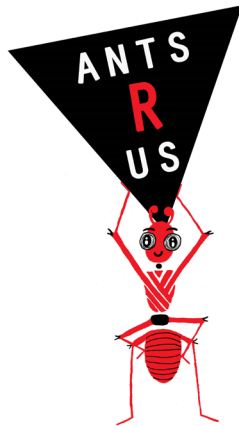


O/678/19

TRADE MARKS ACT 1994

**IN THE MATTER OF
TRADE MARK APPLICATION NO. 3316195
IN THE NAME OF CHRIS NEWMAN
FOR THE TRADE MARK:**

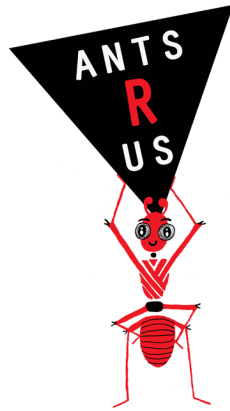


AND

**OPPOSITION THERETO UNDER NO. 413832
BY GEOFFREY, LLC**

Background and pleadings

1. On 7 June 2018, Chris Newman applied to register the trade mark shown below, under number 3316195 (“the contested mark”):



The application was published for opposition purposes on 22 June 2018 in respect of “live insects” in class 31.

2. The application is opposed by Geoffrey, LLC (“the opponent”). The opposition is based upon s. 5(4)(a) of the Trade Marks Act 1994 (“the Act”) and is directed against all of the goods in the application. The opponent claims that it has used the sign **TOYS R US** throughout the UK since 1985 in respect of “toys, games and playthings, and accessories for these goods; online and in-store retail services relating to these goods”. It asserts that the “R US” element in the contested mark “directly alludes to the opponent’s earlier mark in relation to which the opponent has generated a substantial goodwill through use in the UK for over thirty years”. It claims that use of the contested mark would constitute a misrepresentation to the relevant public, which would lead to damage to the opponent’s goodwill.

3. Mr Newman filed a counterstatement in which he denies the grounds of opposition. He points to the visual and aural differences between his mark and the earlier sign and claims that the parties specialise in “completely different” products.

4. Both parties filed evidence. The opponent also filed submissions during the evidence rounds. A hearing was held before me, by videoconference, on 21 August 2019. Mr Newman represented himself. The opponent was represented by Allister McManus and Chris McLeod, both of Elkington & Fife LLP. For convenience, I will not distinguish during the course of this decision between the submissions made by the opponent's two representatives.

Preliminary issues

5. In its written submissions filed during the evidence rounds, and in its evidence, the opponent indicates that the range of goods and services on which it has claimed use is much wider than that indicated in its pleadings. It further claims that it has used other signs ("BABIES R US", "R US"), none of which is mentioned in its pleadings. No application to amend the pleadings was made before me. As the reliance on a family of marks is a matter which must be distinctly pleaded, I proceed on the basis of the sign and goods and services indicated in the notice of opposition.

Evidence

6. Much of the evidence is not relevant (for example, a good deal of the opponent's evidence concerns the USA or the global position, with no specific indications relating to the UK) and both parties' evidence contains submission. I intend only to summarise the pertinent evidence. I will bear the submissions in mind.

Opponent's evidence

7. The opponent's evidence is in the form of the affidavits of James M. Young, Executive Vice President, General Counsel and Secretary of the opponent, and Jason M. Barr, Secretary of the opponent.

8. Mr Young explains that the opponent is a wholly owned subsidiary of Toys “R” Us, Inc, and is a holding company for all of the intellectual property and other assets of Toys “R” Us, Inc.¹

9. It is said that Toys “R” Us, Inc. began trading in the UK in 1985 and that it operated eighty-five stores across the UK before it ceased trading on 24 April 2018.² Evidence from the opponent’s UK site, with a copyright date of 2013 and a printing date of April 2017, supports this statement.³ The company operated the stores through its UK subsidiary, Toys “R” Us Limited, which in 2015 posted pre-tax profits of £16.3 million.⁴ It is further stated that the opponent also traded under “BABIES R US” and “R US” “in addition to creating, promoting and selling individually branded products” under the TOYS R US sign.⁵ Turnover under the three marks/signs in the UK was in excess of £400million annually between 2012 and 2016.⁶

10. All of the stores are said to have operated under “the mark TOYS R US in the form of [the opponent’s] logo mark”.⁷ The logo mark which was used from 2007 to April 2018 is shown below:⁸



11. Mr Young explains that prior to 2008, the logo featured speech marks or a star device around the letter “R”, examples of which are exhibited.⁹

¹ Young, §1.

² Young, §5.

³ Exhibit 3.

⁴ Young, §6. See also exhibit 1, p. 18.

⁵ Young, §8.

⁶ Young, §9.

⁷ Ibid.

⁸ Exhibit 4.

⁹ Exhibit 5.

12. Website prints dated between October 2012 and February 2018 are provided, which bear the mark shown above.¹⁰ “Babies R Us”, stylised and in word form, is visible on several. The same exhibit also contains what appear to be catalogues detailing the toys on offer in the opponent’s physical or online shops. Various types of toy are offered for sale. The vast majority are clearly branded with third-party marks. There are some goods, such as bikes, trampolines, playhouses, football and air hockey tables and a soft toy (e.g. pp. 60-62, 103-104), where no brand is indicated. There is some use of the stylised “R” (as in the logo reproduced above) on its own, usually to indicate a price. The catalogues appear to be dated between 2004 (pp. 47-49) and 2017 (p. 164).

13. Mr Barr’s evidence was filed in reply. He exhibits pages from the opponent’s December 2012 catalogue which are said to show goods sold by the opponent, namely “Kid’s Garden”, a butterfly garden, “Twig Indian Stick Insect” and “Wiggly Worm World”.¹¹ Pages from the November 2013 Christmas catalogue show the latter three, as well as “Swamp Monsters” goods.¹² None appears to be branded “Toys R Us”. There are pages from a 2007 catalogue which show a National Geographic “Bug Barn” for sale or free with a minimum spend on other National Geographic goods.¹³ Mr Barr also exhibits pages from a 2010 catalogue of the opponent in which an “Ant World” is shown for sale, along with an “Ant-O-Sphere”, “Worm World” and a “Triop Volcano”.¹⁴ None appears to be branded “Toys R Us”.

Mr Newman’s evidence

14. Mr Newman states that he is a sole trader and has been owner of the business Antsrus since February 2018.

15. Mr Newman explains his choice of trade mark, stating that:

¹⁰ Exhibit 6, pp. 1-8.

¹¹ Exhibit 8.

¹² Exhibit 9.

¹³ Exhibit 10. This appears to be a duplicate of exhibit 6, p. 52.

¹⁴ Exhibit 11.

“The use of the term “r us” in the trademark which I have applied for is in relation to the socialism of the insects that are ants. The use of the term represents their similarities to humans in regards to the fact they work in groups to achieve their objectives to become successful organisms, in which humans also work in groups to achieve goals. The “rus” represents them being like us”.

16. There is no need for me to detail the remainder of Mr Newman’s evidence.

Section 5(4)(a)

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

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

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

(b) [.....]

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

18. In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, HHJ Clarke, sitting as a Deputy Judge of the High Court stated that:

“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)".

19. There is no evidence that the contested mark was in use prior to the date of application. That being the case, the relevant date is the date of application, namely 7 June 2018.¹⁵

Goodwill

20. The House of Lords in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL) provided the following guidance regarding goodwill:

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

21. The opponent's witnesses both describe the opponent as the holding company of the intellectual property associated with the "Toys R Us" brand. Although goodwill is strictly associated with a business rather than being an independent property right, in *Scandecor Development AB v Scandecor Marketing AB and Another* [1999] FSR 26, Sir Stephen Browne said:

"The effects of the expansion of international trade, the globalisation of markets and the growth of multi-national corporate conglomerates, are all reflected in this and similar disputes. A company incorporated outside the

¹⁵ *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O/410/11 at [43].

United Kingdom and carrying on business in a number of other countries may expand into the U.K. market in a number of different ways. It may establish a branch or form a subsidiary company to manufacture or to trade in its products or services in the United Kingdom; or it may appoint an unconnected company to act as the sole or exclusive distributor of its products or the supplier of services in that local territory for a fixed term, or until terminated on notice or other specified events; or it may enter into an agreement with a local company to make and sell its products under licence. The local company may use the same marks in the territory as the foreign company uses in other territories both in its corporate name and in relation to its products and services. No problems are likely to occur while the local subsidiary, distributor, agent or licensee company is a member of the same group or is bound by a contractual arrangement containing provisions governing the use of the mark. Difficulties, like those in the present case, are likely to arise when the corporate or the contractual connection is severed and there are no express post-termination contractual provisions designed specifically to regulate the future use of the mark in the local territory. Who is then entitled to use the mark in relation to goods or service or in the corporate or trading name?”.

22. Mr Newman has made no representations regarding the opponent’s right to rely on the sign. Given the evidence that the opponent is a subsidiary of Toys “R” Us Inc., a relationship specifically mentioned in *Scandecor* as one unlikely to be problematic, and as the initial vesting of the goodwill in the trading company would not prevent the transfer of goodwill into the legal ownership of another company (in this case the opponent), I proceed on the basis that the opponent is entitled to rely on the rights it claims.

23. At the hearing, Mr Newman sensibly accepted that as at 24 April 2018 the opponent was operating a business selling toys in the UK. It is not in dispute that by the relevant

date all trade had ceased. The opponent, however, relies on the residual goodwill created by its previous trade.

24. It is settled law that when a trader ceases to carry on his business, he may retain for a period of time the goodwill attached to the business and, by extension, the ability to enforce his rights: *Ad Lib Club Limited v Granville* [1971] FSR 1 (HC). The same case explains that the point at which the goodwill no longer exists is a matter of fact and degree. In the instant case, the period between the cessation of trade and the relevant date is less than two months. Further, it is clear from the evidence that the opponent had had a nationwide presence since at least 2004, while the sales figures for the period 2012 to 2016 are significant. Even if, as the fate of the business would suggest, the sales figures for the final years of trading were much lower, the combination of the factors outlined above is such that I conclude without hesitation that the goodwill was extant at the relevant date. Further, even if there were a drop in sales latterly, the extent of the opponent's sales figures to 2016 and its presence across the UK are likely to have resulted in that residual goodwill still being fairly strong at the relevant date. Although the sign shown in the evidence is stylised, it is clear that the words "TOYS R US" are an important and identifiable part of that sign and I find that they were distinctive of the opponent's business.

25. Turning to the question of whether the business offered more than the retail services conceded by Mr Newman, Mr Young's narrative evidence is that the opponent created, promoted and sold "individually branded products". It is not entirely clear if this is a claim to the manufacture and sale of own-brand goods. In the various catalogues which have been exhibited, the majority of the goods are clearly sold under third-party brands. There are, however, some goods where no brand at all is shown. I am not prepared to infer, in the absence of any other evidence, whether narrative or documentary, that these goods were branded "Toys R US". That is particularly the case as certain goods which appear without branding in one catalogue appear in later catalogues under third-party marks. One such example are the "Blue Thunder" and "Precious" bikes, identified as "AVIGO" bikes at exhibit 6, p. 107 but unbranded at p. 174. Nor do I consider the use

of “Only at Toys R Us” determinative one way or the other: the example of bikes given above also serves to show the phrase used on goods which appear both with and without third-party branding, depending on the catalogue. I find that at the relevant date the opponent was able to rely upon the residual goodwill in its business of providing retail services relating to toys, games and playthings, of which the sign “TOYS R US” was distinctive.

Misrepresentation

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

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

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

27. It is trite law that there is no requirement for a common “field of activity” for an action is passing off to lie: *Harrods Limited v Harrodian School Limited* [1996] RPC 697 (CA), Millet L.J. at p. 714. It is clear from the same case, however, that whilst the absence of a common field of activity is not fatal, it remains a relevant factor, though it may be less important where the claimant’s sign is a household name. Millett L.J. went on to say:

“Where there is no or only a tenuous degree of overlap between the parties' respective fields of activity the burden of proving the likelihood of confusion

and resulting damage is a heavy one. In *Stringfellow v. McCain Foods (G.B.) Ltd.* [1984] R.P.C. 501 Slade L.J. said (at page 535) that the further removed from one another the respective fields of activities, the less likely was it that any member of the public could reasonably be confused into thinking that the one business was connected with the other; and he added (at page 545) that

‘even if it considers that there is a limited risk of confusion of this nature, the court should not, in my opinion, readily infer the likelihood of resulting damage to the plaintiffs as against an innocent defendant in a completely different line of business. In such a case the onus falling on plaintiffs to show that damage to their business reputation is in truth likely to ensue and to cause them more than minimal loss is in my opinion a heavy one.’

In the same case Stephenson L.J. said at page 547:

‘...in a case such as the present the burden of satisfying Lord Diplock's requirements in the *Advocaat* case, in particular the fourth and fifth requirements, is a heavy burden; how heavy I am not sure the judge fully appreciated. If he had, he might not have granted the respondents relief. When the alleged “passer off” seeks and gets no benefit from using another trader's name and trades in a field far removed from competing with him, there must, in my judgment, be clear and cogent proof of actual or possible confusion or connection, and of actual damage or real likelihood of damage to the respondents' property in their goodwill, which must, as Lord Fraser said in the *Advocaat* case, be substantial.’”.

28. In the instant case, the application is for “live insects” whilst the opponent’s goodwill is in retail services connected with toys, games and playthings. The opponent does not accept that the goods and services are in different fields. I note Mr Newman’s

acceptance at the hearing of a complementary relationship between toys and insects. However, the opponent's retail services are at a remove from the toys themselves. Although there is some evidence from the period 2007 to 2013 of the opponent offering for sale toys which involve insects, that does not equate to a retail service in relation to live insects, particularly in the absence of any evidence to show how the insects are obtained, such as whether they are included in the box with the toy itself, whether the retailer would be expected to hold a stock of insects, or whether special conditions are required for the storage or display of such goods, such that the retailer might be perceived to have any responsibility for the insects, as opposed to the packaged toys it offers for sale. My view is that the parties' businesses, in the fields of live insects and retail services in relation to toys, games and playthings, respectively, are in separate fields of activity. The selection of the opponent's services is likely to be subject to a medium degree of attention, being services offered to the general public, offering goods which are not particularly expensive and bought not infrequently, and for which there will be a degree of attention to, for example, stock range and staff knowledge (e.g. regarding toys suitable for a particular age group). The goods in the contested specification may well be bought by the general public; it is plausible that owners of exotic pets may buy live insects as food, or even that owners of ant farms may wish to top up their colony. It is at least equally likely that the relevant public will include businesses, including enterprises as potentially diverse as zoos and foodstuff manufacturers. Neither group is likely to be particularly inattentive. The general public will pay a medium degree of attention, ensuring, for example, that the correct species is selected; those purchasing on behalf of businesses may be purchasing greater quantities or entering into contracts of some duration and will take more care, paying a reasonably high degree of attention.

29. The opponent contends that the marks are visually and phonetically similar and that the "R US" element of the contested mark "directly alludes to the earlier unregistered mark".¹⁶ There are clear visual differences between the contested mark and the sign, given the significant device element in the contested mark and the different words

¹⁶ Skeleton argument, §8.

“TOYS” and “Ants”, the latter of which is also an aural difference. The words “TOYS” and “Ants” are, however, non-distinctive for the goods and services at issue. Whilst the contested mark and the sign share the phrase “R US”, this phrase does not strike me as particularly distinctive in itself, suggesting as it does that a business has a particular concern; “TOYS R US” as a whole is strongly allusive of the fact that the business provides a service connected with toys, just as “Ants R Us” suggests a business concerned with insects. As I indicated above, only one earlier sign is pleaded but, even were that not the case, there is no evidence of “R US” being used on its own. Further, had “Babies R Us” been pleaded, there is nothing to suggest that the opponent offered goods or services other than retail services in connection with baby products. Although the opponent was clearly very successful in its heyday, the evidence does not persuade me that the phrase “R US”, inherently weakly distinctive, would be uniquely associated with the opponent. Despite the level of goodwill enjoyed by the opponent at the relevant date, my view is that although the contested mark might bring the earlier sign to mind, the similarities between the mark and the sign are, when considered against the distance between the fields of activity and the weak distinctiveness of the sign, insufficient to deceive a substantial number of the relevant public.

30. It has long been held that an intention to deceive should not be lightly overlooked and I have considered the opponent’s submission that it is “inconceivable” that Mr Newman did not have the earlier sign in mind when choosing his trade mark. I do not find Mr Newman’s explanation for the choice of his sign to be credible. However, the corollary is not that the contested mark was adopted with the intention to deceive. In my view, the evidence does not establish any such proposition. Indeed, given the distance between the goods and services, I am not persuaded that there was even an intention to remind consumers of the opponent’s sign, let alone to live dangerously by recklessly disregarding the likelihood of deception.

31. For all of these reasons, I find that the use of the contested mark would not at the date of application have constituted a misrepresentation to the relevant public. The passing off claim fails accordingly.

Conclusion

32. The opposition has failed. Subject to appeal, the application will proceed to registration.

Costs

33. Mr Newman has been successful and is entitled to an award of costs. He has requested costs, on the appropriate form, to compensate him for 32 hours' work and 1 hour 20 minutes of travel time. Unless there are reasons why another approach may be appropriate, the tribunal awards costs on a contributory rather than compensatory basis. The Litigants in Person (Costs and Expenses) Act 1975, the Civil Procedure Rules Part 46 and the associated Practice Direction set the amount payable to litigants in person at £19 per hour.

34. I accept that, as a litigant in person, Mr Newman will have spent time familiarising himself with the relevant law and issues in the case, though I also bear in mind that the opponent relied upon a single ground of opposition and a single earlier sign. I also accept that it will have taken him some time to digest the lengthy evidence filed by the opponent. Whilst much of this evidence was repetitive or irrelevant, it is unreasonable to expect a litigant in person to identify the relevant evidence and dismiss the irrelevant material as swiftly as a professional representative might. However, I do not consider it appropriate to make a double award for considering evidence at the evidence stage and the same again in preparation for the hearing. With these factors in mind, I award costs to Mr Newman on the following basis:

Considering the notice of opposition and filing the counterstatement (5 hours):	£95
Considering the other party's evidence and filing evidence (14 hours):	£266
Preparing for and attending hearing (7 hours):	£133

Total:

£494

35. I order Geoffrey, LLC to pay Chris Newman the sum of **£494**. 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 6th day of November 2019

Heather Harrison

For the Registrar

The Comptroller-General