

O/721/18

TRADE MARKS ACT 1994

TRADE MARK REGISTRATION 3177601 IN THE NAME OF FANDUEL LTD

AND

APPLICATION No. 501533 BY FANTASY SPORTS LIMITED

FOR THE TRADE MARK TO BE DECLARED INVALID

AND

TRADE MARK REGISTRATION 3173237

IN THE NAME OF FANTASY SPORTS LIMITED

AND



APPLICATION No. 501692 BY FANDUEL LTD

FOR THE TRADE MARK TO BE DECLARED INVALID

Background and pleadings

1. This case concerns two consolidated applications by Fantasy Sports Limited (“Fantasy”) and Fanduel Limited (“Fanduel”) under section 47 of the Trade Marks Act 1994 (“the Act”) to invalidate each other’s trade marks.

2. The trade marks in question are:

Trade mark	Filing date	Priority date	Services	Proprietor
UK 3177601 	01/08/2016	20/06/2016 (Based on an earlier filing in the USA)	Class9: Downloadable mobile application for fantasy sports contests. Class 41: Entertainment services in the nature of fantasy sports leagues; Information regarding sports league player performance and statistics provided by a website; Organizing, conducting and operating fantasy sport tournaments; Providing news and information in the field of sports.	Fanduel
UK 3173237 	06/07/2016	None	Class 41: Gambling.	Fantasy

3. UK 3173237 was registered on 14th October 2016. UK3177601 was registered on 30th December 2016.

4. On 26th January 2017 Fantasy filed its application to invalidate Fanduel’s trade mark. At that time Fantasy was acting without legal representation. The sole ground for invalidation was that Fanduel’s mark was identical or similar to Fantasy’s earlier filed trade mark and registered in relation to the same services. Therefore,

registration of the mark was said to be contrary to s.5(1) or s.5(2)(b) of the Act and should be declared invalid under s.47(2).

5. It subsequently became evident that Fantasy's pleaded case for invalidation was untenable. This was because the earlier priority date claimed based on the filing of the same mark in the USA on 20th June 2016, meant that Fanduel's mark was entitled to be considered as the earlier trade mark under sections 35 and s.6(1) of the Act. Therefore, following a procedural hearing on 1st June 2017 (before a different Hearing Officer) the original ground for invalidation was struck out. Two days prior to this, on 30th May 2017, Fanduel appointed Cloch Solicitors to represent it in these proceedings. On the same date an application was made to add new grounds for invalidation under s.47(1) and (2) based on s.3(6) and s.5(4)(a) of the Act. The gist of these grounds was that Fanduel's trade mark had been filed in bad faith and that Fantasy had an earlier unregistered right to its mark because of the use of the mark since 19th April 2016, i.e. around two months prior to the priority date of Fanduel's trade mark application.

6. Following the completion of the evidence rounds, on 12th March 2018, Fantasy made an application to add two further grounds for invalidation under s.47(2) of the Act. Both grounds were based on s.5(4)(b). The first ground was that Fantasy's logo was an original artistic work and use of Fanduel's mark would infringe the copyright in the work. According to the application for amendment, the artistic work had been created for Fantasy by Offshoot Designs Limited on or around 19th April 2016. The second new ground was based on Fantasy's claim to be the proprietor of an unregistered Community design right in the same logo, which would be infringed using Fanduel's trade mark.

7. Following the second of two case management conferences in these proceedings, on 30th May 2018 (which together with the initial procedural hearing mentioned above makes three procedural hearings in total), Fantasy was given permission to add the further grounds for invalidation under s.5(4)(b). It was also given permission to file some additional evidence it had already put forward. Fantasy filed its further amended application for invalidation on 8th June 2018.

8. Fanduel was given two weeks to file a further amended counterstatement and any additional evidence it wanted to file going to the new grounds for invalidation. It filed a further amended counterstatement on 4th July 2018. This was the third counterstatement it filed in response to Fantasy's changing case. Fanduel did not avail itself of the opportunity to file further evidence going to Fantasy's latest grounds for invalidation.

9. Earlier, on 14th June 2017, Fanduel applied to invalidate Fantasy's trade mark under s.47(2) of the Act based on earlier trade mark 3177601. According to Fanduel, the marks are similar, the respective goods/services are similar or identical, and there is a likelihood of confusion on the part of the public. Consequently, the registration of Fantasy's mark was contrary to s.5(2)(b) of the Act.

10. Fantasy filed a counterstatement denying the ground for invalidation of its own mark. The counterstatement included a few irrelevant points going to Fanduel's right to bring the invalidation proceedings, but the central tenet of its defence was that Fanduel's trade mark was invalid. In the alternative, it denied that there was a likelihood of confusion.

11. The proceedings were consolidated.

Representation

12. Fanduel is represented by D. Young & Co. LLP. Fantasy is represented by Cloch Solicitors. A substantive hearing took place on 6th September 2018 at which Ms Jacqueline Reid appeared as counsel for Fanduel. Mr Philip Hannay of Cloch Solicitors appeared on behalf of Fantasy.

The evidence

13. Fanduel's evidence consists of two witness statements (with 3 exhibits) by Mr Nigel Eccles, who was its CEO until 20th November 2017, and a witness statement (with 12 exhibits) by Mr Daniel Spiegel who is, or was at the date of his statement,

the Interim Head of Marketing of Fanduel Inc. This appears to be a company related to Fanduel.

14. Fantasy's evidence consists of a witness statement (with 1 exhibit) by Mr Paul Aniello, a director of the company, three witness statements (with 30 exhibits) by Mr Philip Hannay, Fantasy's solicitor, and a witness statement (with 29 exhibits) by Ms Laura Hannay, who is a corporate analyst employed by Cloch Solicitors.

Fantasy's application to invalidate Fanduel's trade mark UK 3177601

15. It is convenient to start with Fantasy's application to invalidate Fanduel's earlier trade mark.

The s.5(4)(a) ground for invalidation based on Fantasy's claimed passing off right

16. The relevant parts of the Trade Marks Act are as follows.

“47(2) The registration of a trade mark may be declared invalid on the ground-

- (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or
- (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

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

(2A) – (2F) -

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

- (a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and
- (b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(4) –

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

“5(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) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.

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.”

17. Fantasy’s pleaded case is that it has used the mark shown in paragraph 2 above since 19th April 2016 “*throughout the UK (including online)*” in relation to:

“Betting; software; downloadable mobile application for fantasy sports contests; entertainment services in the nature of fantasy sports leagues; information regarding sports league player performance and statistics provided by a website; organizing, conducting and operating fantasy sport tournaments; providing news and information in the field of sports.”

The relevant date

18. The relevant date for assessing the grounds for invalidation under section 5(4) is the priority date of trade mark UK3177601, i.e. 20th June 2016.¹

19. The basic requirements to succeed in an action for passing off are well established and not in dispute. They were set out by Lord Oliver of Aylmerton in *Reckitt & Colman Products Limited v Borden Inc. & Ors*² as follows:

“First, [the plaintiff] must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying “get-up” (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff’s goods or services. Secondly, [the plaintiff] must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff’s identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely upon a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name. Thirdly, he must demonstrate that he suffers or, in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant’s misrepresentation that the source of the defendant’s goods or services is the same as the source of those offered by the plaintiff.”

¹ See *Sworders Trade Mark* BL O-212-06 approved by the Appointed Person in *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11

² [1990] RPC 341, House of Lords

20. The main issue in this case is whether Fantasy had acquired a relevant goodwill by the relevant date. The evidence from Fantasy's director, Mr Aniello, was filed as evidence in reply (as opposed to evidence-in-chief). His statement is relatively short (14 paragraphs) and this is all he says about Fantasy's prior use of trade mark UK 3173237.

“12. By May 2016 Fantasy Sports Limited had already publically (sic) advertised and marketed its software and sports betting goods bearing, and offered services under, its logo. Customers were noticing, engaging with, and using the Fantasy Sports Limited goods and services by May 2016.

13. [The parties] are competitors. They both operate from Scotland in the same market. The founding directors are known to each other. News of the respective parties' goods and services will almost immediately come to the attention of the other party.”

21. Fantasy therefore relies mainly on the evidence of Mr and Ms Hannay to establish that it had a relevant business with goodwill at the relevant date. However, neither of these witnesses claim to have had any personal knowledge of Fantasy's business prior to June 2016. Instead Mr and Ms Hannay's statements exhibit documents obtained mostly from the internet, public records and social media sites.³ Consequently, the most that can be established about the nature and scope of Fantasy's business prior to the relevant date is what can be gleaned and reliably established from these documents.

22. At the hearing, Mr Hannay relied, inter alia, on information obtained from Twitter Analytics in 2017 to show that Fantasy first used the sign corresponding to trade mark UK3173237 in a series of tweets on 25th April 2016⁴ from an account called 'footballfanager'. Mr Hannay's witness statement provides no proper explanation as to the specific content of this exhibit (or any of the other exhibits). However, I note that:

³ I note that in his third witness statement Mr Hannay claims to have obtained information from the records of Fantasy, but the exhibits to this statement are extracts from Twitter, Google and an article published by an officer of Fanduel.

⁴ See PAH-29

- (i) The logo at issue appeared above the word FANAGER;
- (ii) One of the tweets stated “*Out with the old in with the NEW! The all-new Fanager.com will be back for some Euro2016 fantasy football action. Register today.*”

According to the information from Twitter Analytics, this tweet had 9543 ‘impressions’, 61 ‘engagements’ and 2 ‘retweets’. I do not know what impressions and engagements are. Mr Hannay told me at the hearing that ‘impressions’ are the number of devices on which the tweet would have appeared, and ‘engagements’ are the number of clicks on the tweet. If that is right, the latter seems more relevant than the former. Similar tweets occurred up to 6th May 2016. The largest number of ‘engagements’ was 2819 on 2nd May 2016 (which led to 142 retweets), and the lowest 11.

23. Exhibit PAH-13 to Mr Hannay’s first statement shows a page from the footballfanager Twitter account as at 11th April 2017, i.e. nearly 10 months after the relevant date. The entries on the page show the logo at issue appeared in a post made on 26th April 2016, again above the word FANAGER. I note that there was an associated invitation to “*Register Now*”. At the hearing, Mr Hannay submitted that this Twitter page showed that the footballfanager twitter account had 12.4k followers. It does, but this was at the date the page was downloaded in April 2017, not at April 2016 or any other date.

24. Mr Hannay asked me to note that some of the tweets relied on by Fantasy have a blue dot against them indicating that they are sponsored tweets, i.e. paid-for tweets. According to Twitter’s published guidance, sponsored tweets are directed at users the platform thinks are most likely to be interested in the subject of the tweet, including what a user chooses to follow, retweet etc.⁵ Mr Hannay submitted that these sponsored tweets amounted to Fantasy advertising its goods/services under the logo at issue.

⁵ See exhibit PAH-17

25. Mr Hannay also drew my attention to the evidence of further tweets (and retweets) from the footballfanager Twitter account during May 2016, a few of which included the logo at issue without the word FANAGER.⁶ The tweets in question related to a forthcoming betting competition which users could enter at the Fanager.com website. The betting competition related to the Euro 2016 football competition. A first prize of £3k was to be offered. In her response, Ms Reid asked me to note the contents of exhibit LASH-17 to Ms Hannay's statement. This indicated that on 29th May 2016 Fantasy was tweeting that its web-based competition would go live "next week". This indicates that there was no use of the logo at issue in relation to a live gambling competition until, at the earliest, June 2016 (the relevant date being 20th June 2016).

26. There is no evidence that Fantasy's use of the logo at issue had attracted any actual customers prior to the relevant date. Mr Hannay submitted that commercial use of the logo on the scale shown in the evidence was enough to generate a protectable goodwill. He relied on *Allen v Brown Watson*⁷ and *BBC v Talbot*⁸ as authority for the proposition that pre-launch publicity may be enough to generate an actionable goodwill, and *Stacey v 2020 Communications*⁹ and other cases to show that a small goodwill is sufficient to justify protection under the law of passing off.

27. Ms Reid relied on *Starbucks (HK) Limited and another v British Sky Broadcasting Group and others (No.2)*¹⁰ as support for the contrary proposition that evidence of customers is required to support a passing-off right. Evidence of mere use of a sign in pre-launch advertising being insufficient. Giving judgment for the Supreme Court, Lord Neuberger said:

"47 Although I acknowledge that PCCM's case is not without force (as is well demonstrated by the reasoning in the judgments in ConAgra), I have reached the conclusion that this appeal should be dismissed on the same ground on which it was decided in the courts below. In other words, I consider that we

⁶ See exhibit LASH-10

⁷ [1965] RPC 191

⁸ [1981] FSR 228

⁹ [1991] FSR 49

¹⁰ [2015] UKSC 31

should reaffirm that the law is that a claimant in a passing off claim must establish that it has actual goodwill in this jurisdiction, and that such goodwill involves the presence of clients or customers in the jurisdiction for the products or services in question.”

“52. As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough, as the cases cited in paras 21-26 and 32-36 above establish. The claimant must show that it has a significant goodwill, in the form of customers, in the jurisdiction, but it is not necessary that the claimant actually has an establishment or office in this country. In order to establish goodwill, the claimant must have customers within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere.”

28. Later in his judgment, Lord Neuberger turned his mind to the question of whether advertising under a mark may be sufficient to establish a passing-off right. He said:

“66. Finally, a point which I would leave open is that discussed in the judgment of Sundaresh Menon CJ in *Staywell* (see para 46 above), namely whether a passing off claim can be brought by a claimant who has not yet attracted goodwill in the UK, but has launched a substantial advertising campaign within the UK making it clear that it will imminently be marketing its goods or services in the UK under the mark in question. It may be that such a conclusion would not so much be an exception, as an extension, to the “hard line”, in that public advertising with an actual and publicised imminent intention to market, coupled with a reputation thereby established may be sufficient to generate a protectable goodwill. On any view, the conclusion would involve overruling *Maxwell v Hogg*, and, if it would be an exception rather than an extension to the “hard line”, it would have to be justified by commercial fairness rather than principle. However, it is unnecessary to rule on the point, which, as explained in para 46, has some limited support in this jurisdiction and clear support in Singapore. Modern developments might seem to argue against such an exception (see para 63 above), but it may be said that it would be cheap and easy, particularly for a large competitor, to “spike”

a pre-marketing advertising campaign in the age of the internet. It would, I think, be better to decide the point in a case where it arises.”

29. Ms Reid submitted that although Lord Neuberger had left to another day the question of whether advertising by itself could create a protectable goodwill, he had not changed the law in this respect. Rather, Lord Neuberger said that the law was as stated in *Maxwell v Hogg*,¹¹ which he understood as having decided “*that mere reputation, without customers, was not enough to found a passing off claim*”. That appears to be a correct reading of *Starbucks (HK) Limited and another v British Sky Broadcasting Group and others (No.2)*. If so, Fantasy’s s.5(4)(a) case must be rejected because it has produced no evidence of having acquired any UK customers under the logo at the relevant date (or at all).¹²

30. However, even if the law permits a passing-off right to be generated by advertising activity alone, I would have rejected Fantasy’s case for these reasons:

- (i) There is no evidence that Fantasy was, at the relevant date, an existing business with a relevant and substantial goodwill;¹³
- (ii) Therefore, in contrast to *BBC v Talbot*, the question in this case is not whether the logo at issue had become distinctive of Fantasy’s existing substantial goodwill;
- (iii) The pre-launch promotion which took place using the logo (and, usually, FANAGER) does not appear to have been an offer to provide any goods or services at that time;
- (iv) Although there are references in the Twitter promotional material to users registering for the forthcoming gambling competition, there is no evidence that potential customers could actually register their interest at that time, and no evidence that any did;
- (v) The scale of the pre-launch activity was modest, consisting essentially of a series of tweets on Twitter,¹⁴ and there is no evidence that it

¹¹ (1867) LR 2 Ch 307

¹² This analysis of the law was recently endorsed by Mr Phillip Johnson as the Appointed Person in *Nuanti Ltd v Google* BL O/606/18, see paragraphs 36 to 48 of the judgment.

¹³ Mr Hannay suggested that this was because the IPO imposed restrictions on the volume of evidence filed. However, as Fantasy’s evidence amounted to some 324 pages, including 65 pages from Ms Laura Hannay, a corporate analyst, this seems most unlikely.

attracted a substantial level of interest in Fantasy's goods or services by the relevant date;

- (vi) Most of the use of the logo at issue was in conjunction with the distinctive name FANAGER;
- (vii) It is not clear whether the limited use of the logo at issue on Twitter would have made a sufficiently lasting impression on those who noticed it for the subsequent use of Fanduel's mark to have deceived a substantial number of potential customers and therefore constituted a misrepresentation to the public.

31. The case for invalidating trade mark UK3177601 based on Fantasy's claim to an earlier right under s.5(4)(a) is therefore rejected.

The s.5(4)(b) ground for invalidation based on Fantasy's claimed earlier rights under the law of copyright and unregistered Community design law

32. Fantasy's pleaded case under s.5(4)(b) is that use of UK3177601 would infringe the copyright in the logo corresponding to trade mark UK3173237 because:

- (i) The logo is an original artistic work created on or around 19th April 2016 by Offshoot Designs Limited.
- (ii) The work qualifies for protection under the Copyright, Designs and Patents Act 1988 ("CDPA"), either on the basis that Offshoot Designs is a Scottish company, or because it was first published in the UK on 25th April 2016.
- (iii) Offshoot Designs is a specialist designs business.
- (iv) The company has one director, Kenneth Hall, who is alive.
- (v) The work is therefore protected until 70 years after Mr Hall dies or, if the author is unknown, 70 years after it was created, i.e. in 2086.

¹⁴ I have noted that there is also evidence that a video featuring the logo (and FANAGER) was posted on YouTube on 2nd June 2016. This had received 562 views by the date the screenshot was downloaded in 2017. See exhibit PAH-14 to Hannay 1.

- (vi) Trade mark 3177601 is an unauthorised reproduction of the artistic work in material form that would infringe the copyright under sections 16(2), 17(1), 17(6), 18(1), 20(1), 20(2)(b) of the CDPA.

33. Fantasy relies mainly on information exhibited to Mr Hannay's first statement to support its claim that the logo at issue was created for Fantasy by Offshoot Designs in April 2016. This includes:

- (i) an email dated 15th April 2016 from David Copeland at david@bettingjobs.com to Offshoot Designs referring to a design and a reply dated 19th April 2016 from Kenny Hall at Offshoot Designs attaching some branding options. Option 3 shows the logo corresponding to UK3173237 above the word FANAGER (and the words 'Be the King of Fantasy Sports').¹⁵
- (ii) an email dated 22nd April 2016 from Donald MacLellan at don@superlobby.com appearing to approve the branding option including the logo at issue (but with the word FANAGER increased in size relative to the logo).¹⁶
- (iii) a copy of a tweet posted on Twitter on 26th April 2016 showing the logo and word FANAGER as approved in the email referred to in (ii) above.¹⁷

34. Fanduel does not appear to dispute that the work referred to in paragraph 33(i) above qualifies for copyright protection as an original artistic work. However, Fanduel submits that (a) the work constitutes the logo with words, not just the logo, (b) there is no evidence as to who created the work and therefore who the original owner of the copyright is/was, (c) there is no evidence that the ownership was transferred to Fantasy, and (d) irrespective of these points, there is evidence that Fanduel's logo was created independently and not copied from the original work relied on by Fantasy.

35. In support of point (b), Ms Reid pointed out at the hearing that there is no evidence about who Messrs Copeland and MacLellan are, or what their relationship

¹⁵ See PAH-3 to Hannay 1

¹⁶ See PAH-6 to Hannay 1

¹⁷ See PAH-13 to Hannay 1

is to Fantasy (if any). Additionally, there is no evidence as to who at Offshoot Designs created the work and therefore whether it was created by an employee of the company or a third party, such as a freelance designer.

36. Mr Hannay's evidence is that the emails described in paragraph 33 above are between Offshoot Designs and the "*management team*" at Fantasy. He does not explain how he knows this. In different circumstances that may have created an important gap in the evidence. But given that the purpose of the emails was to create a brand for Fantasy it seems highly likely that the process was initiated by Fantasy's management. I therefore infer that it was. However, I see more substance in Ms Reid's submission that there is no evidence as to who at Offshoot Designs created the work. Sections 9 and 11 of the CDPA (so far as possibly relevant) state that:

"9. Authorship of work

- (1) In this Part "author", in relation to a work, means the person who creates it.
- (2) -
- (3) In the case of a literary, dramatic, musical or artistic work which is computer-generated, the author shall be taken to be the person by whom the arrangements necessary for the creation of the work are undertaken.
- (4) For the purposes of this Part a work is of "unknown authorship" if the identity of the author is unknown or, in the case of a work of joint authorship, if the identity of none of the authors is known.
- (5) For the purposes of this Part the identity of an author shall be regarded as unknown if it is not possible for a person to ascertain his identity by reasonable inquiry; but if his identity is once known it shall not subsequently be regarded as unknown."

"11. First ownership of copyright

- (1) The author of a work is the first owner of any copyright in it, subject to the following provisions.

(2) Where a literary, dramatic, musical or artistic work, or a film, is made by an employee in the course of his employment, his employer is the first owner of any copyright in the work subject to any agreement to the contrary.”

37. In relation to the ownership of the copyright, Mr Hannay drew my attention to paragraph 10 of Mr Aniello’s witness statement where he says, “*I believe that consciously or subconsciously the shield element of [Fanduel’s mark] copies a substantial part of [Fantasy’s mark], a graphic work in which [Fantasy] owns copyright.*” According to Mr Hannay, this amounted to unchallenged evidence that Fantasy owns the copyright in the logo. He objected to Fanduel’s challenge to Fantasy’s claim to own the copyright because it was made “*very late in the day.*”

38. However, as Ms Reid pointed out at the hearing, Mr Aniello’s evidence about ‘ownership’ is no more than an assertion or statement of belief. He provides no evidence as to how the logo came to be created, by whom, or how Fantasy became the owner of the copyright. As to Fanduel’s challenge to Fantasy’s ownership of the copyright coming only at a late stage, I note that the third counterstatement filed by Fanduel included the following statement:

“It is denied that [Fantasy] is the legal and beneficial owner of any copyright that may subsist in the logo and [Fantasy] is put to strict proof thereof.”

Additionally, it must be borne in mind that the s.5(4)(b) grounds were only introduced at a late stage. In this connection, I note that the caseworker’s response to Mr Hannay’s email of 20th February 2018 (which first raised the prospect of additional grounds under s.5(4)(b)) drew his attention to Tribunal Practice Notice 1/2010 and re-produced the following guidance.

“There is a qualification requirement as to the nationality (which extends to domicile/residence) by reference to the author of the copyright work (section 154 of the CDPA) or, alternatively, by reference to the country of first publication (section 155 of the CDPA). **The pleadings must identify the author of the work and the manner in which the work meets these nationality based requirements. Furthermore, as copyright is limited in**

duration, the date at which the work was created must also be provided.”

39. Consequently, the requirement to identify the author of the work was made clear before the s.5(4)(b) pleadings were even drawn up. It appears that those advising Fantasy believed that the author could be identified as just Offshoot Designs. However, as the CDPA makes clear, the author is normally the natural person or persons who created the work. It is true that in the case of employees the first owner of the work is usually his or her employer. But, of course, this cannot be established without knowing who the author(s) was (were) and what his or her (or their) relationship was to Offshoot Designs.

40. Mr Hannay also relied on an implied assignment (or assignation in Scotland) of the copyright from Offshoot Designs to Fantasy. In this respect, he cited the judgment of the Court of Appeal in *Griggs Group Ltd v Evans*¹⁸ as well as the earlier case of *Robin Ray v Classic FM Plc*¹⁹ in which Lightman J. held that “*circumstances may exist when the necessity for an assignment of copyright may be established.*” In the *Griggs* case, the judge at first instance held that the author of the work (also a logo) had created it solely for the commissioner. The commissioner was therefore the beneficial owner of the work and entitled to an assignment of it. The Court of Appeal rejected arguments to the contrary. The case law therefore recognises that there may be circumstances where the legal and beneficial owners of a copyright work may differ and the former may be required to assign legal ownership of the copyright to the latter.²⁰ However, these cases do not establish that the assignment (or assignation) of the copyright can be implied without any formal assignment. Indeed s.90(3) of the CDPA expressly states that, in order to be effective, the assignment of copyright must be in writing. There is no evidence of any such assignment. Consequently, even if Offshoot Designs was the original owner of the work, I cannot accept Fantasy’s claim to be the current owner of the copyright work.

¹⁸ [2005] EWCA (Civ) 11

¹⁹ [1998] FSR 622

²⁰ There is no evidence that Fantasy took any steps to require Offshoot Designs to assign to it the ownership of the copyright in the logo at issue.

41. The reason that ownership of the copyright is important is that article 5 of The Trade Marks (Relative Grounds) Order 2007²¹ states that:

“5— (1) Only the persons specified in paragraph (2) may make an application for a declaration of invalidity on the grounds in section 47(2) of the Trade Marks Act 1994 (relative grounds).

(2) Those persons are—

(a) in the case of an application on the ground in section 47(2)(a) of that Act, the proprietor or a licensee of the earlier trade mark or, in the case of an earlier collective mark or certification mark, the proprietor or an authorised user of such collective mark or certification mark; and

(b) in the case of an application on the ground in section 47(2)(b) of that Act, the proprietor of the earlier right.”

42. Section 96 of the CDPA states that infringement is actionable by the copyright owner. Section 101 gives a similar right to exclusive licensees of the copyright,²² but there is no claim, let alone evidence, that Fantasy is a licensee of the copyright work. As a minimum, s.5(4)(b) of the Act requires Fantasy to show that it is entitled to prevent the use of the copyright work. At most, Fanduel has shown that it may be the beneficial owner of the copyright. The CDPA does not give a person with a beneficial interest in a copyright the right to bring infringement proceedings. It follows that Fantasy does not qualify as the ‘proprietor’ of an earlier copyright for the purposes of s.5(4)(b) of the Act and article 5 of the Relative Grounds Order. In any event, the evidence does not even go far enough to establish that Fantasy is the beneficial owner of the copyright. Such a finding would require evidence as to who the author(s) of the work was (were), and if he/she/they were not its employees, how Offshoot Designs became the legal owner of the copyright.

43. If I am right so far, Fantasy’s claim to be the proprietor of an earlier copyright must be rejected. However, in case I am wrong I will also deal with one further

²¹ SI 2007/1976

²² s.101A also makes provision for non-exclusive licensees in certain circumstances, but this is irrelevant for present purposes because there is no evidence of a licence agreement.

aspect of this part of the case; namely, Fanduel's evidence that it created the logo in its mark independently of the copyright work.

44. Fantasy's case is that the similarities between the artistic work and trade mark UK3177601, combined with the evidence of public disclosure of the work on Twitter etc., present a *prima facie* case of copying, which Fanduel has not rebutted.

45. Fanduel claims that its logo was created before it became aware of Fantasy's logo. Therefore, it denies there was copying. Additionally, Fanduel denies that the logo in its mark takes a substantial part of the artistic work, bearing in mind that the creation included words as well as the logo relied on by Fantasy.

46. The respective signs are shown below.

Trade mark 3177601	Trade mark 3173237
	

47. In *Designers Guild Ltd v Russell Williams (Textiles) Ltd*,²³ the House of Lords set out the correct approach to considering a claim for copyright infringement. Lord Millett stated:

“The first step in an action for infringement of artistic copyright is to identify those features of the defendant's design which the plaintiff alleges have been copied from the copyright work. The court undertakes a visual comparison of the two designs, noting the similarities and the differences. The purpose of the examination is not to see whether the overall appearance of the two designs is similar, but to judge whether the particular similarities relied on are sufficiently close, numerous or extensive to be more likely to be the result of copying than of coincidence. It is at this stage that similarities may be

²³ [2000] WL 1720247

disregarded because they are commonplace, unoriginal, or consist of general ideas. If the plaintiff demonstrates sufficient similarity, not in the works but in the features which he alleges have been copied, and establishes that the defendant had prior access to the copyright work, the burden passes to the defendant to satisfy the judge that, despite the similarities, they did not result from copying.

Even at this stage, therefore, the inquiry is directed to the similarities rather than the differences. This is not to say that the differences are unimportant. They may indicate an independent source and so rebut any inference of copying. But differences in the overall appearance of the two works due to the presence of features of the defendant's work about which no complaint is made are not material. In the present case the disposition of the flowers and (except in one instance) the colourways of the defendants' design are very different from those of the plaintiffs' design. They were not taken from the copyright work, and the plaintiffs make no complaint in respect of them. They make a significant difference to the overall appearance of the design. But this is not material where the complaint is of infringement of copyright and not passing off.

Once the judge has found that the defendants' design incorporates features taken from the copyright work, the question is whether what has been taken constitutes all or a substantial part of the copyright work. This is a matter of impression, for whether the part taken is substantial must be determined by its quality rather than its quantity. It depends upon its importance to the copyright work. It does not depend upon its importance to the defendants' work, as I have already pointed out. The pirated part is considered on its own (see *Ladbroke (Football) Ltd. v. William Hill (Football) Ltd.* [1964] 1 W.L.R. 273, 293 *per* Lord Pearce) and its importance to the copyright work assessed. There is no need to look at the infringing work for this purpose.”

48. Adopting this approach it seems clear that the words included in the copyright work are relatively unimportant because (a) the allegation of copying is based on the

logo element of the creation, and (b) viewed as an artistic work, the logo element of the creation is undoubtedly the most important part of the work in qualitative terms.

49. At the hearing, Mr Hannay submitted that the logo had been the subject of massive exposure and interest around the time that Fanduel was creating its new logo, i.e. May 2016. I would accept that the obvious and high degree of similarity between the parties' logos would be sufficient to present a *prima facie* case of copying if it is established that the relevant people at Fanduel had reasonable access to the copyright work before creating their own logo. It is common ground that Fanduel had seen Fantasy's logo by 23rd May 2016. The factual issues in dispute are therefore (i) whether Fanduel had created the logo in the mark applied for by 23rd May 2016, and (ii) whether it had access to the copyright work before it created its own mark.

50. In this connection, Mr Hannay drew my attention to a page from Twitter analytics which indicated that the footballfanager home page had received over 900k 'impressions' in May 2016.²⁴ As I noted earlier, it is not clear what this means: 900k 'impressions' does not appear to mean that 900k users of Twitter actually looked at the home page. In any event, the evidence does not establish that Fantasy's logo was present on the home page of Fantasy's Twitter account throughout this period. In one respect, the information from Twitter analytics appears to contradict Fantasy's claim that there was a lot of public interest around this time in its forthcoming gambling competition and new logo. According to Twitter analytics, Fantasy's home page acquired zero "new followers" between April and June 2016.²⁵ It is not clear whether this means that the number of 'followers' stayed the same. The same results would be true if there were no 'followers'.

51. Mr Eccles (the CEO of Fanduel at the time) gives evidence that the process to create a new logo commenced in April 2016. He relies on Mr Spiegel's evidence in this regard. Mr Spiegel of Fanduel Inc. says that initial discussions about a new logo began on 5th April 2016 when he engaged an external agency called FCB to assist with a rebrand. Ideas for a new logo had emerged by 2nd May 2016 when Mr Spiegel

²⁴ See PAH-29 to Hannay 3

²⁵ See page 312 of exhibit PAH-29 to Hannay 3

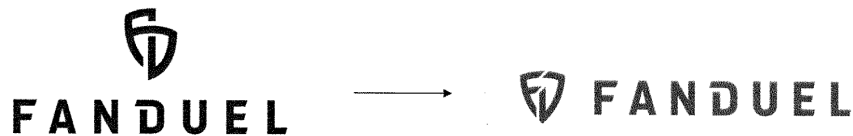
sent a presentation to a colleague called Mark Irace, which included a representation of the shield logo then under consideration.²⁶ It looked like this.



52. On 5th May 2016, Mr Spiegel asked FCB to send it the art files for the new logo so that a colleague, Marcus Kelman, could work on it internally. On 6th May 2016, Mr Kelman emailed the following work to Mr Spiegel, who passed it on to FCB.²⁷



53. By 13th May 2016 a design brief had emerged with 4 options for the new logo.²⁸ Three of these are irrelevant for present purposes. The fourth one is shown below.



The relevant slide included a note indicating that this option represented an evolution of the original logo design with more work to be done.

54. On 17th May 2016, Mr Kelman sent Mr Spiegel a document showing the original and adopted designs for the new logo.²⁹ I note that there were two versions of the adopted logo, one of which (the top one shown below) is very similar (but not quite identical) to the logo element of the contested trade mark.



²⁶ See exhibit DS5 to the witness statement of Mr Spiegel

²⁷ See exhibit DS7 to WS of Mr Spiegel

²⁸ See exhibit DS9 to WS of Mr Spiegel

²⁹ See exhibit DS10 to WS of Mr Spiegel

54. On 23rd May 2016, Mr Kelman sent Mr Spiegel an email saying that *“Sarah from the UK marketing team just came across this company, similar to us – it looks like they are planning a UK product (and beta) before the Euros. The concern is of course their logo, which is very similar to the new one we have been developing.”* Beneath these words was a link to the fanager.com website and a representation of the logo covered by trade mark UK3173237 next to the word FANAGER.³⁰

55. At the hearing, Mr Hannay submitted that Mr Kelman or someone else at Fanduel had seen Fantasy’s sponsored tweets on or around 2nd May 2016 and sub-consciously copied their new logo. In this connection, he relied on the information in evidence published by Twitter to the effect that sponsored tweets are directed at those considered to have most interest in the subject of the tweet. Mr Hannay invited me to infer from the presence of blue dots next to some of Fantasy’s tweets that these were sponsored tweets which would have been sent to those on Twitter with an interest in gambling. And based on evidence attached to Mr Hannay’s third witness statement showing that Mr Kelman of Fanduel Inc. was active on Twitter on 2nd May 2016,³¹ he invited me to infer that Mr Kelman had seen the Fantasy logo and that this had been reflected in his input to the design of the Fanduel logo mark.

56. I do not consider that Fantasy’s evidence establishes that, on the balance of probability, Mr Kelman (or anyone else at Fanduel or Fanduel Inc.) had access to Fantasy’s tweets showing its logo in early May 2016. This is because:

- (i) There is no evidence that Mr Kelman (who appears to be based in the USA) was aware of Fantasy or anyone connected to Fantasy before 23rd May 2016;
- (ii) There is therefore no reason to suppose that Mr Kelman would naturally have been looking at Fantasy’s Twitter account;
- (iii) The evidence indicates that, even by 2018, there was very little overlap between the followers of FanduelUK and Fantasy’s Twitter accounts;³²

³⁰ See exhibit DS12 to Mr Spiegel’s statement

³¹ See PAH-23 to Mr Hannay 3. This use of Twitter appears to have been relating to Mr Kelman’s promotion of a wholly unrelated product.

³² See PAH-20 to Mr Hannay 3, which indicates only a 0.7% overlap in the 11k ‘followers’ of Fantasy and 3k ‘followers’ of FanduelUK

- (iv) Therefore, it does not appear to be inherently likely that Fantasy's tweets would have reached Fanduel in May 2016 via retweets from followers of Fantasy's Twitter account;³³
- (v) Importantly, none of Fantasy's witness's statements give direct evidence that it engaged in the process of sponsored tweets, or how much was spent on such promotional activity, or how such tweets were directed, when they started/finished, what their frequency was, or even how they can be identified in Fantasy's evidence;³⁴
- (vi) There is insufficient information about how Twitter directs sponsored tweets to safely conclude that this would be likely to have included Mr Kelman or anyone else at Fanduel;
- (vii) The wording of Mr Kelman's contemporaneous email of 23rd May 2016 to Mr Spiegel suggests that he was not conscious of having seen the Fantasy logo prior to that date.

57. I acknowledge that Fantasy's new logo came to the attention of Fanduel on 23rd May 2016. I have carefully considered whether this means that it would be reasonable to infer that Fanduel had reasonable access to Fantasy's tweets at an earlier date. However, I have decided that it would not be safe to draw such an inference. This is because, firstly, it is not clear from the evidence how 'Sarah' from Fanduel's UK marketing team "*just came across*" Fantasy and its new logo on 23rd May 2016. There is nothing to suggest that it was via Twitter. In this connection, I note that the link provided in Mr Kelman's email was to Fanager's website. Secondly, even if Fanduel's UK marketing team became aware of Fantasy's logo on or around 23rd May 2016 via its Twitter activity, it does not follow that Mr Kelman or anyone involved in Fanduel's design process is likely to have done so prior to that date.

58. Therefore, whilst I accept that the strong similarity between the copyright work and Fanduel's logo goes a long way to support an inference of copying, I do not accept that Fantasy's evidence about the public exposure of the copyright work prior

³³ See Exhibit PAH-20 to Hannay 3

³⁴ The only reference to sponsored tweets anywhere in the witness statements is in Mr Hannay's third statement where he refers (without elaboration) to an exhibit containing information published by Twitter about sponsored tweets (which is not very specific as to how they are directed) and an example of what he says is Fanduel retweeting sponsored tweet on 26th April 2016. However, there is no suggestion that the original tweet in this instance had anything to do with Fantasy.

to 23rd May 2016 is sufficiently cogent or reliable to support a *prima facie* finding of copying. Further, even if I am wrong about that, I accept the evidence of Mr Spiegel and Mr Eccles that Fanduel's mark was in fact created independently and not because of copying. In this connection, I note that one of the logos that Fanduel was considering on 17th May 2016 was sufficiently close to the contested trade mark as to make it likely that the logo in Fanduel's mark was derived from that work.³⁵ And I accept that the version of the logo under consideration on 17th May 2016 was developed from earlier versions of Fanduel's new logo design.

59. For the reasons given above, I reject the ground for invalidating trade mark UK3177601 under s.5(4)(b) based on Fantasy's claim to be the proprietor of an earlier copyright work.

60. I find that Fantasy's claim to an earlier right under EU design law fails for the same reasons as its claim to an earlier right based on copyright; namely, that it has not established that it is the proprietor of the design right or that the contested mark was copied from the earlier design.³⁶

The bad faith ground for invalidating trade mark UK3177601

61. Section 47(1) of the Act states:

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

62. Section 3(6) states:

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

³⁵ See paragraph 52 above.

³⁶ See Articles 14, 19(2) and 27 of Council Regulation 6/2002

63. Fantasy's grounds for invalidation under s.3(6), as set out in the third version of its application under s.47 filed on 8th June 2018, are set out below.

“At the relevant date (date of application and/or the priority date) (i) the Owner had knowledge of the Cancellation Applicant's use of its mark in the UK (ii) the Owner had knowledge of Cancellation Applicant's use of its mark outside the UK (namely, online) (iii) the application for registration by the Owner was in breach of fiduciary duties; all of which fall short of the behaviour expected of a reasonable director in the applicant's position, and taken together, is contrary to law.

[Fanduel] having sought consent from [Fantasy] and no unconditional consent having been given by [Fantasy] or any conditions upon which consent may have been given had not been purified, the application by [Fanduel] for registration of its mark was in all the circumstances in bad faith. Namely because, inter alia, [Fanduel] having sought consent from [Fantasy] was barred from filing its application for registration without such consent; the filing of the application could not be considered (at least in Scotland) 'good faith' (ergo it was bad faith): [Fanduel] took unacceptable risk(s); [Fanduel] filed its US application (from which it claims priority) after knowledge of [Fantasy's] mark and its use but before possibly knowing if consent in any form could be obtained (or was needed) from [Fantasy]; and/or [Fanduel's] conduct otherwise fell short of the standards of acceptable commercial behaviour judged by ordinary standards of honest people. Further comment will follow at the substantive hearing.”

64. At the hearing, Ms Reid pointed out that the second paragraph of the pleading appeared for the first time in the third version of Fantasy's statement of grounds, but that no permission had been sought or given for it to amend its s.3(6) ground for invalidation.

65. In response, Mr Hannay pointed out that Fanduel's third amended counterstatement stated that it had read and understood the grounds for invalidation.

Consequently, he submitted that it was no longer open to Fanduel to contest the expanded s.3(6) grounds.

66. Looking at the case file, I note that the covering email under which the third version of the statement of grounds was filed stated that it added, inter alia:

“...some clarity to the s.3(6) ground....”.

It is not therefore fair to say that the expanded bad faith ground was added in an underhand manner. Nevertheless, it is true that no permission was sought to amend the pleading. Such permission should have been sought. A party is entitled to know the case he or she is required to meet. This is particularly important where the allegation is one of bad faith. Having added a bad faith ground for the first time in the second statement of grounds in mid-2017, it was unacceptable for Fantasy to then ‘evolve’ this case in its third statement of grounds in 2018, without first seeking directions, and without giving Fanduel a specific opportunity to object. It is not a sufficient answer to this criticism to say that Fanduel indicated in its third amended counterstatement that it had read and understood the case.

67. In my view, the case advanced in the second paragraph of the revised s.3(6) pleading is more than a clarification of the original case set out in the first paragraph. It is a different case. My primary finding is that is not open to Fantasy to run that case in the circumstances set out above. However, in case I am found to be wrong about that, I will deal with both the original case and the ‘evolved’ case of bad faith.

68. I find that there is nothing in either case and I reject these grounds. My reasons are as follows. The law in relation to section 3(6) of the Act (“bad faith”) was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited*,³⁷ as follows:

“130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of

³⁷ [2012] EWHC 1929 (Ch)

the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C- 529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but also "some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the

relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)."

69. So far as the original s.3(6) case is concerned, I note that in *Malaysia Dairy Industries Pte Ltd v Ankenævnet for Patenter og Varemærker*,³⁸ the CJEU held that merely knowing that a trade mark was in use by another in another jurisdiction did not amount to bad faith under Article 4(4)(g) of the Directive (s.3(6) of the Act). This means that even if there was evidence of use of Fantasy's logo outside the UK, which there is not, Fanduel's knowledge of such use prior to 1st August 2016 could not, by itself, support a finding of bad faith.

70. It is conceded that Fanduel knew of Fantasy's use of trade mark UK3173237 in conjunction with the word FANAGER ("the composite mark") in the UK prior to the date of its UK application for registration. However, mere knowledge of Fantasy's

³⁸ Case C-320/12

use of the composite mark (or indeed the logo alone) in the UK is not sufficient, by itself, to amount to bad faith.³⁹

71. The claim that Fanduel's application was made "*in breach of fiduciary duties*" does not make sense. It does not explain why, despite being a completely separate company, Fanduel had a fiduciary duty to Fantasy, or why the trade mark application was in breach of anything that could properly be described as a fiduciary duty. It follows that the original s.3(6) case was bound to be rejected as unfounded.

72. Before turning to the 'evolved' or 'clarified' grounds for the bad faith pleading it is necessary to set out the relevant evidence. Mr Aniello's witness statement includes a description of his meeting with Mr Eccles of Fanduel on 30th June 2016 and subsequent email exchanges. He says:

"[Mr Eccles] arrived here (Fantasy Sports Limited's Glasgow office) and immediately showed me the PowerPoint pages of the new branding options for FanDuel. He said they had not made a decision on which logo they were going to use, but was leaning to the shield design. I mentioned to him that it was the same as our logo. He agreed it was similar but felt it could be differentiated. I commented that it was exactly the same especially in the green and black colour scheme. He asked if we would have a problem with this. I personally saw potential for co-existence (subject to agreement) but told him it was not my decision to make, I had two partners who would have to make the call on this, and the terms require (sic) to manage the likely impact an identical or highly similar logo would have on the Fantasy Sports Fanager product and services. He accepted this and I said I would get back to him when we had discussed it."

Mr Aniello states that Mr Eccles therefore asked for permission to use the logo at issue and that at no time was such permission given.

73. In his statement in reply, Mr Eccles accepts that following Fanduel's discovery of the logo used by Fantasy he telephoned Mr Aniello and subsequently met with him

³⁹ See paragraph 189 of Arnold J.'s judgment in *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited* [2008] EWHC 3032 (Ch).

on 30th June 2016. According to Mr Eccles, Mr Aniello said that he did not have any issue with the Fanduel logo, but that he would check with his colleagues. There was a further email exchange and a further meeting was floated, but never took place. Mr Eccles says that his last email of 18th July went unanswered. This left Mr Eccles with the understanding that there was no problem.

74. Copies of the emails between Mr Aniello and Mr Eccles are in evidence.⁴⁰ In his first email of 30th June 2016, Mr Eccles said that Fanduel was leaning towards using the shield logo (out of several options) but not in a green/black colour scheme, (as appears to have been considered). The email concluded *“It would be great to get an OK from you and your partners.”*

75. In his reply of the same date, Mr Aniello wrote *“I don’t have a problem so I have passed this to Mark and Kenny and I will get back as soon as I can, but I’m sure its not an issue.”* Mr Eccles emailed again on 16th July asking whether things were fine with Mr Aniello’s partners and offering to meet them. He received a reply on 18th July suggesting a lunch meeting with them. Mr Eccles replied the same day explaining that he was in New York for the next 2 weeks, but that one of the co-founders [of Fanduel] was in Edinburgh and should be available. There was no reply to this email.

76. According to Fantasy’s ‘evolved’ bad faith pleadings, Fanduel having sought consent from Fantasy and, no unconditional consent having been given, Fanduel was barred from filing its application for registration. Such an application could not be considered (at least in Scotland) to have been filed in ‘good faith’. Therefore, it was filed in bad faith. Mr Hannay developed this line of argument at the hearing. He submitted that Mr Eccles email of 30th June 2016 represented an agreement not to use the logo without Fantasy’s consent. This created a contractual right under Scottish law, which Fanduel breached by filing the application. I reject this submission for two reasons. Firstly, to the extent that the argument depends on a particular aspect of Scottish law, I remind myself that bad faith is an autonomous concept of European Union law which must be given a uniform interpretation in the

⁴⁰ See exhibit PA-01 to WS Aniello and exhibit NE3 to WS Eccles 2

European Union.⁴¹ This means that, although it may be relevant, an act cannot be regarded as bad faith merely because it would be contrary to the law of Scotland (or England and Wales for that matter). Secondly, I do not accept that the email of 30th June 2016 amounted to an undertaking not to use or register the logo without Fantasy's agreement. It was no more than a request for consent to use the mark. Such requests are a common means of avoiding intellectual property disputes. They do not necessarily mean that the party asking for consent accepts that the party from whom consent is sought has a legal right to prohibit the use of their trade mark or design. Nor do they constitute an undertaking not to use or apply to register their trade mark or design without such consent. If they did, they would be sought far more sparingly, with a consequent increase in the number of IP disputes settled through litigation.

77. Fantasy's 'evolved' bad faith pleading includes a claim that Fanduel filed its US application (from which it claims priority) after knowledge of Fantasy's mark and its use, but before possibly knowing if consent in any form could be obtained (or was needed) from Fantasy. This point was not pressed strongly at the hearing. It is obviously wrong because Fanduel did not need Fantasy's consent to file a trade mark application in the USA and had in fact already applied there before approaching Fantasy for consent. I do not understand the point about Fanduel taking "*unacceptable risks*." It does not appear to be a self-standing reason. If it is, it is plainly not sufficient to support a finding of bad faith.

78. At the hearing, Mr Hannay raised (yet) further matters which he claimed showed that Fanduel had acted in bad faith. Firstly, he claimed that Fanduel was prevented by the law of personal bar (or estoppel) from proceeding with its trade mark application without Fantasy's consent. Secondly, he submitted that the application was a spoiling mechanism intended to prevent Fantasy from continuing to use its trade mark in the UK or EU. Neither of these claims are apparent on the face of the original or 'evolved' bad faith pleadings. The second matter is definitely outside the pleadings. I would therefore have rejected them for this reason alone. There is

⁴¹ See the CJEU's answer to the first question in *Malaysia Dairy Industries Pte Ltd v Ankenævnet for Patenter og Varemærker*.

nothing in either claim anyway. As regards the first claim, Mr Hannay drew my attention to *Gatty v Maclaine*⁴² where Lord Birkenhead said:

“Where B has by his words or conduct justified A in believing that a certain state of facts exists, and A has acted upon such belief to his prejudice, B is not permitted to affirm against A that a different state of facts exist.”

The “*certain set of facts*” in this case were said to be Fanduel’s emails seeking consent, the absence of disclosure of the USA trade mark application, and the plan to file a UK trade mark applications. It is said that this justified Fantasy into “*believing that Fanduel’s rebranding was on-going, designs were not settled, and that Fantasy had a right to protect its trade mark (unaffected by the priority claimed from the USA trade mark filing), and that Fanduel would not use a very similar mark.*” Some of this is obviously wrong or irrelevant. However, the fundamental problem with this submission is that Fanduel never made any representation to Fantasy to the effect that it would not apply to register its new logo as a trade mark. And there is no evidence that Fantasy acted on that belief to its detriment. For example, there is no suggestion that it delayed filing its own trade mark application.

79. The second submission (that the UK trade mark application was merely a spoiling mechanism) is not founded in fact. Mr Eccles’s evidence is that Fanduel commenced a ‘soft’ launch of its logo in the UK in the summer of 2016. Since filing the UK trade mark application, Fanduel reviewed its plans and decided to focus its marketing on the US market. However, Mr Eccles states that at the time of filing the UK application, Fanduel was using the trade mark in the UK. Prior to the hearing, Fantasy had not challenged this evidence. Indeed, Ms Hannay’s evidence includes:

- (i) A screenshot from Fanduel’s website showing that it started using the new logo online on 3rd August 2016;⁴³
- (ii) A copy of an online BBC report dated 27th July 2016 that Fanduel was planning to launch in the UK in August 2016;⁴⁴

⁴² [1921] SC 1 (HL)

⁴³ See exhibit LASH-25 to Ms Hannay’s statement

- (iii) A copy of an online 'newsletter' Fanduel issued in July 2017 saying that almost £1m had been won by UK-based users in 2016/17, but that it was not offering contests in the UK for the 2017/18 season.⁴⁵

In these circumstances, it seems obvious that the UK trade mark application had a legitimate objective, i.e. that of protecting one of the marks Fanduel intended to use for its intended UK business. That conclusion is not undermined by the fact that Fanduel knew that Fantasy was using a virtually identical logo in the UK (accompanied by the word FANAGER) in relation to the planned launch of its own sports betting competition. This is because it cannot be said that the “*sole objective* [of Fanduel’s application was] *to prevent a third party from entering the market.*”

80. These are my reasons for rejecting Fantasy’s bad faith case, whether based on the pleaded case, the ‘evolved’ version of that case, or the unpleaded and additional case unveiled at the hearing.

Outcome of Fantasy’s application to invalidate trade mark 3177601

81. All the grounds for invalidation have failed. The application is therefore refused.

Fanduel’s application to invalidate Fantasy’s trade mark 3173237 based on earlier trade mark 3177601

82. 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”.

⁴⁴ See LASH-28. I also note that the report states that Fanduel was originally based in Scotland but had moved its operation to the USA several years before. I also note that the BBC article reproduced the Fanduel logo.

⁴⁵ See LASH-29

83. Fanduel's trade mark UK3177601 is an 'earlier trade mark' by virtue of sections 6(1) and 35 of the Act

Similarity of goods/services

84. It is common ground that the respective services in class 41 are identical or highly similar.

Average consumer

85. The average consumer is a member of the public with an interest in gambling or sports betting. Such a consumer is likely to pay a normal level of attention when selecting the services at issue.

Distinctive character of the earlier mark

86. The earlier mark (in particular the logo element) has an average degree of inherent distinctiveness. There is no evidence that the distinctiveness of the earlier mark had been materially enhanced through use prior to the date of filing of Fantasy's mark (which is the relevant date for the purpose of s.5(2)(b)).

Similarity of marks

87. The Fanduel logo and the word FANDUEL are more or less equally dominant in the earlier mark. The word element is longer, but the logo appears at the beginning of the mark. It therefore catches more attention than it would if placed after the word FANDUEL. Fantasy's mark has only one feature: the logo. I find that there is a low to medium degree of visual similarity between the marks as wholes, but a high degree of visual similarity between the logo elements. There is no aural similarity between the marks. This is because Fanduel's mark will be verbalised as FANDUEL. I doubt that Fantasy's mark, being a visual mark, would be verbalised at all. Conceptual similarity is irrelevant because neither mark has a semantic meaning.

Likelihood of confusion

88. The following principles are gleaned from the decisions 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 C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

The principles

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

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

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

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

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

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

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

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

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

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

89. There is no likelihood of direct confusion. This is because the marks as wholes (i.e. including the word FANDUEL) look too different for consumers to mistake one for the other. This is so even after allowing for consumer's exposure to the marks at different times and making a certain allowance for imperfect recollection.

90. In *L.A. Sugar Limited v By Back Beat Inc*,⁴⁶ Mr Iain Purvis Q.C., 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

⁴⁶ Case BL O/375/10

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.

91. In *Duebros Limited v Heirler Cenovis GmbH*,⁴⁷ Mr James Mellor Q.C., as the Appointed Person, stressed that a finding of indirect confusion should not be made merely because the two marks share a common element. In this connection, he pointed out that it is not sufficient that a mark merely calls to mind another mark. This is mere association not indirect confusion.

92. I find that the logo element of the earlier mark retains an independent distinctive role in that mark, notwithstanding that it is no more (and arguably less) dominant than the word FANDUEL. Further, the high degree of similarity between the logo element of the earlier mark and Fantasy’s mark is such that the one is likely to be mistaken for the other. The use of such similar logos is likely to lead consumers to believe that the users of the marks are the same, or that they are economically connected. This constitutes a likelihood of indirect confusion. The ground for invalidation under s.47(2) based on the registration of trade mark 3173237 having been contrary to s.5(2)(b) therefore succeeds.

Outcome of Fanduel’s application to invalidate Fantasy’s trade mark 3173237

93. The application succeeds. Trade mark 3173237 is invalid and the registration will be cancelled.

⁴⁷ BL O/547/17

Costs

94. Ms Reid asked for off-scale costs in relation to the re-introduced s.5(2)(b) ground and the new and unheralded s.5(3) ground for invalidating her client's mark in Fantasy's third version of its statement of grounds. Mr Hannay said it was mistake. I cannot understand how adding a wholly new ground under s.5(3) could have been a clerical error. However, these grounds did not feature in Mr Hannay's skeleton and they were quickly dismissed at the hearing, so they did not waste much time. I will therefore award costs based on the usual scale, but make an additional allowance for the exceptionally difficult way in which Fantasy set about pleading its case. I assess costs as follows.

£950 for considering Fantasy's application for invalidation, its twice amended grounds, and preparing three counterstatements;

£1800 for filing evidence and considering Fantasy's evidence;

£250 for filing the application to invalidate trade mark Fantasy's mark and considering its counterstatement;

£200 official fee for TM26(1);

£1600 for attending a hearing and filing a skeleton argument.

95. I therefore order Fantasy Sports Limited to pay Fanduel Limited the sum of £4800. This sum to be paid within 21 days of the end of the period allowed for appeal or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings (subject to any order of the appellate tribunal).

Dated this 13th Day of November 2018

**Allan James
For the Registrar**