O-0690-24

TRADE MARKS ACT 1994
IN THE MATTER OF CONSOLIDATED PROCEEDINGS BEING

TRADE MARK APPLICATION NO. 3778817
BY I3I DISTRIBUTION LIMITED
TO REGISTER

SKULL GAMING

AS A TRADE MARK IN CLASSES 9 & 35
AND OPPOSITION THEREOF UNDER NO. 436457
BY SKULLCANDY, INC.

AND

TRADE MARK REGISTRATION NO. 3783980
IN THE NAME OF I3I DISTRIBUTION LIMITED
FOR THE MARK

(SERIES OF THREE)

AND THE APPLICATION FOR INVALIDATION THEREOF
UNDER NO. 505424 BY SKULLCANDY, INC.

BACKGROUND & PLEADINGS

Skullcandy's opposition to 3778817

1. i3i Distribution Limited ("i3i") applied to register the trade mark **SKULL GAMING** ("the contested application") on 19 April 2022. The mark was published in the Trade Marks Journal on 24 June 2022 in classes 9 and 35 for the following goods and services:

Class 9: *computer hardware; computer games.*
Class 35: *retail services in connection with computer hardware and computer games.*

2. Skullcandy, Inc. ("Skullcandy") opposed the contested application in full on 26 September 2022 under sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 ("the Act"). Under section 5(2(b) Skullcandy relies on two comparable UK trade mark registrations[1] and one International Registration ("IR")[2]. The earlier registrations are set out below.

Earlier registrations:	Goods relied on:
UK TM No.903209087 **SKULLCANDY** Filing date: 2 June 2003 Registration date: 13 January 2005 UK TM No.800931600	9: consumer electronic products, including audio headphones, audio devices, audio speakers.

[1] Under Article 54 of the Withdrawal Agreement between the UK and the EU, the UK IPO created comparable UK trade marks for all right holders with an existing registered EUTM or International Registration designating the EU. As a result, the opponent's marks were converted into comparable UK trade marks. Comparable UK marks are now recorded in the UK trade mark register, have the same legal status as if they had been applied for and registered under UK law, and the original filing dates remain the same.
[2] Although the mark appears on the Register in the typeface displayed below, the Register confirms that the mark is, in fact, a word only mark. I will proceed on this basis.

 (“the skull device”) Filing date: 29 June 2007 Registration date: 7 July 2008	9: devices for hands-free use of mobile phones; earphones; headphones.
IR No.1593162 SKULL-IQ Designation date: 12 April 2021 Date of protection in the UK: 7 October 2021 Priority date (USA): 15 October 2020	9: Downloadable and recorded computer operating system software; downloadable mobile data communications software to process voice commands; remote control apparatuses, namely, remote control apparatuses in the nature of a remote control for earphones, headphones, computers, internet services, mobile electronic devices, wearable electronic devices, audio and video players and recorders; apparatus for voice recording, voice printing, and voice recognition; wireless communication devices for the transmission of voice, data, and audio content; electronic voice command and recognition apparatus in the nature of headphones and earphones with remote controls for controlling computers, internet services, applications, mobile electronic devices, wearable electronic

	devices, audio and video players and recorders; electronic devices providing mobile GPS navigation through 3D audio spatialization; downloadable and recorded software application featuring mobile navigation through 3D audio spatialization; 3D audio speakers; biometric sensors for scientific use to collect and track health data and activity; biometric sensors for scientific use to identify individuals; downloadable and recorded computer software for monitoring, measuring, storing, analyzing, and communicating exercise information, activity information and personal information; downloadable and recorded software application for voice recording, voice printing and voice recognition; downloadable and recorded computer software for encryption and security features; downloadable and recorded software that uses artificial intelligence to hear and interpret data, to connect with hardware and software, and to store, manage and process data in the cloud. 42: Platform as a service (paas) featuring computer software for use in connecting mobile devices, headphones, and earphones with internet services and mobile applications; providing online non-downloadable software for use in

	the field of 3D audio spatialization; providing online non-downloadable voice recording, voice printing and voice recognition software; providing online non-downloadable software for encryption and security features; providing online non-downloadable software that uses artificial intelligence to hear and interpret data, to connect with hardware and software, and to store, manage and process data in the cloud.

3. Under section 5(3) Skullcandy relies on UK TM nos. 903209087 and 800931600 only and states that:

> “Due to the significant use made of the Opponent's Earlier Mark(s) and the high quality of the goods supplied under them, the Opponent has generated and enjoys a significant reputation in the UK in connection with the relevant goods. Use of the Contested Application will, without due cause, take unfair advantage including but not limited to creating an association with the Opponent's goods. In addition, use of the Contested Application will, without due cause take unfair advantage including allowing the Applicant to "ride on the coat-tails" of the Opponent's marks thereby benefitting from their power of attraction, their reputation and their prestige, and exploiting the marketing effort expended by the Opponent to create and maintain the image of that mark. Such use is likely to be detrimental to the distinctive character and repute of the Earlier Mark. The Opponent has invested significant sums of money, time and effort to establish and maintain the high quality of its products under the Earlier Mark. Should the quality and characteristics of the Applicant's goods be lower than that offered by the Opponent, the use is liable to have a negative impact on the image of the Opponent's Earlier Mark and goods. As such use by the Applicant will cause

damage to the Opponent, including, but not limited to, dilution, tarnishment and loss of sales…".

4. Under section 5(4)(a) Skullcandy claims use throughout the UK since 2008 for the sign **SKULLCANDY** for *consumer electronic products, including audio headphones, audio devices, audio speakers* and the sign  for *devices for hands-free use of mobile phones; earphones; headphones.*

Skullcandy's cancellation application against 3783980

5. i3i is also the registered proprietor of trade mark registration no. 3783980 ("the contested registration") which is a series of three skull devices, as set out on the title page of this decision. This registration was filed on 3 May 2022, published on 20 May 2022 and registered on 29 July 2022 in classes 9 and 35 for the identical specifications as set out in paragraph 1.

6. Skullcandy's application for invalidation under section 47 of the Act is also based on sections 5(2)(b), 5(3) and 5(4)(a) and it relies on UK TM No.800931600 and the sign  for the same goods as set out in the previous paragraphs.

7. Skullcandy's registrations have filing dates that are earlier than the filing dates of the contested application and registration and are therefore earlier marks, in accordance with section 6 of the Act. As the registration procedures for nos. UK TM nos. 903209087 and 800931600 were completed more than 5 years prior to the filing dates of the contested application and registration, they are subject to the use conditions, as per section 6A of the Act. Skullcandy made a statement of use in respect of all the goods it relies on. Earlier IR No.1593162 has not been registered for five years or more before the filing dates of the contested application and registration so is not subject to the proof of use requirements, as per section 6A of the Act.

I3i's counterstatements

8. i3i filed two counterstatements in defence of its application and registered mark, denying the grounds of opposition/invalidation. It also put Skullcandy to proof of use.

9. Both parties filed evidence and written submissions in lieu of a hearing. Both have been represented throughout these proceedings. Skullcandy is represented by HGF Limited and i3i by Withers & Rogers LLP.

10. I make this decision following consideration of all the papers before me.

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.

EVIDENCE

Relevant period

12. My first task is to establish whether, or to what extent, Skullcandy has shown genuine use of its earlier marks within the 'relevant period'. The relevant period is defined as being a period of five years ending with the filing date of the contested application or registration. In this case the relevant periods will vary slightly by a few days. For the opposition proceedings the relevant period is 20 April 2017 to 19 April 2022 and for the invalidation proceedings the relevant period is 4 May 2017 to 3 May 2022.

Skullcandy's evidence in chief

13. Skullcandy filed a witness statement and 23 associated exhibits dated 22 March 2023 in the name of James Nance, its General Counsel. I do not intend to summarise the evidence in fine detail here but I have drawn out the most relevant points below.

14. Mr Nance states that the marks SKULLCANDY and the skull device were first used in the UK in 2008 on *consumer electronic products, including audio headphones, audio*

devices, audio speakers and *devices for hands free use of mobile phones; earphones; headphones.* Courtesy of the Wayback Machine internet archive service, Exhibits JN4 and JN5 show several of Skullcandy's social media posts and website pages, dated between 2011 and 2019, demonstrating headphone products on which the marks appear and that are for sale in pounds sterling. Some illustrative examples of the positioning of the earlier marks on the goods from the relevant period are shown below.

15. Mr Nance states that during the relevant periods Skullcandy's goods bearing its trade marks were sold in the UK from its own website, www.skullcandy.co.uk, and by third party retailers such as AO, Argos, Amazon, Sainsburys, Asda, Robert Dyas among others as well as electronics and audio specialist retailers.[3] In addition Mr Nance states that Skullcandy's products are featured in specific "gaming" subsections of the following retailers websites, namely Game, SCAN, LimeProGaming, 365games.co.uk, BOX and Currys.

16. Mr Nance gives the following unit sales in the UK for Skullcandy's goods:

[3] Exhibit JN6

Year	Total Units Sold in UK
2022	In excess of 845,000 units
2021	In excess of 985,000 units
2020	In excess of 920,000 units
2019	In excess of 1.1 million units
2018	In excess of 1.2 million units
2017	In excess of 1.4 million units
2016	In excess of 1.7 million units
2015	In excess of 1.2 million units
2014	In excess of 1.2 million units
2013	In excess of 1.2 million units

17. Mr Nance also provides the following turnover breakdown for headphones, speakers and accessories:

Year	Annual Turnover For Various Types Of Headphones And Earphones, Including A Gaming Headset	Annual Turnover For Speakers
2022	In excess of £12.4 million	In excess of £40
2021	In excess of £13.6 million	In excess of £100
2020	In excess of £13.2 million	In excess of £2,200
2019	In excess of £12.3 million	In excess of £13,000
2018	In excess of £11.2 million	In excess of £36,000
2017	In excess of £12.1 million	In excess of £125,000
2016	In excess of £12 million	In excess of £330,000

18. With regard to advertising expenditure Mr Nance states that the following sums have been spent on advertising and marketing Skullcandy's goods in the UK:

Year	Advertising and Marketing Expenditure in the UK
2019	In excess of £390,000
2018	In excess of £250,000
2017	In excess of £200,000
2016	In excess of £350,000
2015	In excess of £600,000
2014	In excess of £450,000
2013	In excess of £150,000

19. Mr Nance exhibits a number of online reviews[4] dated between 2017 and 2018 in the form of a clippings services provided by a third party, Kinc. The clippings are taken from various UK online and print publications, including What Hi-fi, Expert Reviews, Ape to Gentlemen, thisisxbox.com, The Independent and Yahoo News among others. Two illustrative examples of the review clippings of the goods from the relevant period are shown below.

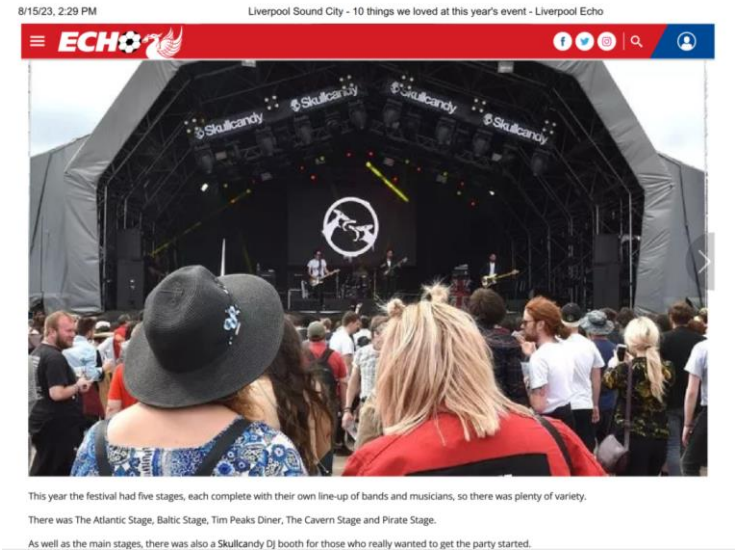
[4] Exhibit JN12

20. The evidence also provides examples of Skullcandy's sponsorship of various music events and festivals around the UK between 2015 and 2019. Details of which are set out below.[5]

Year	Event	Location
2015	#Stayloud Concert	Hammersmith Palais, London, UK
2017	The Atlantic Stage	Liverpool, UK
2017	The Ponderosa	Sheffield, UK
2017	NASS Festival	Shepton Mallet, UK
2017	Visions Festival	Hackney, London, UK
2017	Liverpool Sound City Festival	Liverpool, UK
2017	Tramlines Festival	Sheffield, UK
2017	Simple Things Festival	Bristol, UK
2018	Alma "Now Feel This Concert"	Heaven, London, UK
2018	Jay Prince "Now Feel this Concert"	Omeara, London, UK
2018	Venue Launch	Soho Radio, London, UK
2019	Crusch ANC Launch Event	Redbull HQ, London, UK

21. Mr Nance states that attendance at these events was in the tens of thousands and the events were also covered online, and on social media. Images from the festivals include use of the earlier marks on signage, and other 'merchandise' type goods such clothing, bags and beachballs. There are also images of Skullcandy's headphone goods. Three illustrative images from the Nass Festival, the Stayloud concert and the Liverpool Sound City festival are given below.

[5] Exhibits JN13 & 14



22. Mr Nance also exhibits material relating to Skullcandy's sponsorship of the Force India F1 team's fan zone events in 2015 and 2016 at the British Grand Prix in Silverstone.[6] Fan zone events take place in the Silverstone Woodlands official F1 campsite. Approximately 17000 people are stated to attend for the 5 day duration of the British Grand Prix event. An illustration of the Skullcandy presence at the Silverstone Woodlands festival is shown below:

[6] Exhibit JN16

23. Mr Nance also exhibits a number of UK and US press and media articles/reviews dated between 2009 and 2017 pertaining to the use of its goods in the music, gaming and sports industries[7] and in addition where Skullcandy's goods have been rated as "best" in specific headphone categories such as "Best Bluetooth" from Expert Reviews dated 2017, "Best budget headphones" from Tech Advisor dated 2017 and "Best headphones" from Gadget Central dated 2017. [8] With particular regard to gaming Mr Nance exhibits an undated article[9] from Decortweaks.com (printed in March 2023) entitled "are Skullcandy Headphones & earbuds good for gaming?". There is also an article dated 2017 from gamereactor.eu entitled "Quick look – Skullcandy Crusher wireless". Also exhibited are additional articles from Gametyrant.com dated 2022 which recommends two Skullcandy headsets. However this appears to be a US facing website as the products listed are for sale in US$. Likewise articles from pcmag.com (dated 2013), forbes.com (2015) and Techgaming.com (2013) which reference Skullcandy products also feature US$ references.

Applicant's evidence

24. In addition to filing written submissions rebutting elements of Skullcandy's evidence in chief, namely that the evidence does not show use from the relevant period, i3i also filed a witness statement in the name of Mark Caddle, who is a

[7] Exhibit JN22
[8] Exhibit JN23
[9] Exhibit JN23

Chartered Trade Mark Attorney and Partner at Withers & Rogers LLP, i3i's legal representatives in this case. Mr Caddle attached 3 exhibits. The evidence comprises a report from a third party statistics agency dated 2022 which states that Skullcandy has less than 1% market share in the UK for electronics and media sales[10], an undated example from the Dell.com/en-uk website demonstrating two laptop models where a skull device is apparent on the product tab[11], and reviews from the following websites, namely CNET.com dated 2015, Pastemagazine.com dated 2016 and 2017, Whathifi.com dated 2018 and 2019. All reviews cover what are deemed as "affordable" headphone products but in which Skullcandy's goods do not feature..[12]

Skullcandy's evidence in reply

25. Skullcandy filed evidence in reply by means of a witness statement dated 19 August 2023 in the name of Christopher Dolan, a Partner at Barnes & Thornburg LLP, Skullcandy's US legal representative. Mr Dolan attached 12 exhibits. Mr Dolan's evidence in reply and associated exhibits provide more detailed information on the use of the two earlier registrations during the relevant periods by means of Wayback Machine screenshots of Skullcandy's own website and that of other third party retailers showing products bearing the marks for sale in pounds sterling.[13] Mr Dolan also exhibits additional information on the UK events sponsored by Skullcandy.[14]

26. This concludes my summary of the evidence.

Proof of use in relation to nos. 903209087 and 800931600

The relevant statutory provision is Section 6A, which reads as follows:

27. "(1) This section applies where

(a) an application for registration of a trade mark has been published,

[10] Exhibit MC01
[11] Exhibit MC02
[12] Exhibit MC03
[13] Exhibits CMD4,5 & 6
[14] Exhibit CMD10

(b) there is an earlier trade mark of a kind falling within section 6(1)(a), (aa) or (ba) in relation to which the conditions set out in section 5(1), (2) or (3) obtain, and

(c) the registration procedure for the earlier trade mark was completed before the start of the relevant period.

(1A) In this section "the relevant period" means the period of 5 years ending with the date of the application for registration mentioned in subsection (1)(a) or (where applicable) the date of the priority claimed for that application.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.

(3) The use conditions are met if –

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

(b) the earlier trade mark has not been so used, but there are proper reasons for non- use.

(4) For these purposes -

(a) use of a trade mark includes use in a form (the "variant form") differing in elements which do not alter the distinctive character of the mark in the form in which it was registered (regardless of whether or not the trade mark in the variant form is also registered in the name of the proprietor), and

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

(5)-(5A) [Repealed]

(6) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services."

28. As the earlier marks are comparable marks, paragraph 7 of Part 1, Schedule 2A of the Act is also relevant. It reads:

"7.— (1) Section 6A applies where an earlier trade mark is a comparable trade mark (EU), subject to the modifications set out below.

(2) Where the relevant period referred to in section 6A(3)(a) (the "five-year period") has expired before IP completion day—

(a) the references in section 6A(3) and (6) to the earlier trade mark are to be treated as references to the corresponding EUTM; and

(b) the references in section 6A(3) and (4) to the United Kingdom include the European Union.

(3) Where [IP completion day] falls within the five-year period, in respect of that part of the five-year period which falls before IP completion day —

(a) the references in section 6A(3) and (6) to the earlier trade mark are to be treated as references to the corresponding EUTM ; and

(b) the references in section 6A to the United Kingdom include the European Union".

29. Section 100 of the Act states that:

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

30. In *easyGroup Ltd v Nuclei Ltd & Ors* [2023] EWCA Civ 1247, Arnold LJ summarised the law relating to genuine use as follows:

“105. The principles applicable to determining whether there has been genuine use of a trade mark have been considered by the CJEU in a considerable number of cases, the principal decisions being Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439, Case C-259/02 *La Mer Technology Inc v Laboratories Goemar SA* [2004] ECR I-1159, Case C-416/04 P *Sunrider Corp* v *Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I-4237, Case C-442/07 *Verein Radetsky-Order v Bundervsvereinigung Kamaradschaft 'Feldmarschall Radetsky'*[2008] ECR I-9223, Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759, Case C-149/11 *Leno Merken BV v Hagelkruis Beheer BV* [EU:C:2012:816], Case C-609/11 *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], Case C-141/13 *P Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089], Case C-689/15 *W.F. Gözze Frottierweberei GmbH v Verein Bremer Baumwollbörse* [EU:C:2017:434] and Joined Cases C–720/18 and C–721/18 *Ferrari SpA v DU* [EU:C:2020:854].

106. Ignoring issues which do not arise in the present case, such as use in relation to spare parts or second-hand goods and use in relation to a sub-category of goods or services, the principles may be summarised as follows:

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

(2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at[36]; *Sunrider* at [70]; *Verein* at [13]; *Centrotherm* at [71]; *Leno* at [29]; *Ferrari* at [32].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Centrotherm* at [71]; *Leno* at [29]; *Gözze* at [37], [40]; *Ferrari* at [32].

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

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

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: *Ansul* at [38] and [39]; *La Mer* at [22]-[23]; *Sunrider* at [70]-[71], [76]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34]; *Leno* at [29]-[30], [56]; *Ferrari* at [33].

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no *de*

minimis rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72]; *Leno* at [55].

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

31. I also find the following case law to be of use where in *Awareness Limited v Plymouth City Council*[15], Mr Daniel Alexander Q.C. (as he was then) as the Appointed Person stated that:

"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."

and further at paragraph 28:

"28. ..... I can understand the rationale for the evidence being as it was but suggest that, for the future, if a broad class, such as "tuition services", is sought to be defended on the basis of narrow use within the category (such as for classes of a particular kind) the evidence should not state that the mark has been used in relation to "tuition services" even by compendious reference to the trade mark specification. The evidence should make it clear, with precision, what specific use there has been and explain why, if the use has only been

[15] Case BL O/236/13

narrow, why a broader category is nonetheless appropriate for the specification. Broad statements purporting to verify use over a wide range by reference to the wording of a trade mark specification when supportable only in respect of a much narrower range should be critically considered in any draft evidence proposed to be submitted."

32. In *Dosenbach-Ochsner Ag Schuhe Und Sport v Continental Shelf 128 Ltd*[16], Mr Geoffrey Hobbs Q.C. (as he was then) also sitting as the Appointed Person stated that:

"21. The assessment of a witness statement for probative value necessarily focuses upon its sufficiency for the purpose of satisfying the decision taker with regard to whatever it is that falls to be determined, on the balance of probabilities, in the particular context of the case at hand. As Mann J. observed in *Matsushita Electric Industrial Co. v. Comptroller- General of Patents* [2008] EWHC 2071 (Pat); [2008] R.P.C. 35:

> [24] As I have said, the act of being satisfied is a matter of judgment. Forming a judgment requires the weighing of evidence and other factors. The evidence required in any particular case where satisfaction is required depends on the nature of the inquiry and the nature and purpose of the decision which is to be made. For example, where a tribunal has to be satisfied as to the age of a person, it may sometimes be sufficient for that person to assert in a form or otherwise what his or her age is, or what their date of birth is; in others, more formal proof in the form of, for example, a birth certificate will be required. It all depends who is asking the question, why they are asking the question, and what is going to be done with the answer when it is given. There can be no universal rule as to what level of evidence has to be provided in order to satisfy a decision-making body about that of which that body has to be satisfied.

[16] Case BL O/404/13

22. When it comes to proof of use for the purpose of determining the extent (if any) to which the protection conferred by registration of a trade mark can legitimately be maintained, the decision taker must form a view as to what the evidence does and just as importantly what it does not *'show'* (per Section 100 of the Act) with regard to the actuality of use in relation to goods or services covered by the registration. The evidence in question can properly be assessed for sufficiency (or the lack of it) by reference to the specificity (or lack of it) with which it addresses the actuality of use."

Sufficiency of use of SKULLCANDY and the skull device

33. The evidence shows the marks SKULLCANDY and the skull device being used on the goods themselves and in text articles in relation to the goods during the relevant periods. Moreover, Skullcandy has demonstrated a consistently high sales turnover up to 2022 and has demonstrated that the goods are available for sale in national retailers and that there is a UK wide customer base. I accept that the advertising expenditure and sponsorship activities only go up to 2019 in the UK. I presume it stops at this date as the covid pandemic curtailed many business activities in the following 2 years. I note from i3i's evidence that Skullcandy is stated to have less than a 1% share of the UK electronics market. I do not find this exhibit to be out of step with the evidence filed by Skullcandy which clearly shows annual turnover in the relevant period to be in excess of £11m. Given the size of that market is huge if it contains all electronic products, then even a less than 1% share is not insignificant. Overall I find that the evidence supports the statements made by Skullcandy in its witness statement and find that there has been genuine use of the earlier marks during the relevant periods, on the following goods, namely *audio headphones; audio speakers*; *earphones; headphones.*

Section 5(2)(b)

31. Section 5(2)(b) of the Act is as follows:

> "5(2) A trade mark shall not be registered if because-
>
> (b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, there exists a likelihood of

confusion on the part of the public, which includes the likelihood of association with the earlier trade mark".

32. The following principles are gleaned from the judgments of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V*, Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C3/03, *Medion AG v Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L.Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

The principles:

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

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

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

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

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

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

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

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

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

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

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

Comparison of the goods and services

33. In the judgment of the Court of Justice of the European Union ("CJEU") in *Canon*[17], the court stated at paragraph 23 of its judgment that:

> "In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be

[17] Case C-39/97

taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary".

34. The relevant factors identified by Jacob J. (as he then was) in the Treat case[18], for assessing similarity were:

(a) The respective uses of the respective goods or services;

(b) The respective users of the respective goods or services;

(c) The physical nature of the goods or acts of service;

(d) The respective trade channels through which the goods or services reach the market;

(e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be, found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;

(f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

35. In *Kurt Hesse v OHIM*,[19] the CJEU stated that complementarity is an autonomous criterion capable of being the sole basis for the existence of similarity between goods. In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM*),[20] the General Court stated that "complementary" means:

[18] [1996] R.P.C. 281
[19] Case C-50/15 P
[20] Case T-325/06

> "...there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking".

36. In *Oakley, Inc v OHIM*,[21] at paragraphs 46-57, the GC held that although retail services are different in nature, purpose and method of use to goods, retail services for particular goods may be complementary to those goods, and distributed through the same trade channels, and therefore similar to a degree.

37. In *Tony Van Gulck v Wasabi Frog Ltd,*[22] Mr Geoffrey Hobbs Q.C. as the Appointed Person reviewed the law concerning retail services v goods. He said (at paragraph 9 of his judgment) that:

> "9. The position with regard to the question of conflict between use of **BOO!** for handbags in Class 18 and shoes for women in Class 25 and use of **MissBoo** for the Listed Services is considerably more complex. There are four main reasons for that: (i) selling and offering to sell goods does not, in itself, amount to providing retail services in Class 35; (ii) an application for registration of a trade mark for retail services in Class 35 can validly describe the retail services for which protection is requested in general terms; (iii) for the purpose of determining whether such an application is objectionable under Section 5(2)(b), it is necessary to ascertain whether there is a likelihood of confusion with the opponent's earlier trade mark in all the circumstances in which the trade mark applied for might be used if it were to be registered; (iv) the criteria for determining whether, when and to what degree services are *'similar'* to goods are not clear cut."

38. However, on the basis of the European courts' judgments in *Sanco SA v OHIM*, Case C-411/13P and *Assembled Investments (Proprietary) Ltd v. OHIM,* Case T-105/05*,* at paragraphs [30] to [35] of the judgment, upheld on appeal in *Waterford*

[21] Case T-116/06
[22] Case BL O/391/14

Wedgewood Plc v. Assembled Investments (Proprietary) Ltd Case C-398/07P, Mr Hobbs concluded that:

> i) Goods and services are not similar on the basis that they are complementary if the complementarity between them is insufficiently pronounced that, from the consumer's point of view, they are unlikely to be offered by one and the same undertaking;
>
> ii) In making a comparison involving a mark registered for goods and a mark proposed to be registered for retail services (or vice versa), it is necessary to envisage the retail services normally associated with the opponent's goods and then to compare the opponent's goods with the retail services covered by the applicant's trade mark;
>
> iii) It is not permissible to treat a mark registered for 'retail services for goods X' as though the mark was registered for goods X;
>
> iv) The General Court's findings in *Oakley* did not mean that goods could only be regarded as similar to retail services where the retail services related to exactly the same goods as those for which the other party's trade mark was registered (or proposed to be registered).

39. The goods and services to be compared are set out below:

Skullcandy's goods on which they can rely for UK TM Nos. 903209087 & 800931600	**Skullcandy's goods and services for IR1593162**	**I3i's goods and services**

9: audio headphones; audio speakers; *earphones; headphones.*	*9: Downloadable and recorded computer operating system software; downloadable mobile data communications software to process voice commands; remote control apparatuses, namely, remote control apparatuses in the nature of a remote control for earphones, headphones, computers, internet services, mobile electronic devices, wearable electronic devices, audio and video players and recorders; apparatus for voice recording, voice printing, and voice recognition; wireless communication devices for the transmission of voice, data, and audio content; electronic voice command and recognition apparatus in the nature of headphones and earphones with remote controls for controlling computers, internet services, applications, mobile electronic devices, wearable electronic devices, audio and video players and recorders; electronic devices providing mobile GPS navigation through 3D audio spatialization; downloadable and recorded software application featuring mobile navigation through 3D audio spatialization; 3D audio speakers; biometric sensors for scientific use to collect and track health data and activity; biometric sensors for scientific use to identify individuals;*	9: *computer hardware; computer games.*

	downloadable and recorded computer software for monitoring, measuring, storing, analyzing, and communicating exercise information, activity information and personal information; downloadable and recorded software application for voice recording, voice printing and voice recognition; downloadable and recorded computer software for encryption and security features; downloadable and recorded software that uses artificial intelligence to hear and interpret data, to connect with hardware and software, and to store, manage and process data in the cloud.	
		35: *retail services in connection with computer hardware and computer games*
	42: Platform as a service (paas) featuring computer software for use in connecting mobile devices, headphones, and earphones with internet services and mobile applications; providing online non-downloadable software for use in the field of 3D audio spatialization; providing online non-downloadable	

	voice recording, voice printing and voice recognition software; providing online non-downloadable software for encryption and security features; providing online non-downloadable software that uses artificial intelligence to hear and interpret data, to connect with hardware and software, and to store, manage and process data in the cloud.	

40. For the purpose of a comparison, it is appropriate to group related goods and services together, where they are sufficiently comparable to do so[23].

Computer hardware

41. I take the term *computer hardware* to be the physical parts of a computer system which would include the hard drive, screen(s) and peripherals, including hardware which enables the user to hear sound, whether that is inbuilt or in the form of additional hardware. I find this term to be similar to Skullcandy's terms *audio headphones; audio speakers*; *earphones; headphones* and *remote control apparatuses, namely, remote control apparatuses in the nature of a remote control for earphones, headphones, mobile electronic devices, wearable electronic devices, audio and video players and recorders*. They would likely be sold through the same channels of trade and to some of the same users. It is also likely that the average consumer may perceive the same undertaking to be responsible for the goods. Moreover the respective goods are complementary to each other. Overall I find these goods to be similar to a low degree.

Computer games

42. Skullcandy's headphones and other audio related goods can be used by those playing computer games. The respective goods differ in nature, method of use and

[23] *Separode Trade Mark* decision, BL O-399-10 (AP)

purpose. Computer games themselves provide a form of technical challenge or entertainment, however audio accessories enable the player to hear the game and/or other playing participants. Their users will intersect and there may be some overlap in channels of trade, i.e. the goods could be found together in a gaming specific section of a retail premises or online equivalent, as was evidenced in exhibit JN7. Audio goods, such as headphones or speakers, are not indispensable to computer games but they are commonly used together, as part of gameplay. Moreover, the responsibility for the goods may be perceived as belonging to the same undertakings. Overall I find the goods are similar to a medium degree.

Retail services in connection with computer hardware and computer games.

43. I note that according to case law, Skullcandy's goods and i3i's retail services are different in nature, purpose and methods of use. However, from the extract of *Oakley* set out above, I also note that retail services for some particular goods may be considered complementary to those goods and distributed through the same trading channels, making them similar to a degree. Taking this guidance into account, I find i3i's term *retail services in connection with computer hardware and computer games* to be complementary and therefore similar to a low degree to the Skullcandy's goods, namely *audio headphones; audio speakers*; *earphones; headphones* and *remote control apparatuses, namely, remote control apparatuses in the nature of a remote control for earphones, headphones, mobile electronic devices, wearable electronic devices, audio and video players and recorders.*

Average consumer and the purchasing process

44. I next consider who the average consumer is for the goods and services at issue and how they are purchased. It is settled case law that the average consumer is deemed to be reasonably well informed and reasonably observant and circumspect.[24] For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question.[25]

[24] *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited,* [2014] EWHC 439 (Ch)
[25] *Lloyd Schuhfabrik Meyer,* Case C-342/97.

45. The average consumer for the contested goods and services will be members of the general public. The cost of hardware and audio related goods is likely to vary on a scale from inexpensive to very expensive depending on the computer system. Computer games prices can also vary. I consider hardware and audio goods to be an infrequent purchase whereas games are bought/streamed much more frequently. Different factors will come into play when choosing goods for purchase. For hardware and audio goods, these factors may include compatibility with computer systems, audio quality or aesthetics. For computer games, the factors may include quality of gameplay, style of game and interactivity with other players. In my view, the average consumer is likely to pay a medium degree of attention during the purchasing process, but that could be elevated to a higher degree for particularly expensive pieces of hardware.

46. The goods are likely to be self-selected from the shelves of a retail outlet or online equivalent. Consequently, visual considerations are likely to dominate the purchasing process. However, I do not discount an aural component to the purchase such as word of mouth recommendations or if advice is sought from retail assistants prior to purchase.

Mark comparisons

47. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a trade mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the trade marks must be assessed by reference to the overall impressions created by the trade marks, bearing in mind their distinctive and dominant components. The CJEU stated at paragraph 34 of its judgment in *Bimbo SA v OHIM*[26], that:

> "… it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall

[26] Case C-591/12P

impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion."

48. It would be wrong, therefore, to artificially dissect the trade marks, although it is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

49. The respective trade marks to be compared are:

Skullcandy's marks relied in opposition	**I3i's contested application**
SKULLCANDY  SKULL-IQ	SKULL GAMING
Skullcandy's mark relied on in invalidation	**I3i's contested registration**
	

50. Skullcandy relies on three earlier registrations in the opposition proceedings. Two of these registrations are word marks, namely SKULLCANDY presented as one continuous word, although it may be seen as the conjoining of two known words and SKULL-IQ presented as two elements separated by a hyphen. These two word marks have no other aspect to them. In both cases, neither word dominates and both words in each case make an equal contribution to the overall impression of the whole.

51. Skullcandy also relies on the skull device in its opposition and invalidation claims. The device consists of the front part of a skull minus the lower jaw with visible eye and nose sockets. The skull is also tilted slightly to the left. The overall impression is derived from this presentation.

52. i3i's contested application is a word mark consisting of two elements, namely SKULL and GAMING. Although the two words are equal in scale, I find the dominant element of the mark will be SKULL as GAMING is descriptive for computer games and is at least allusive to computer hardware.

53. i3i's contested registration consists of a series of three devices. The devices are skulls minus the lower jaw with visible eye and nose sockets comprised entirely of short lines with circles at either end. The devices are facing forward and are rendered as a white image on a black background, as a black image and as a blue image. The overall impression is derived from this presentation.

Visual similarity

54. All marks which have word elements share the same word, namely SKULL. It is the first word of all the respective marks and the points of difference occur only in the second half of the marks, namely the addition of CANDY and IQ for Skullcandy and GAMING for i3i. Overall I find there is a medium degree of visual similarity.

55. Turning to Skullcandy's skull device and i3i's contested application SKULL GAMING, I do not find there is any visual similarity as one mark is a device only and the other mark consists of words only.

56. Finally with regard to Skullcandy's skull device and i3i's contested registration, I find there is only a low degree of visuality similarity as whilst both feature the front section of skull minus the lower jaw with visible eye and nose sockets, the stylisation is different due to the nature of the composition. I3i's skull marks are made up of lines and circles, Skullcandy's skull mark is a black silhouette. Put simply the respective marks look very different to each other.

Aural similarity

57. All marks share the same word, namely SKULL, will also share the same pronunciation. The points of aural difference occur in the second half of the word marks, namely the addition of CANDY and IQ for Skullcandy and GAMING for i3i, all of which are likely to be verbalised. As such I find there is a medium degree of aural similarity.

58. No aural comparison is made for device only marks.

Conceptual similarity

59. Turning now to the conceptual comparison, it is settled case law that for a conceptual message to be relevant it must be capable of immediate grasp by the average consumer.[27] The shared word SKULL in common to all the word only marks will have an identical concept as the part of the skeleton which consists of the facial bones and a cavity to protect the brain. The remaining other words namely CANDY, IQ and GAMING will each bring to mind different concepts. Therefore there will be an altered conceptual hook from simply the word SKULL, even if that different concept has no apparent conventional meaning or is indeed meaningless. Taking all this into account I find the respective word marks are conceptually similar only to a low degree by virtue of the shared SKULL element.

60. Skullcandy's skull device will clearly bring to mind the concept of a skull as will i3i's series of three skull devices, albeit different skulls. These concepts are identical.

Distinctiveness of the earlier marks

[27] This is highlighted in numerous judgments of the GC and the CJEU including *Ruiz Picasso v OHIM [2006]* e.c.r.-I-643; [2006] E.T.M.R. 29.

61. The degree of distinctiveness of the earlier marks must be assessed. This is because the more distinctive an earlier mark, based either on inherent qualities or because of use made, the greater the likelihood of confusion. In *Lloyd Schuhfabrik Meyer*[28] the CJEU stated that:

> "22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* v *Huber and Attenberger* [1999] ECR I-0000, paragraph 49).
>
> 23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51)."

63. Registered trade marks possess varying degrees of inherent distinctive character starting from the very low, because they are suggestive of, or allude to, a characteristic of the goods or services, scaling up to those with high inherent distinctive character, such as invented words.

64. I begin by considering the inherent position. The marks SKULLCANDY and SKULL-IQ comprise ordinary dictionary words in somewhat unusual combinations but

[28] *Lloyd Schuhfabrik Meyer & Co. GmbH* v *Klijsen Handel BV,* Case C-342/97

which have no meaning in relation to the goods and services for which they are registered. Likewise the skull device has no meaning in relation to its registered goods. I find therefore these marks are inherently distinctive to a medium degree.

65. I turn now to consider whether Skullcandy can claim enhanced distinctiveness of its earlier marks, namely SKULLCANDY and the skull device, because of the use made of them. The relevant market I must consider is the UK and I take into account the *Chiemsee* factors given in the extract above. I note from the evidence that the marks have been continuously used in the UK since 2008 and the goods are retailed by Skullcandy from its own website and by UK retailers throughout the UK. Although no market share is given, Skullcandy has evidenced a consistent turnover and there are instances of Skullcandy's goods being reviewed in specialist audio and gaming publications, all of which is in Skullcandy's favour. Skullcandy has also evidenced some promotional activity and sponsorship of music and sporting UK events during the relevant period although there was nothing later than 2019. Taking all of the above into account, I find that the distinctiveness of Skullcandy's SKULLCANDY and the skull device have been modestly enhanced to a high degree through their use in the UK in relation to their registered goods.

Likelihood of confusion

66. Confusion can be direct or indirect. Direct confusion involves the average consumer mistaking one mark for the other, while indirect confusion is where the average consumer realises the marks are not the same but puts the similarity that exists between the marks and the goods and services down to the responsible undertakings being the same or related. There is no scientific formula to apply in determining whether there is a likelihood of confusion; rather, it is a global assessment where a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and services and vice versa. As I mentioned above, it is necessary for me to keep in mind the distinctive character of the opponent's registrations, the average consumer for the goods and services the nature of the purchasing process. In doing so, I must be alert to the fact that the average consumer rarely has the opportunity to make direct comparisons

between trade marks and must instead rely upon the imperfect picture of them that they have retained in their mind.

67. In *L.A. Sugar Limited,*[29] Mr Iain Purvis Q.C. (as he then was), sitting as the Appointed Person, explained that:

> "16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: "The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark".

68. I also bear in mind that there must be a "proper basis" for finding indirect confusion where there is no direct confusion.[30]

69. So far in this decision I have found:

- The goods and services are similar to varying degrees.
- The average consumer for the goods and services are the general public paying a medium to high degree of attention in a predominantly visual purchasing process.
- There is a medium degree of visual and aural similarity between Skullcandy's SKULLCANDY and SKULL-IQ marks and i3i's SKULL GAMING.
- There is a low degree of conceptual similarity between Skullcandy's SKULLCANDY and SKULL-IQ marks and i3i's SKULL GAMING.

[29] *L.A. Sugar Limited v By Back Beat Inc*, Case BL O/375/10
[30] *Liverpool Gin Distillery Ltd & Ors v Sazerac Brands, LLC & Ors* [2021] EWCA Civ 1207

- There is a low degree of visual similarity but conceptual identity between Skullcandy's skull device and i3i's contested registration.
- Skullcandy's earlier marks are inherently distinctive to a high degree and the distinctiveness of SKULLCANDY and the skull device has been modestly enhanced through use.

70. Taking the word marks first, all marks clearly share SKULL at the beginning of their respective constructions. However even taking into account the case law relating to the beginnings of words[31] and the enhanced distinctiveness of the earlier marks, I find this similarity is outweighed by the differences, namely the additional elements CANDY, IQ and GAMING. These additional elements are sufficient in my view for the average consumer not to directly confuse the marks, that is to mistake one mark for the other even where the goods and services are similar. Therefore I find there is no likelihood of direct confusion.

71. I now consider whether there is any indirect confusion. I remind myself of the guidance given in *L.A.Sugar* that indirect confusion requires a consumer to undertake a thought process whereby they acknowledge the differences between the marks yet attribute the common element to a shared undertaking, taking one mark to be a possible brand extension or sub brand of the other mark.

72. I find that the average consumer on seeing SKULL GAMING may note the additional element but given the descriptive nature of GAMING will likely assume that this could be a brand extension, i.e. that it is a product from the Skullcandy stable of goods, alongside SKULL-IQ, and suitable for use in gaming. As such they are likely to be confused in to believing that it comes from the same undertaking. Therefore, I find there is a likelihood of indirect confusion.

73. Turning to the opposition based on Skullcandy's skull device and i3i's SKULL GAMING, I find that there is no likelihood of direct confusion as the differences between a device only and a word mark are sufficient not to mistake one mark or the other. However I do find there is a likelihood of indirect confusion as the device will bring to mind the word skull and as the word GAMING may simply lead a consumer

[31] *El Corte Inglés, SA v OHIM*, Case T-39/10

into thinking the goods are specifically designed for a gaming environment, an economic connection may be made between Skullcandy's skull device and the distinctive SKULL part of i3i's contested application.

74. The opposition under section 5(2)(b) is successful.

75. With regard to the invalidation, I find that although the respective marks look different, the conceptual hook provided by the marks to fix in the mind of a consumer is that of a skull. As set out above a consumer rarely has the chance to make direct comparisons between marks but instead relies on an imperfect recollection of them. I consider that what they will recollect is the skull concept and as such I find that there is a likelihood of direct confusion.

76. The invalidation under section 5(2)(b) is successful.

Section 5(3)

77. I remind myself that under section 5(3), Skullcandy relies on its registration nos. 903209087 for SKULLCANDY and 800931600 for the skull device.

78. Section 5(3) of the Act states:

> "5(3) A trade mark which -
>
> > (a) is identical with or similar to an earlier trade mark, […] shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier trade mark."

79. Section 5(3A) of the Act states:

> "Subsection (3) applies irrespective of whether the goods and services for which the trade mark is to be registered are identical with, similar to or not similar to those for which the earlier trade mark is protected."

80. The relevant case law can be found in the following judgments of the CJEU: Case C375/97, *General Motors*, Case 252/07, *Intel*, Case C-408/01, *Adidas-Salomon*, Case C-487/07, *L'Oréal v Bellure*, Case C-323/09, *Marks and Spencer v Interflora*, Case C383/12P, *Environmental Manufacturing LLP v OHIM*. The law appears to be as follows:

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

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

(c) It is necessary for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind; *Adidas Salomon, paragraph 29* and *Intel, paragraph 63.*

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

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

(f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the

goods/services for which the earlier mark is registered, or a serious risk that this will happen in future; *Intel, paragraphs 76 and 77* and *Environmental Manufacturing, paragraph 34.*

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

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

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

81. The conditions of section 5(3) are cumulative. Firstly, the opponent must show that its registrations and the application are similar. Secondly, the opponent must show that its registrations have achieved a level of knowledge/reputation amongst a significant part of the public. Thirdly, it must be established that the level of reputation and the similarities between the parties' marks will cause the public to make a link between them, in the sense of the earlier registrations being brought to mind by the contested mark. Finally, assuming the first three conditions have been met, section

5(3) requires that one or more of the types of damage will occur. It is unnecessary for the purposes of section 5(3) that the goods and services be similar, although the relative distance between them is one of the factors which must be assessed in deciding whether the public will make a link between the marks.

Reputation

82. I consider whether Skullcandy has met the test for reputation. In *General Motors,* Case C-375/97, the CJEU held that:

> "25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.
>
> 26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.
>
> 27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.
>
> 28. Territorially, the condition is fulfilled when, in the terms of Article 5(2) of the Directive, the trade mark has a reputation 'in the Member State'. In the absence of any definition of the Community provision in this respect, a trade mark cannot be required to have a reputation 'throughout' the territory of the Member State. It is sufficient for it to exist in a substantial part of it."

83. Having considered the factors set out above and weighing in Skullcandy's evidence that I examined earlier in this decision, I find that use of the earlier trade marks have established the requisite reputation for *audio headphones; audio speakers*; *earphones; headphones*

Link

84. As noted above, the assessment of whether the public will make the required mental 'link' between the marks must take account of all relevant factors. The factors identified in *Intel* underlined below are:

The degree of similarity between the conflicting marks

85. Previously in this decision, I found that the respective word marks, namely SKULL CANDY and SKULL GAMING are visually and aurally similar to a medium degree although they are conceptually similar only to a low degree. The respective device only marks were visually similar to a low degree but conceptually identical.

The nature of the goods or services for which the conflicting marks are registered, or proposed to be registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public

86. The contested goods are computer hardware and computer games and retail services relating to sale of the same. They will be purchased by the general public paying a medium to high degree of attention. Skullcandy's goods are all audio related products which is considered as hardware and can be used for gaming purposes. There will be an overlap of users and the goods may be found together in the same section of retailer premises.

The strength of the earlier marks' reputation

87. The earlier marks have a reasonably strong reputation.

The degree of the earlier mark's distinctive character, whether inherent or acquired through use

88. The earlier marks are inherently distinctive to a medium degree. Given the use which has been made of the earlier marks, I find that their distinctiveness has been enhanced to a high degree.

Whether there is a likelihood of confusion

89. I found there to be a likelihood of confusion. Therefore, in addition to finding a likelihood of confusion, I find that the public will make a link between the marks for these goods.

Damage

90. I next assess whether any of the pleaded types of damage will arise.

91. I bear in mind that unfair advantage has no effect on the consumers of the goods of the earlier marks, but instead the taking of unfair advantage of the reputation and distinctive character of earlier marks means that consumers are more likely to purchase the goods and services of the later mark than they would otherwise have done if they had not been reminded of the earlier marks.

92. In *Jack Wills Limited v House of Fraser (Stores) Limited* [2014] EWHC 110 (Ch) Arnold J. (as he then was) considered the earlier case law and concluded that:

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

93. As set out above, I found sufficient evidence that Skullcandy enjoys a reputation for its goods. I find therefor that there is the potential for i3i to gain an unfair advantage,

as per Skullcandy's claim, which would be a commercial advantage, benefitting from Skullcandy's reputation without paying financial compensation and would therefore be creating an association with the earlier marks.

94. As damage is made out on the basis of unfair advantage, it is not necessary for me to go on and consider the other heads of damage.

95. The opposition and invalidation claims are therefore successful under section 5(3).

Section 5(4)(a)

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

> "(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, where the condition in subsection (4A) is met,
> > (aa) […]
>
> (a) […]
> (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."

97. 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)."

98. I recognise that the test for misrepresentation is different to that for likelihood of confusion, namely, that misrepresentation requires "a substantial number of members of the public are deceived" rather than whether the "average consumers are confused". However, as recognised by Lewinson L.J. in *Marks and Spencer PLC v Interflora*[32], it is doubtful whether the difference between the legal tests will produce different outcomes. In my view, this is the case here. Whilst I accept that Skullcandy has demonstrated sufficient use for its goods and I would likely find goodwill in those goods, its claim under Section 5(4)(a) does not provide any better an outcome than for section 5(2)(b). Therefore I will not consider this ground further.

Overall conclusion

100. The claims for opposition and invalidation succeed in full.

Costs

101. Skullcandy has been successful and is entitled to a contribution to its costs. Awards of costs are governed by Annex A of Tribunal Practice Notice (TPN) 2/2016. Bearing in mind the TPN, I award costs as follows:

£400	Official fee (x 2)
£500	Preparing statements and considering the counterstatements
£900	Preparing evidence and considering the other side's evidence
£500	Preparing written submissions
£2300	**Total**

[32] [2012] EWCA (Civ) 1501

102. I order i3i Distribution Limited to pay Skullcandy, Inc. the sum of £2300. This sum is to be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 19th day of July 2024.

June Ralph
For the Registrar
The Comptroller-General