered with Hot Topic, HMV, Lost Universe, Walmart and Tilly's to offer official THINKING CAP and HELLFIRE CLUB-branded products;
- In view of the success of the STRANGER THINGS series and the widespread use of the title of the series, and the marks and signs from the series, in connection with a wide variety of products and services - including, notably toys - the opponent has acquired substantial goodwill and reputation in such marks and signs, including in the unregistered signs THINKING CAP and HELLFIRE CLUB, in the UK;
- By virtue of the goodwill and reputation acquired, use of the applied-for mark in the UK would amount to a misrepresentation to the relevant public that the applicant's goods are connected with the opponent. Given the timing of the application, which was filed less than 2 weeks following the release of the first part of the Season 4 of the STRANGER THINGS series, the applied-for mark must have been chosen by reference to the THINKING CAP and HELLFIRE CLUB signs from the STRANGER THINGS series and with the intention that consumers make a connection between goods bearing the applicant's mark and the opponent's signs. The opponent claims that damage to the opponent's goodwill and reputation would flow from misrepresentation, including damage

to reputation, dilution or erosion of goodwill and reputation, and loss of opportunity to expand or licence.

4. In view of the above, the opponent claims that registration of the applied-for mark would be contrary to Section 5(4)(a) of the Act and should be refused.

5. Under Section 3(6) the opponent claims that:

- Since the applied-for mark was filed less than 2 weeks following the release of the first part of Season 4 of the STRANGER THINGS series, which introduced the THINKING CAP and HELLFIRE CLUB signs, the applicant knew, or must have known, about the existence of the signs THINKING CAP and HELLFIRE CLUB within the STRANGER THINGS series, and the substantial goodwill and reputation accumulated in those signs and in the broader STRANGER THINGS series;
- The purpose of the applicant is to 'free ride' on the substantial goodwill and reputation of the signs THINKING CAP and HELLFIRE CLUB and to take advantage of that goodwill and reputation and/or to misrepresent to the relevant public that the applicant's goods are connected with the opponent and the STRANGER THINGS series;
- Registration or use of the applied-for mark without a licence or other authorisation from the opponent would constitute an act of bad faith, as it is a conduct which departs from accepted principles of ethical behaviour or honest commercial and business practices, and the application should be refused under Section 3(6) of the Act.

6. The applicant filed an amended Form TM8 and counterstatement on 2 February 2023. The Tribunal initially wrote to the applicant requesting him to provide a clearer counterstatement in relation to the opponent's grounds. Although this was not filed, upon further review of the counterstatement filed on 2 February 2023, it was found that it sufficiently provided the applicant's position of denying the Sections 3(6) and

5(4)(a) grounds pleaded. As the applicant's counterstatement is very brief, I reproduce it in full below (emphasis added):

"The Opponent ("Netflix Studios, LLC") stated that it has used the signs "THINKING CAP" and "HELLFIRE CLUB" throughout the UK on May 27, 2022. But I found that:

- The Trade Mark Application No. UK00003793173 for "Thinking Cap." was filed on 27.05.2022 by Thinking Cap. Ltd and was registered on 26.08.2022.

- The Trade Mark Application No. UK00003815938 for "HELLFIRE CLUB" was filed on 02.08.2022, which [is] owned by Netflix Studios, LLC, however, the Trade Mark Application No. UK00003797584 for "Thinkingcaphellfireclub" was filed on 10.06.2022, which owned by Zheng Shu.

- The evidence the Opponent provided couldn't prove that it has used the signs "THINKING CAP" and "HELLFIRE CLUB" in commerce with the goods it stated in Class 28 throughout the UK.

The Opponent submits that the Application has been filed in bad faith is only based on its own speculation. It's well known that the people [who] live in China can't access most external websites including Netflix as network restrictions. The applicant Zheng Shu who has been living [in] China declares he did not know about Netflix and its products before this Opposition."

7. The applicant did not file anything else beyond the counterstatement.

8. The opponent is represented by Morgan, Lewis & Bockius UK LLP. The applicant is represented by BETTERSVAT LIMITED.

9. The opponent filed evidence-in-chief in the form of the witness statement of Ali Buttars, accompanied by 36 exhibits, being those labelled AB1-AB36. Mr Buttars is Director, Trademarks & Brand Protection, Intellectual Property of Netflix, Inc., a company to which the opponent is affiliated. The opponent also filed submissions

dated 23 August 2023.

10. Neither party requested a hearing, nor did they file submissions in lieu. This decision is taken following a careful consideration of the papers.

Relevance of EU Law

11. The provisions of the Act relied upon in these proceedings are assimilated law, as they are derived from EU law. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 (as amended by Schedule 2 of the Retained EU Law (Revocation and Reform) Act 2023) requires tribunals applying assimilated law to follow assimilated EU case law. That is why this decision refers to decisions of the EU courts which predate the UK's withdrawal from the EU.

Section 5(4)(a)

12. Section 5(4)(a) of the Act states as follows:

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

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

(b) [...]

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”.

13. Subsection (4A) of Section 5 states:

“(4A) The condition mentioned in subsection (4)(a) is that the rights to the unregistered trade mark or other sign were acquired prior to the date of

application for registration of the trade mark or date of the priority claimed for that application.”

14. 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).”

Relevant date

15. Since the applicant has not filed any evidence of use that could establish an earlier relevant date, the relevant date in this case is the filing date of the application, namely 10 June 2022.¹

Goodwill

16. In *Inland Revenue Commissioners v Muller & Co’s Margarine Ltd* [1901] AC 217 (HOL), goodwill was described in the following terms:

¹ *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL-O-410/11

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

17. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

“27. There is one major problem in assessing a passing of claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark [1969] R.P.C. 472*). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

18. However, in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat) Floyd J. (as he then was) stated that:

“[The above] observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered or passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

PRELIMINARY REMARKS

19. As it will be recalled, the Form TM8 that has been filed by the applicant is very brief. Insofar as the claim based on Section 5(4)(a) is concerned, the applicant stated:

“The evidence the Opponent provided couldn't prove that it has used the signs "THINKING CAP" and "HELLFIRE CLUB" in commerce with the goods it stated in Class 28 throughout the UK”.

20. Having given the applicant an opportunity to provide further clarification, and having received no response, the Tribunal took the view that what had been filed sufficiently provided the applicant's position of denying the Sections 3(6) and 5(4)(a) grounds pleaded and allowed the proceedings to continue. The Tribunal's view was communicated to the opponent on 23 June 2023.

21. Admittedly, the applicant's statement denies that the opponent used the signs "THINKING CAP" and "HELLFIRE CLUB" in relation to the goods in class 28 identified in the notice of opposition, but says nothing about the alleged use of the signs in relation to *entertainment services; entertainment services in the nature of a dramatic television series; providing online non-downloadable video clips and other multimedia digital content containing audio, video, artwork, and text from or related to a dramatic television series*. Nevertheless, the Tribunal considered that the defence filed addressed the Section 5(4)(a) ground insofar as it denied that the opponent had used the signs "THINKING CAP" and "HELLFIRE CLUB" in trade. Further, the opponent did not take any pleadings point after the Form TM8 was deemed admissible, the

inference being that it agreed with the Tribunal's decision that the applicant's pleadings were adequate. This is all of the more so since the opponent went on to file evidence and submissions with a view of proving its claims, including the claim that it had used the signs in relation to the services identified in the Form TM7, as shown by the following extracts from the opponent's written submissions:

"The Opponent submits that it has used the unregistered signs THINKING CAP and HELLFIRE CLUB throughout the United Kingdom in connection with, at a minimum, the goods and services listed in the TM7 Notice of Opposition since at least 27 May 2022. By virtue of the goodwill and reputation acquired, and the familiarity of the Opponent's customers or potential customers with the Opponent's merchandising activities, the Applicant's use of the Applicant's Mark in the United Kingdom for the goods claimed in the Application would amount to a misrepresentation to the relevant public that the Applicant's goods are offered under license from, endorsed by, or otherwise connected with the Opponent. It is inevitable that damage or a likelihood of damage to the Opponent's goodwill and reputation would flow from such a misrepresentation. Therefore, the Application should be refused registration pursuant to Section 5(4)(a) of the Act".

22. It also appears from the above that the opponent's claim focuses on the goodwill attached to the merchandising activity conducted under and by reference to the signs THINKING CAP and HELLFIRE CLUB and so the applicant's focus on the goods in class 28 appears to be in line with the claim that needs to be considered. I will, therefore, proceed on the basis that the applicant's pleadings are adequate and sufficiently set out the nature of the applicant's case in relation to the issue of passing off. It follows that notwithstanding the applicant did the bare minimum to defend its application, the allegation of passing off must be proven by the opponent.

23. Finally, given the following:

- a) That the gravamen of the opponent's claim is that the applicant could sell unlicensed merchandising goods associated with the opponent's TV series

STRANGER THINGS to which the signs THINKING CAP and HELLFIRE CLUB are linked;

- b) That in character merchandising the character is used to promote goods, whereas the goods promote the film, TV series, pop group, etc. to which they are linked;
- c) That the opponent claims to be the owner of unregistered trade mark rights in the signs THINKING CAP and HELLFIRE CLUB adopted in the TV series called STRANGER THINGS which is available on the opponent's subscription-based streaming service;

the opponent's claim that it is the owner of a substantial goodwill and reputation in the UK in the sale of merchandising goods bearing the signs THINKING CAP and HELLFIRE CLUB is abundantly clear. Further, it has been recognised that character merchandising can have trade origin significance insofar as it indicates to the public that the item has been licensed by the official source of the merchandise and, as such, it can give rise to an actionable goodwill.² However, the supposed rights in the signs THINKING CAP and HELLFIRE CLUB as signs associated with the characters of a TV series produced under a different title are more problematic when it comes to assess them in relation to entertainment services, as it has been argued that rights of property in a film character by the film producer are considered neither goodwill nor copyright.³

24. With these observations in mind, I now turn to consider the evidence filed.

The evidence about passing off

25. A good chunk of the evidence filed by Mr Buttars is about the history of Netflix and its global presence in the entertainment industry as one of the world's premier entertainment companies providing a subscription-based streaming service that

² See *Hearst Holdings Inc & Anor v A.V.E.L.A. Inc & Ors* [2014] EWHC 439 (Ch) in which the High Court held that the claimants had established a goodwill and reputation sufficient to bring a claim in passing off from the sale of character merchandising.

³ Wadlow on the Law of Passing-Off 6th Ed. at 8-498

allows paying members to watch TV shows and movies on an internet-connected device.

26. Whilst the evidence about Netflix as a streaming service provides a background to the opponent's claim that the signs THINKING CAP and HELLFIRE CLUB were used as part of an original TV series called STRANGER THINGS which was produced for (or by) Netflix⁴ and was available on the Netflix's streaming platform prior to the relevant date, in order to succeed in its passing off claim, the opponent must establish that it had a **protectable goodwill in a business associated with the signs THINKING CAP and HELLFIRE CLUB at the relevant date in the UK**. I will therefore focus on the evidence which directly relates to the use of these signs.

27. The evidence indicates that the opponent has used the signs THINKING CAP and HELLFIRE CLUB in relation to character and film merchandising. The TV series in relation to which the signs have been used is called, as I have said, STRANGER THINGS. According to Mr Buttars, STRANGER THINGS is a Netflix original series that premiered exclusively on the Netflix's streaming platform on 1 July 2016. The series is a science fiction horror drama set in the 1980s, which follows a group of characters after the disappearance of their friend in the fictional town of Hawkins, Indiana. Mr Buttars explains that in Season 4 of the series, the character Dustin Henderson consistently wears a baseball cap which is branded with the words THINKING CAP. The series also features a society called the HELLFIRE CLUB led by the character Eddie Munson, in which society members play the game Dungeon and Dragons.

28. I pause here to observe that Mr Buttars' evidence indicates that the signs THINKING CAP and HELLFIRE CLUB were introduced only in the most recent season of the series STRANGER THINGS (i.e. Season 4). Mr Buttars further states that HELLFIRE CLUB is also the title of the first episode of Season 4. In its statement of grounds, the opponent states that Season 4 was premiered on 27 May 2022; this suggests that it was released globally at the same time including in the UK as confirmed by the following examples of UK press coverage indicating that Season 4,

⁴ It is not clear whether the series was produced by Netflix or by another film producer for Netflix; this is not really material as the evidence indicates that since 2014 Netflix began investing in the production of original content and released several original series, one of which is STRANGER THINGS, which is considered part of Netflix original content.

volume 1 (Episodes 1 – 7), of the series STRANGER THINGS was available in the UK on Netflix from 27 May 2022:⁵

- An article from The Telegraph dated 27 May 2022 titled *“Stranger Things, season 4, review: 1980s Americana sci-fi is irresistible - but parents be warned”*. The article states: *“Episodes 1 – 7 of season 4 of Stranger Things are on Netflix now. Episodes 8 and 9 will be available from July 1”*;
- An article from The Times dated 23 May 2022 titled *“Stranger Things review — a brilliantly dark return for a horror like no other”*. The article states: *“Stranger Things, series four, volume one is on Netflix from May 27; volume two is from July 1”*.

29. The most this evidence establishes is that Season 4 of the series STRANGER THINGS - in relation to which the signs THINKING CAP and HELLFIRE CLUB were used - was available to watch on the Netflix’s streaming platform in the UK approximately 2 weeks before the relevant date. The sign HELLFIRE CLUB was also the title of the first episode of Season 4. Admittedly, it is not clear how many Netflix’s subscribers watched the first episode (or, indeed, any other episode) in the UK prior to the relevant date. Nonetheless, the evidence indicates that, by the viewing numbers, the series STRANGER THINGS was a global phenomenon worldwide and one of Netflix’s highest profile series.⁶ The series was incredibly successful in the USA and internationally with the streaming service expanding from 60 countries to over 190 and the series being dubbed in 9 languages and subtitled in 22.⁷ The third and fourth seasons of STRANGER THINGS are listed as the 7th and 2nd most popular TV shows globally in English on Netflix, based on the number of hours these seasons were viewed in their first 91 days.⁸ The series has won 107 awards and garnered 304 nominations, including 57 Emmy Award nominations (including four for Outstanding Dram), and 4 Golden Globe Award nominations (including two for Best Television

⁵ Exhibit AB13

⁶ Mr Buttars’ witness statement paragraph 17

⁷ Exhibit AB12

⁸ Exhibit AB11

Series – Drama). It was also awarded the Brand Activation Award at the 2019 European Festival Awards.

30. Insofar as the UK position is concerned, the series was nominated for Best International Programme at the 2017 British Academy Television Awards (BAFTA)⁹. On the Google search engine, the STRANGER THINGS series was the most searched term in the UK in the 'Television' category in 2022 which, Mr Buttars observes, confirms its status as a phenomenon.¹⁰ An article entitled "*Kate Bush's Running Up That Hill tops charts 37 years on*", published by The Times on 18 June 2022 states that Kate Bush's 1985 track "*Running Up That Hill*" reached Number 1 in the UK and experienced a resurgence in popularity after it was featured in the fourth series of STRANGER THINGS, explaining that in the series the song is the favourite of the teenage character Max Mayfield. The article also confirms that the first seven episodes of the fourth series were released on 27 May 2022.¹¹

31. Although Mr Buttars' evidence does not provide UK viewing figures for STRANGER THINGS, since it took only three weeks from the release of Season 4 for a 1985 track that featured in the series to go to Number 1 in the UK charts, it is reasonable to conclude that in the 2 weeks following the release (i.e. between 27 May 2022 and the relevant date of 10 June 2022), a great proportion of the UK public watched the series, which prompted the sale/download of the song.

32. However, even accepting that Season 4 of the series STRANGER THINGS was watched by a significant proportion of the UK relevant public during the 2 weeks prior to the relevant date, any goodwill generated by the production and distribution of the TV series entitled STRANGER THINGS (and by the provision of related entertainment services) is likely to be associated with the name STRANGER THINGS under which all of the episodes of the four seasons have reached the public (and to which viewers of the series are likely to have attributed trade mark significance). Whilst I bear in mind that the sign HELLFIRE CLUB was also the title of the first episode of Season 4, viewers of TV series tend to identify the name of the series with a particular series,

⁹ Exhibit AB22

¹⁰ Exhibit AB16

¹¹ Exhibit AB14

rather than with titles of episodes. In my view, whilst signs used in a film or TV series might become distinctive of, and associated with the film or TV series itself, any goodwill developed under the film or TV series ought to be primarily associated with the name of the film or TV series.

33. Taking all of the above into account, I am not persuaded that, by the relevant date, the opponent had developed any goodwill in the signs THINKING CAP and HELLFIRE CLUB in relation to the claimed *entertainment services; entertainment services in the nature of a dramatic television series; providing online non-downloadable video clips and other multimedia digital content containing audio, video, artwork, and text from or related to a dramatic television series.*

34. Turning to the goods, Mr Buttars states that consumer product lines based on the STRANGER THINGS series produced by Netflix in partnership with its licensees, have included food, beverage, drinkware, toys, shoes, clothing, hats, games, bags, accessories, skateboards, collectibles, dolls and restaurants.

35. Printouts (undated) of the STRANGER THINGS page of Netflix's official online store are provided;¹² they show examples of HELLFIRE CLUB and THINKING CAP-themed goods, such as t-shirts, dolls, vinyl figurines, phone cases, jackets and hats. Printouts (undated) from the websites of what are said to be Netflix's licensees, including M&S and hmv.com, show examples HELLFIRE CLUB-branded t-shirts, backpacks, mugs, posters, tin tote and mats.¹³ Similarly, printouts (undated) from Amazon UK show examples of THINKING CAP-branded hats and vinyl figurines.¹⁴ In most cases, the price of the goods is in GBP; whilst this establishes that the goods were offered for sale in the UK prior to the evidence being filed, the printouts are undated and, as such, they do not assist the opponent in proving that goods were offered for sale in the UK prior to the relevant date. Furthermore, Mr Buttars failed to provide any invoice that confirms that goods bearing the signs THINKING CAP and HELLFIRE CLUB were sold prior to the relevant date in the UK and no turnover figures or marketing figures relating to THINKING CAP and HELLFIRE CLUB merchandising

¹² Exhibit AB19 and AB27

¹³ Exhibit AB20, AB33-36

¹⁴ Exhibit AB27

have been adduced. Whilst I bear in mind that this evidence is unchallenged, and that it is likely that the goods shown in evidence were offered for sale in the UK contemporaneously with, or soon after, the release of the fourth series (and prior to the relevant date), I am unable to determine the extent of such use.

36. The rest of the evidence suffers from the similar deficiencies, in that the documents exhibited are either undated or do not establish that any sale of merchandising goods bearing the signs THINKING CAP and HELLFIRE CLUB occurred in the UK prior to the relevant date. Consequently, although it is clear that the opponent has offered HELLFIRE CLUB and THINKING CAP merchandise in the UK, I am unable to conclude that it had developed any goodwill under these signs by the relevant date.

37. Since the opponent has not established that it had a protectable goodwill in the signs THINKING CAP and HELLFIRE CLUB at the relevant date, the opposition based on Section 5(4)(a) fails at the first hurdle.

Section 3(6)

38. Section 3(6) of the Act states:

“(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

39. In *Sky Limited & Ors v Skykick, UK Ltd & Ors*, [2021] EWCA Civ 1121 the Court of Appeal considered the case law from *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, Case C-529/07 EU:C:2009:361, *Malaysia Dairy Industries Pte. Ltd v Ankenævnetfor Patenter Varemærker* Case C-320/12, EU:C:2013:435, *Koton Mağazacılık Tekstil Sanayi ve Ticaret AŞ*, Case C-104/18 P, EU:C:2019:724, *Hasbro, Inc. v EUIPO, Kreativni Dogaaji d.o.o. intervening*, Case T-663/19, EU:2021:211, *pelicantravel.com s.r.o. v OHIM, Pelikan Vertriebsgesellschaft mbH & Co KG (intervening)*, Case T-136/11, EU:T:2012:689, and *Psytech International Ltd v OHIM, Institute for Personality & Ability Testing, Inc (intervening)*, Case T-507/08, EU:T:2011:46. It summarised the law as follows:

“68. The following points of relevance to this case can be gleaned from these CJEU authorities:

1. The allegation that a trade mark has been applied for in bad faith is one of the absolute grounds for invalidity of an EU trade mark which can be relied on before the EUIPO or by means of a counterclaim in infringement proceedings: *Lindt* at [34].

2. Bad faith is an autonomous concept of EU trade mark law which must be given a uniform interpretation in the EU: *Malaysia Dairy Industries* at [29].

3. The concept of bad faith presupposes the existence of a dishonest state of mind or intention, but dishonesty is to be understood in the context of trade mark law, i.e. the course of trade and having regard to the objectives of the law namely the establishment and functioning of the internal market, contributing to the system of undistorted competition in the Union, in which each undertaking must, in order to attract and retain customers by the quality of its goods or services, be able to have registered as trade marks signs which enable the consumer, without any possibility of confusion, to distinguish those goods or services from others which have a different origin: *Lindt* at [45]; *Koton Mağazacılık* at [45].

4. The concept of bad faith, so understood, relates to a subjective motivation on the part of the trade mark applicant, namely a dishonest intention or other sinister motive. It involves conduct which departs from accepted standards of ethical behaviour or honest commercial and business practices: *Hasbro* at [41].

5. The date for assessment of bad faith is the time of filing the application: *Lindt* at [35].

6. It is for the party alleging bad faith to prove it: good faith is presumed until the contrary is proved: *Pelikan* at [21] and [40].

7. Where the court or tribunal finds that the objective circumstances of a particular case raise a rebuttable presumption of lack of good faith, it is for the applicant to provide a plausible explanation of the objectives and commercial logic pursued by the application: *Hasbro* at [42].

8. Whether the applicant was acting in bad faith must be the subject of an overall assessment, taking into account all the factors relevant to the particular case: *Lindt* at [37].

9. For that purpose it is necessary to examine the applicant's intention at the time the mark was filed, which is a subjective factor which must be determined by reference to the objective circumstances of the particular case: *Lindt* at [41] – [42].

10. Even where there exist objective indicia pointing towards bad faith, however, it cannot be excluded that the applicant's objective was in pursuit of a legitimate objective, such as excluding copyists: *Lindt* at [49].

11. Bad faith can be established even in cases where no third party is specifically targeted, if the applicant's intention was to obtain the mark for purposes other than those falling within the functions of a trade mark: *Koton Mağazacılık* at [46].

12. It is relevant to consider the extent of the reputation enjoyed by the sign at the time when the application was filed: the extent of that reputation may justify the applicant's interest in seeking wider legal protection for its sign: *Lindt* at [51] to [52].

13. Bad faith cannot be established solely on the basis of the size of the list of goods and services in the application for registration: *Psytech* at [88], *Pelikan* at [54].”

40. According to *Alexander Trade Mark*, BL O/036/18, the key questions for determination in a claim of bad faith are:

(a) What, in concrete terms, was the objective that the applicant has been accused of pursuing?

(b) Was that an objective for the purposes of which the contested application could not be properly filed? and

(c) Was it established that the contested application was filed in pursuit of that objective?

41. It is necessary to ascertain what the applicant knew at the relevant date: *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch). Evidence about subsequent events may be relevant, if it casts light backwards on the position at the relevant date: *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others*, [2009] RPC 9 (approved by the Court of Appeal in England and Wales: [2010] RPC 16).

42. Although the opponent's evidence is uncontested, a *prima facie* case of bad faith is required to overcome the presumption of validity enshrined in Section 72 of the Act. Accordingly, the first question is whether the opponent's *prima facie* case on bad faith is enough to shift the burden of proof and require a response from the applicant.

43. The bad faith allegations are linked to the passing off argument. The opponent's allegation is that the applied-for mark was filed in bad faith contrary to Section 3(6) of the Act 1994 because it represents an illegitimate attempt to take unfair advantage of the goodwill the opponent has built up in the signs THINKING CAP and HELLFIRE CLUB, and/or to misrepresent to the relevant public that the applicant's goods are connected with the opponent and its TV series STRANGER THINGS. Although not clearly pleaded as such, the opponent's claim implies that if the applied-for mark were to be registered, the applicant would obtain monopoly rights in the signs THINKING CAP and HELLFIRE CLUB despite having no rights in those signs and/or in the TV series STRANGER THINGS to which those signs are linked.

44. The mere fact that the applicant knew that another party used the trade mark in the UK does not establish bad faith: *Lindt, Koton* (paragraph 55). The applicant may have reasonably believed that it was entitled to apply to register the mark, e.g. where there had been honest concurrent use of the marks: *Hotel Cipriani*. However, an application to register a mark is likely to have been filed in bad faith where the applicant **knew that a third party used the mark in the UK, or had reason to believe that it wished to do so in the future**, and intended to use the registration to its own **unfair advantage**, e.g. to lever a UK licence from an overseas trader: *Daawat Trade Mark*, [2003] RPC 11, or to gain an unfair advantage by exploiting the reputation of a well-known name: *Trump International Limited v DDTM Operations LLC*, [2019] EWHC 769 (Ch).¹⁵

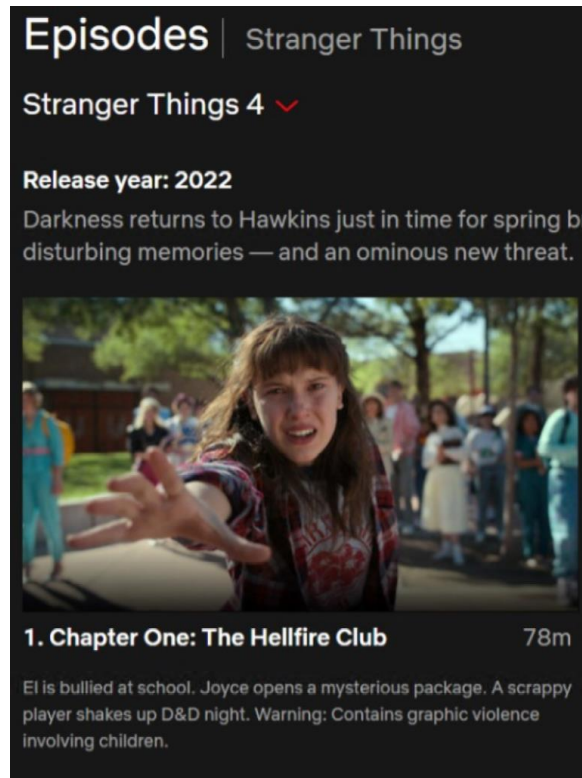
45. In this case, the opponent's use of the signs THINKING CAP and HELLFIRE CLUB in the UK had started on 27 May 2022 (i.e. two weeks prior to the relevant date), when Season 4 of the series STRANGER THINGS was released on the Netflix streaming service. While there is no evidence that the opponent's merchandising activities relating to the signs THINKING CAP and HELLFIRE CLUB in the UK began before the filing date of the applied-for mark, one of the articles exhibited by Mr Buttars¹⁶ demonstrates that on 27 May 2022 the following hat was available for sale on the US Amazon website at the price of \$20:



¹⁵ See also *Malaysia Dairy Industries Pte Ltd v Ankenævnet for Patenter og Varemærker* Case C 320/12 and *Lindt, Koton* (paragraph 55).

¹⁶ Exhibit AB25

46. In addition, although I concluded that at the time the applied-for mark was filed the opponent did not have a goodwill associated with the signs THINKING CAP and HELLFIRE CLUB in the UK, there is some basis in the evidence to say that the signs had acquired some distinctiveness. I refer, in particular, to the evidence that the first episode of Season 4 was called HELLFIRE CLUB and that the title is clearly visible when the viewer selects the episode from the streaming service:



47. Mr Buttars says that the sign HELLFIRE CLUB plays a significant role in the series STRANGER THINGS, as this is the name of a society which prominently features in the plot and focuses on the game Dungeons and Dragons. He also states that throughout the episodes of Season 4, THINKING CAP plays a significant role as Dustin wears a baseball cap prominently featuring the THINKING CAP wording and that coverage of the STRANGER THINGS series has included direct reference to the role of the THINKING CAP as shown by the following extract from one of the articles exhibited in evidence:¹⁷

¹⁷Exhibit AB25

“If you watch the Netflix hit TV series Stranger Things, you’ll have come across a unique item in the show. Warning: There may be some spoilers for season 4, but we’ve tried to stay away from any mention of the plotline so even if you haven’t watched it yet, you can still enjoy the article.

In this season, fan-favorite character Dustin, wears a baseball cap that has now become popular among fans and hat enthusiasts. Therefore, this article will tell you what you need to know about Dustin’s thinking cap from Stranger Things and other similar hats”.

48. The article appears to be dated 7 October 2022. However, in light of the success of the series, it is likely that everything associated with the series, by Season 4 had become a global cultural phenomenon, even in a matter of weeks. Hence, while the distinctive nature of the signs THINKING CAP and HELLFIRE CLUB will have grown over the months since Season 4 was premiered on 27 May 2022, given that these signs were distinctive and visible parts of the plot of the hugely successful series STRANGER THINGS – as demonstrated by various pieces of evidence showing clothing featuring the signs appearing in the series, and by the fact that in less than 3 weeks the series resulted in one of the songs played in it reaching No. 1 in the UK - it is likely that by the time the applied-for mark was filed these signs had become associated with the series, and had acquired some distinctiveness as a result.

49. Bad faith is a serious allegation which must be distinctly proved. It includes not only dishonesty but also some dealings which fall short of the standards of acceptable commercial behaviour observed by a reasonable experienced person in the particular area being examined. The ground of refusal based on bad faith is intended to prevent abuse of the trade mark system and the success of an opposition based on bad faith is not conditional on the opponent being the owner of registered or unregistered trade mark rights in identical or similar signs in the UK; it is sufficient that the opponent has used the sign or that there is reason to believe that it wished to do so in the future.

50. In this case the particular area being examined is that of film or TV series merchandising. The applied-for mark Thinkingcaphellfireclub consists of the signs Thinkingcap and hellfireclub which are identical to the opponent’s signs THINKING

CAP and HELLFIRE CLUB; although the words are conjoined, they are readily perceivable within the mark. The applied-for mark seeks registration for *Toys for pets; Play balloons; Building blocks [toys]; Plush dolls; Halloween masks; Jigsaw puzzles; Inflatable pool toys; Inflatable toys; Indoor play tents; Novelty toys for parties; Squeeze toys; Toy cars; Toy guns; Hand puppets; Beach balls; Talking dolls*. Those are all goods that make great film merchandising as they are all toys, masks, dolls and puppets that could be inspired by a character or a film. By the relevant date the opponent had used the signs THINKING CAP and HELL FIRE CLUB in the UK as part of the hugely successful TV series STRANGER THINGS and the signs had become associated with the series and had acquired some distinctiveness as a result. Against this background, it is not possible in my view to have an innocent explanation for the applicant's conduct, and I agree with the opponent that the applicant's attempt to register the applied-for mark arises from a non-legitimate commercial purpose and a conduct aimed at deceiving the public by misappropriating the opponent's signs with a view of selling unauthorised merchandise without a licence from the opponent and gaining unfair advantage from the opponent's signs.

51. The opponent has established a *prima facie* case of bad faith.

52. The applicant's only defence is that due to being resident in China, he was unaware of the opponent's THINKING CAP and HELLFIRE CLUB signs at the time of filing the application. In this connection, the applicant states that it is well-known that people who live in China cannot access most external websites including Netflix as there are network restrictions.

53. Although the applicant's address recorded on the UKIPO register is in China, it was only given for correspondence purposes, and the applicant has not filed any evidence showing that at the time when he filed the contested application he was living in China or any evidence to support his contention that networks such as Netflix were restricted in China. Most significantly, there is no evidence which proves that in the period between 27 May 2022 (i.e. when Season 4 of the series STRANGER THINGS was released on the Netflix streaming service in the UK and worldwide) and the filing date of the contested application, the applicant was in China and for this reason he could not have been aware that the signs THINKING CAP and HELLFIRE CLUB were

part of Season 4 of the TV series STRANGER THINGS. Furthermore, the applicant did not provide any logical explanation as to how he came up with the mark “Thinkingcaphellfireclub” and why he applied for it, and it seems to me that it is impossible that it was chosen at random.

54. The applicant’s defence does not rebut the *prima facie* case of bad faith that the opponent’s evidence establishes. The ground under Section 3(6) is successful.

OUTCOME

55. The opposition has succeeded. Subject to any appeal against my decision, the application no. UK00003797584 will be refused registration in the UK.

COSTS

56. The opponent has been successful and is, therefore, entitled to a contribution towards its costs based upon the scale published in Tribunal Practice Notice 2/2016. In the circumstances, I award the opponent the sum of **£2,700**, calculated as follows:

Preparing a notice of opposition	£500
Preparing and filing evidence	£1,500
And written submissions:	
Official fee	£200
Total	£2,200

57. I therefore order Zheng Shu to pay Netflix Studios, LLC the sum of **£2,200**. This sum is to be paid within 21 days of the expiry of the appeal period or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings.

Dated this 27th day of June 2024

Teresa Perks
For the Registrar