

O-752-19

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 3335436
BY SONIA SYSTEMS LIMITED
TO REGISTER AS A TRADE MARK**

RED PANDA

IN CLASSES 35 AND 42

AND

**IN THE MATTER OF OPPOSITION THERETO
UNDER NO. 414723
BY PANDA SECURITY, S.L.**

Background and pleadings

1) Sonia Systems Limited (“the applicant”) applied to register the trade mark no. 3335436 in the UK on 1 September 2018 in respect of the mark RED PANDA. It was accepted and published in the Trade Marks Journal on 14 September 2018 in respect of the following services:

Class 35: *Providing online marketplaces for sellers of; algorithms, APIs, software as a service, software, SaaS, algorithm as a service, financial software, medical software, retail software, engineering software; Provision of an online marketplace for buyers and sellers of goods and services including; algorithms, APIs, software as a service, software, Saas, algorithm as a service, financial software, medical software, retail software, engineering software.*

Class 42: *Algorithm development; algorithm consultancy; data science; data analysis; algorithm as a service; software consultancy; Development and testing of computing methods, algorithms and software.*

2) Panda Security, S.L. (“the opponent”) opposed the application, on 14 December 2018, on the basis of sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). In respect of the first two of these grounds, it relied upon UK trade mark 2188123B and International Registration designating the European Union (“IREU”) WE00001027040. The UK mark has subsequently been removed from the Register. Therefore, I need only consider the first two grounds based upon the following IREU. This qualifies as an earlier mark by virtue of the date designating the EU being earlier than the filing date of the contested mark. Protection in the EU was granted more than five years before the publication of the contested mark and so, the earlier mark is subject to proof of use. The relevant details of this earlier mark are:

Mark: PANDA

Date of designating the EU: 20 October 2009

Priority date: 22 April 2009

Date protection granted in the EU: 16 December 2010

Class 9: *Antivirus computer programmes; antivirus software and hardware; antimalware computer programmes; antimalware software and hardware; computer security programmes; computer security software and hardware; computer threat prevention computer programmes; computer threat prevention software and hardware.*

Class 42: *Analysis for the installation of computer systems in connection with computer security, computer threat prevention, antivirus and/or anti-malware; analysis of computer systems in connection with computer security, computer threat prevention, antivirus and/or anti-malware; design of computer systems in connection with computer security, computer threat prevention, antivirus and/or anti-malware; design and development of computer hardware and software in connection with computer security, computer threat prevention, antivirus and/or anti-malware; computer consulting in connection with computer security, computer threat prevention, antivirus and/or anti-malware; rental of computers in connection with computer security, computer threat prevention, antivirus and/or anti-malware; computer programming in connection with computer security, computer threat prevention, antivirus and/or anti-malware; design of computer software in connection with computer security, computer threat prevention, antivirus and/or anti-malware; installation of computer software in connection with computer security, computer threat prevention, antivirus and/or anti-malware; rental of computer software in connection with computer security, computer threat prevention, antivirus and/or anti-malware; maintenance of computer software in connection with computer security, computer threat prevention, antivirus and/or anti-malware; updating of computer software in connection with computer security, computer threat prevention, antivirus and/or anti-malware; duplication of computer programmes in connection with computer security, computer threat prevention, antivirus and/or anti-malware; conversion of data or documents from physical to electronic media in connection with computer security, computer threat prevention, antivirus and/or anti-malware; conversion of computer programmes and data in connection with computer security, computer threat prevention, antivirus and/or anti-malware; database reconstruction in connection with computer security, computer threat*

prevention, antivirus and/or anti-malware; Web site creation and maintenance for others in connection with computer security, computer threat prevention, antivirus and/or anti-malware; super server hosting (of Web sites) in connection with computer security, computer threat prevention, antivirus and/or anti-malware; technical project studies in connection with computer security, computer threat prevention, antivirus and/or anti-malware; computer data-processing in connection with computer security, computer threat prevention, antivirus and/or anti-malware; operation and maintenance of computer systems (software) in connection with computer security, computer threat prevention, antivirus and/or anti-malware.

Class 45: *Granting of computer software licenses in connection with computer security, computer threat prevention, antivirus and/or anti-malware.*

3) In respect of the grounds based upon section 5(2)(b), the opponent asserts that:

- the respective goods and services are identical, similar or complementary;
- the marks are similar and that the RED element of the contested mark serves only to indicate a sub-brand of the PANDA brand;
- it's mark benefits from an enhanced level of distinctive character arising from its use in the UK and the EU, and;
- the application is liable to be refused in respect of all its services because of the likelihood of confusion.

4) In respect of the section 5(3) ground the opponent claims to that its IREU has a substantial reputation in the EU. On page 12 of the Form TM7, the opponent ticked "All goods and services" in answer to the question "For which goods or services covered by your earlier trade mark does it have a reputation?". However, in its statement of case attached to the form it only identified the following goods and services as benefitting from the reputation:

Class 9: *antivirus software and hardware; antimalware software and hardware; computer security software and hardware; computer threat prevention software and hardware.*

Class 42: *computer security software related services.*

5) This inconsistency gives rise to two issues:

- (i) in respect of the Class 9 claim, there is tension between the claim to “all goods and services” and the identifying of a subset of these services in the statement of case. I intend to proceed on the wider of the opponent’s claims, namely, that it claims a reputation in respect of all of its goods listed in Class 9 of its IREU;
- (ii) an analogous issue arises in the claim to a reputation in respect of the opponent’s Class 42 services. In addition, the term identified in the statement of case is not included in its Class 42 list of services. I interpret this as the opponent paraphrasing the lengthy list of Class 42 services. This, together with the fact that the option “all goods and services” was ticked in the Form TM7 leads me to conclude that, as with Class 9, I should proceed on the basis that the claim to a reputation is in respect of all of its Class 42 services.

6) The opponent asserts that, as a result of it being in a “market leading” position evidenced by the awards won and the very positive reviews by computing publishers and independent computer security analysts, it enjoys a reputation within the EU. It claims that use of the applicant’s mark will ride on the coat tails of its reputation and that the relevant consumer will believe that there is an economic connection between the parties. It concludes that such use will take unfair advantage of the opponent’s reputation in its mark.

7) Further, and in the alternative, the opponent claims that its reputation is substantially based on the quality of its products and services plus their ease of use, but it will have no quality control over the services of the applicant. In the event of the

applicant producing poor quality services, it would be detrimental to the distinctive character and repute of the opponent's mark.

8) In respect of the grounds based upon section 5(4)(a), the opponent claims that it was first active in the UK market "as early as 2001" in relation to a range of "computer security hardware and software and related computer security services". As such, it claims that it has built considerable goodwill in its PANDA mark as evidenced by its ongoing presence in the UK marketplace. It asserts that use of the applicant's mark would give rise to misrepresentation, leading to damage.

9) The applicant filed a counterstatement denying the claims made and requesting that the opponent provides proof of use of its earlier mark. It points out that it does not offer any services related to computer security hardware/software or computer security services. It asserts that a "Red Panda" is an entirely different animal to a "Panda", belonging to a totally different family and being aesthetically distinct. It also referred to the threatening behaviour of the opponent.

10) Both sides filed evidence in these proceedings. This will be summarised to the extent that it is considered necessary. The opponent also filed brief written submissions with its evidence and also in lieu of a hearing. I will keep these in mind when giving my decision. As no hearing was requested I make this decision following careful consideration of the papers.

Opponent's evidence-in-chief

11) The opponent's evidence takes the form of a witness statement by Ms Usua Arzalluz Loroño and Ms Rocio Diez Alonso. They are jointly and separately authorised to make the statement on behalf of the opponent. They are both legal representatives of the opponent and state that the contents of the witness statement come from either its records or its subsidiaries, to which they both have full access, or from other research which is identified as such.

12) They state the following:

- That the opponent was founded in Bilbao, Spain in 1990 and the name PANDA has been used throughout its existence as the key trade mark¹;
- It began its international expansion in 1996, now with 80 offices throughout the world, including the UK²;
- The opponent is well known as an innovator in its field and launched the first anti-virus software to offer protection from the cloud³;
- A list of countries where the opponent has “an active presence”⁴ is provided that includes many of the EU member states such as the UK, Spain, Germany, France and Italy. The list was printed from the website www.pandasecurity.com on 8 December 2016 and again on 15 April 2019⁵;
- The opponent’s wholly owned UK subsidiary was incorporated on 27 April 1999 and has throughout solely focussed on the distribution and sale of the opponent’s PANDA branded computer security goods and services⁶;

13) The witness statement is split to provide evidence of use of the opponent’s UK registration and, separately, of its IREU. As I have noted earlier, the opponent can no longer rely upon its UK registration. However, this has no impact upon the issue of genuine use, nor upon the evidence. This is because both of the opponent’s earlier registrations are in respect of the same mark PANDA and the Class 9 goods listed in the UK registration are wholly encompassed within the goods listed in the Class specification of its IREU. Therefore, I take the evidence of use in the UK and separately, the evidence of use in the EU as both being relevant for the purposes of illustrating genuine use of the opponent’s IREU. In this respect, the evidence includes:

- Extracts from the Companies House Register⁷ showing the wholly owned UK subsidiary, Panda Security UK Limited, having the turnover shown

¹ Para 4

² Para 5

³ ditto

⁴ Para 5

⁵ Exhibit PANDA01

⁶ Para 6

⁷ Para 8 and Exhibit PANDA02

below. Extracts from the opponent's audited accounts are also provided showing EU turnover⁸ and are also shown below:

Period	UK Turnover (£)	EU Turnover (€)
2018	3,840,440	42,496,000
2017	2,845,339	40,391,000
2016	2,043,567	36,388,000
2015	2,128,313	36,945,000
2014	2,128,313	49,001,000
2013	1,603,738	51,723,000

- The opponent's security software is available direct for downloading from its website, via third party websites, or in boxed physical form via retail outlets and other partners such as IT consultants. In addition, its security hardware appliances are sold through resellers. Its computer related services are provided in support of its hardware and software products, in the form of definition updates, product updates and cloud-based security services and support services⁹;
- The PANDA brand appears on packaging and desktop screens¹⁰. Pictures and screenshots of examples are provided¹¹. These all show the mark PANDA appearing prominently either alone or with the word "Security" appearing in small letters underneath, or combined with descriptive matter, for example, "Panda Internet Security 2015", "Panda Antivirus Pro 2014";
- Ms Loroño and Ms Alonso state that PANDA is the only house mark used, without exception, in relation to the entire range of computer security software, hardware and related security services¹²;
- The opponent's website is located at www.pandasecurity.com and jurisdictions are allocated specific areas e.g. www.pandasecurity.com/uk/ and www.pandasecurity.com/germany/¹³;

⁸ Para 15 and Exhibit PANDA07

⁹ Para 9

¹⁰ Para 10

¹¹ Exhibit PANDA03

¹² Para 10

¹³ Para 11

- Archived extracts of the UK area of the website have been obtained from the Internet Archive website (www.archive.org). The first page carries an indication that the first time that the archive visited www.pandasecurity.com was in August 2007. A sample extract from each year is provided from 2013 to 2018. They all show the mark PANDA in use in respect of antivirus protection¹⁴;
- PANDA is used as the house mark for the opponent's security appliances that also use sub-brands such as "Gatedefender"¹⁵. Articles published between 2012 and 2016 together with product information relating to the hardware appliances are provided¹⁶. These appliances are described as "perimeter security for corporate networks" and appears to be an appliance for delivering the opponent's services. Once again, the PANDA mark is prominently used;
- In respect of the opponent's service provision, Ms Loroño and Ms Alonso explain that all of its security software suites come with a renewable one-year license that provide support services such as updates to virus definitions etc to meet evolving threats¹⁷. The opponent's free to use software also benefits from these same services. Further since 2015, the opponent has also offered remote support services as shown in further extracts obtained from www.internetarchive.org¹⁸;
- Extracts from the same archive website are provided to show over the period 2011 to 2018, the opponent has been active in both the German and Spanish markets under the PANDA mark¹⁹;
- In support of the claim that the opponent's mark enjoys the requisite reputation, Ms Loroño and Ms Alonso refer to the awards and certification awarded to the opponent by leading independent security testing houses²⁰. Various online information from a selection of years between 2010 and

¹⁴ Para 12 and Exhibit PANDA04

¹⁵ Para 13

¹⁶ Exhibit PANDA05

¹⁷ Para 14

¹⁸ Exhibit PANDA06

¹⁹ Para 16 and Exhibits PANDA08 and PANDA09

²⁰ Para 18

2018 is provided from a selection of these security testing houses showing references to PANDA and the certificates awarded²¹;

- In addition, the opponent's products have received favourable reviews and other exposure and examples are provided from the UK and Spain²²;
- Other documentation is provided in the form of a report from the Spanish Ministry of Foreign Affairs and certificates from a number of Chambers of Commerce in Spain attesting to the opponent's reputation²³;
- Two decisions by the Spanish authorities²⁴ and the EUIPO²⁵ are provided where the PANDA brand was found to have a reputation within the EU for its goods and services in Class 9 and 42;
- The opponent uses Internet advertising such as Google Adwords and in respect of UK focussed promotion, the opponent spent €650,000 between January 2011 and December 2016, jumping to over €5.5 million for the period 2017/18;
- The applicant's services include services relating to or involving algorithms. Internet extracts are provided showing references to algorithms in relation to computer security software²⁶.

Applicant's evidence

14) This takes the form of the witness statement of Mr Lewis James, director of the applicant. He provides a commentary on the opponent's evidence in the form of submissions but does not provide any evidence. I will keep these submissions in mind, but not detail them here.

²¹ Exhibits PANDA12 – PANDA15

²² Exhibits PANDA16 and PANDA17

²³ Exhibits PANDA18 and PANDA19

²⁴ Exhibit PANDA20

²⁵ Exhibit PANDA21

²⁶ Exhibit PANDA22

DECISION

Proof of Use

15) The proof of use provisions are set out at Section 6A of the Act:

“Raising of relative grounds in opposition proceedings in case of non-use

6A. - (1) This section applies where -

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

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

(c) the registration procedure for the earlier trade mark was completed before the start of the period of five years ending with the date of publication.

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

(3) The use conditions are met if -

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

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

(4) For these purposes -

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and

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

(5) In relation to a European Union trade mark or international trade mark (EC), any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Union.

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

16) Section 100 of the Act states that:

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

17) In *Walton International Ltd & Anor v Verweij Fashion BV* [2018] EWHC 1608 (Ch) Arnold J summarised the law relating to genuine use as follows:

“114.....The CJEU has considered what amounts to “genuine use” of a trade mark in a series of cases: Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439, *La Mer* (cited above), Case C-416/04 P *Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I-4237, Case C-442/07 *Verein Radetsky-Order v Bunderversammlung Kamaradschaft ‘Feldmarschall Radetsky’* [2008] ECR I-

9223, Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759, Case C-149/11 *Leno Marken BV v Hagelkruis Beheer BV* [EU:C:2012:816], [2013] ETMR 16, Case C-609/11 P *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR, Case C-141/13 P *Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089] and Case C-689/15 *W.F. Gözze Frottierweberei GmbH v Verein Bremer Baumwollbörse* [EU:C:2017:434], [2017] Bus LR 1795.

115. The principles established by these cases may be summarised as follows:

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

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

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Leno* at [29]; *Centrotherm* at [71]. Accordingly, affixing of a trade mark on goods as a label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods are manufactured and which is responsible for their quality: *Gözze* at [43]-[51].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which

preparations to secure customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14] and [22]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71]; *Reber* at [29].

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

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that

such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no *de minimis* rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72] and [76]-[77]; *Leno* at [55].

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

18) It is for the opponent to provide evidence to show that it has made use of its mark, during the relevant period. The relevant periods in these proceedings is the five years ending with the publication dates of the contested application, namely, 15 September 2013 to 14 September 2018.

19) The evidence clearly shows that the opponent’s mark has been used in a large part of the EU, including the UK during the relevant period. I do not understand the applicant to be contesting this because in Mr James’ witness statement, he limits his comments regarding the scope of evidence of use to a statement that “[t]he opponent has not provided any evidence to suggest their services include the provision of an online marketplace for third-party sellers”.

20) Having regard for the evidence summarised above, I have little hesitation in concluding that the opponent’s mark has been genuinely used in the EU and the UK during the relevant period. However, I must consider what would be a fair specification that reflects such use. I keep in mind the guidance of Mr Geoffrey Hobbs Q.C., sitting as the Appointed Person, in *Euro Gida Sanayi Ve Ticaret Limited v Gima (UK) Limited*, BL O/345/10 where he stated:

“In the present state of the law, fair protection is to be achieved by identifying and defining not the particular examples of goods or services for which there has been genuine use but the particular categories of goods or services they should realistically be taken to exemplify. For that purpose the terminology of the resulting specification should accord with the perceptions of the average consumer of the goods or services concerned.”

21) The evidence illustrates use in respect of computer security software and security hardware appliances described as “perimeter security for corporate networks”. Taking account of the above guidance, I find that such genuine use is sufficient for the opponent to maintain the opponent’s Class 9 specification as registered.

22) The opponent’s list of Class 42 services can be summarised as being the following services, limited to all being in connection with computer security, computer threat prevention, antivirus and/or anti-malware or similar:

- *Analysis for the installation of computer systems*
- *analysis of computer systems*
- *design of computer systems*
- *design and development of computer hardware and software*
- *computer consulting*
- *rental of computers*
- *computer programming*
- *design of computer software*
- *installation of computer software*
- *rental of computer software*
- *maintenance of computer software*
- *updating of computer software*
- *duplication of computer programmes*
- *conversion of data or documents from physical to electronic media*
- *conversion of computer programmes and data*
- *database reconstruction*
- *Web site creation and maintenance for others*
- *super server hosting (of Web sites)*
- *technical project studies*
- *computer data-processing*
- *operation and maintenance of computer systems (software)*

23) The evidence illustrates use in respect of technical support/assistance services relating to the opponent's goods. Such services include "maintenance and repair of operating systems, common programs and smartphone apps", "diagnostics and troubleshooting for digital devices"²⁷ and "installation and configuration" of its protection software on customer's devices²⁸. The evidence does not support a claim to genuine use in respect of a wider range of services.

24) With this in mind, and applying the guidance of Mr Hobbs, use in respect of these services provides support for the opponent retaining the following terms of its specification:

Analysis for the installation of computer systems in connection with computer security, computer threat prevention, antivirus and/or anti-malware

analysis of computer systems in connection with computer security, computer threat prevention, antivirus and/or anti-malware; computer consulting in connection with computer security, computer threat prevention, antivirus and/or anti-malware

rental of computers in connection with computer security, computer threat prevention, antivirus and/or anti-malware

installation of computer software in connection with computer security, computer threat prevention, antivirus and/or anti-malware

rental of computer software in connection with computer security, computer threat prevention, antivirus and/or anti-malware

maintenance of computer software in connection with computer security, computer threat prevention, antivirus and/or anti-malware

updating of computer software in connection with computer security, computer threat prevention, antivirus and/or anti-malware

²⁷ Exhibit PANDA06, page 98

²⁸ Ditto, page 99

database reconstruction in connection with computer security, computer threat prevention, antivirus and/or anti-malware

maintenance of computer systems (software) in connection with computer security, computer threat prevention, antivirus and/or anti-malware.

25) I find that the evidence does not support a claim of genuine use in respect of the remaining Class 42 services, namely:

design of computer systems in connection with computer security, computer threat prevention, antivirus and/or anti-malware; design and development of computer hardware and software in connection with computer security, computer threat prevention, antivirus and/or anti-malware; ...computer programming in connection with computer security, computer threat prevention, antivirus and/or anti-malware; design of computer software in connection with computer security, computer threat prevention, antivirus and/or anti-malware; ... duplication of computer programmes in connection with computer security, computer threat prevention, antivirus and/or anti-malware; conversion of data or documents from physical to electronic media in connection with computer security, computer threat prevention, antivirus and/or anti-malware; conversion of computer programmes and data in connection with computer security, computer threat prevention, antivirus and/or anti-malware; ... Web site creation and maintenance for others in connection with computer security, computer threat prevention, antivirus and/or anti-malware; super server hosting (of Web sites) in connection with computer security, computer threat prevention, antivirus and/or anti-malware; technical project studies in connection with computer security, computer threat prevention, antivirus and/or anti-malware; computer data-processing in connection with computer security, computer threat prevention, antivirus and/or anti-malware; operation ... of computer systems (software) in connection with computer security, computer threat prevention, antivirus and/or anti-malware.

26) In respect of the opponent's Class 45 services, the evidence illustrates that it offers, under its mark PANDA, licenses in respect of its computer security software. Such evidence is sufficient to permit the opponent to rely upon the full list of Class 45 services.

27) In summary, the opponent's evidence of genuine use of its mark is sufficient for it to be able to rely upon the full list of Class 9 goods and Class 45 services together with the list of Class 42 services identified in paragraph 24, above.

Section 5(2)(b)

28) 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".

Comparison of goods and services

29) In the judgment of the Court of Justice of the European Union ("the CJEU") in *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, Case C-39/97, the court stated at paragraph 23 of its judgment that:

"In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary".

30) The relevant factors identified by Jacob J. (as he then was) in the *Treat* case,

[1996] R.P.C. 281, for assessing similarity were:

- (a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be, found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

31) In *Gerard Meric v Office for Harmonisation in the Internal Market (MERIC)*, Case T-133/05, the General Court (“the GC”) stated that:

"29. In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by trade mark application (Case T-388/00 *Institut fur Lernsysteme v OHIM- Educational Services (ELS)* [2002] ECR II-4301, paragraph 53) or where the goods designated by the trade mark application are included in a more general category designated by the earlier mark”.

32) I also keep in mind *YouView TV Ltd v Total Ltd* [2012] EWHC 3158 (Ch). Floyd J. (as he then was) stated that:

“...Trade mark registrations should not be allowed such a liberal interpretation that their limits become fuzzy and imprecise: see the observations of the CJEU in Case C-307/10 *The Chartered Institute of Patent Attorneys (Trademarks) (IP TRANSLATOR)* [2012] ETMR 42 at [47]-[49]. Nevertheless the principle should not be taken too far. Treat was decided the way it was because the ordinary and natural, or core, meaning of 'dessert sauce' did not

include jam, or because the ordinary and natural description of jam was not 'a dessert sauce'. Each involved a straining of the relevant language, which is incorrect. Where words or phrases in their ordinary and natural meaning are apt to cover the category of goods in question, there is equally no justification for straining the language unnaturally so as to produce a narrow meaning which does not cover the goods in question."

33) The applicant makes a single, general submission that the opponent has not provided any evidence that it operates an online marketplace. Such a submission is misplaced because, in respect of this ground, I am considering notional and fair use based upon the list of services provided in its application. In doing so, the level of similarity between the respective goods and services must be assessed and it is not fatal to the opponent's case if I find that its goods and services are not the same as the applicant's services. However, there must be some degree of similarity. Further, whilst the applicant's Class 35 services are limited to the provision of an online market place, its Class 42 services are not and, consequently, the applicant's submission is not relevant to my considerations in respect of that class. I keep this in mind when considering the level of similarity between the respective goods and services.

Class 35

34) The opponent submits that the applicant's services in this class are similar to its Class 9 goods and Class 42 services by virtue of having the same consumer, same trade channels and same ultimate purpose and by also being complementary. No further arguments are put forward. I disagree that the purpose of the respective goods and services are the same. The applicant's services are the provision of an online marketplace and therefore, provides an online retail/wholesale environment (for both buyers and sellers). The opponent's Class 9 goods are antivirus, antimalware, security and threat prevention software and hardware and its services are all related to the same. Therefore, on an ordinary understanding of the terms, they have different purposes.

35) I recognise that all of the opponent's services are in the form of analysis, design, development, consulting, programming, installation, rental, maintenance, updating, duplication, conversion, reconstruction creation, hosting, technical project studies, operation, data processing and granting of licenses relating, variously, to software/computer programmes, computer systems, hardware, data, databases, web sites all in connection with computer security. These services all have a different purpose to providing an online market place. Consequently, the respective trade channels are different and these services are not in competition.

36) In terms of methods of use, whilst all of the parties' services can be accessed via a computer, this is too general to conclude that there is similarity. They are used in a different way.

37) As regards complementarity, in *Kurt Hesse v OHIM*, Case C-50/15 P, the CJEU stated that complementarity is an autonomous criterion capable of being the sole basis for the existence of similarity between goods. In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, Case T-325/06, the General Court stated that "complementary" means:

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

38) The purpose of examining whether there is a complementary relationship between goods is to assess whether the relevant public are liable to believe that responsibility for the goods lies with the same undertaking or with economically connected undertakings: it is neither necessary nor sufficient that the goods/services are used together: *Sandra Amelia Mary Elliot v LRC Holdings Limited*, BL O/255/13.

39) In light of my finding that the respective goods and services have different purposes and do not share trade channels, there is nothing to counter this to suggest that one is "indispensable or important for the use of the other in such a way that

customers may think that the responsibility for those goods lies with the same undertaking". I find that the respective goods and services are not complementary.

40) Taking all of the above into account, I conclude that the applicant's Class 35 services do not share any similarity to the opponent's goods and services.

Class 42

41) The applicant's services are not limited to relating to an online marketplace and are, therefore, broader in scope. With this in mind, I consider each term.

Algorithm development, development and testing of computing methods, algorithms and software and algorithm as a service

42) In his witness statement, Mr James makes the submission²⁹ that the term "algorithm" is applicable to almost any arbitrarily chosen classification. The term means "[a] process or set of rules to be followed in calculations or other problem-solving operations, especially by a computer"³⁰. In the absence of any further elucidation from the parties, it appears to me that these services describe development and testing relating to operations done by a computer and where such development and testing is in the field of computer security, the nature, intended purpose and methods of use of these services will be the same or very similar to the opponent's *updating of computer software connection with computer security ... (etc)* and other similar services in its Class 42 specification. It seems likely that in such circumstances the trade channels would be the same and the respective services in competition with each other. I find that these respective services share a high level of similarity (if not identity).

Algorithm consultancy and software consultancy

43) Similarly, these services are highly similar or identical to the opponent's *computer consulting in connection with computer security ... (etc)*.

²⁹ At para 5

³⁰ <https://www.lexico.com/en/definition/algorithm>

Data analysis

44) These services overlap with the opponent's *analysis of computer systems in connection with computer security ...* (etc) that is also likely to be in the form of or uses data analysis. I find that the respective services are identical.

Data science

45) It is not clear to me what service is being described but the term implies the study of data. In the context of Class 42, it is likely to be a reference to a systematic analysis of data and, consequently, these services will also be included in the opponent's *analysis of computer systems in connection with computer security ...* (etc). I find that these services are identical.

Comparison of marks

46) It is clear from *Sabel BV v. Puma AG*, Case C-251/95 (particularly paragraph 23), Case C-251/95, that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The CJEU stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

“.....it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”

47) It would be wrong, therefore, to artificially dissect the trade marks, although, it is necessary to take account of the distinctive and dominant components of the marks

and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

48) The respective marks are:

Opponent's IREU	Applicant's mark
PANDA	RED PANDA

49) The opponent's mark consists of the single word PANDA. The mark has no other elements and the word is self-evidently the only distinctive part of the mark. The applicant's mark consists of the two words RED and PANDA. The first word qualifies the second word so that they combine to create a single meaning that creates the distinctive character of the mark.

50) Visually, both marks share the word PANDA and this creates an obvious point of similarity. The applicant's mark also contains, at its beginning, the word RED. This is an obvious difference between the marks. The word PANDA consists of five letters and the word RED three letters, therefore, because of its greater length the word PANDA is visually slightly more dominant in the applicant's mark. Taking all of this into account, I conclude that the respective marks share a medium to medium-high level of visual similarity.

51) Aurally, the opponent's mark consists of the two syllables PAN-DA, whereas the applicant's mark consists of the three syllables RED-PAN-DA. The addition of the first syllable in the applicant's mark creates a point of difference reducing the level of aural similarity to between medium and medium-high.

52) Conceptually, as the applicant submits the word PANDA will be readily understood by the UK average consumer as the name of "[a] large bear-like mammal with characteristic black and white markings, native to certain mountain forests in

China. It feeds almost entirely on bamboo and has become increasingly rare”³¹ otherwise known as the Giant Panda. Similarly, the term Red Panda describes “[a] raccoon-like mammal with thick reddish-brown fur and a bushy tail...”³² but it is not obvious that this will be readily known by the UK average consumer. Consequently, the respective concepts are likely to be perceived as being very similar because they are likely to be understood as describing different but related species of animal. I conclude that the marks share a medium to medium-high level of conceptual similarity. If the average consumer knows of the red panda, the similarity will be slightly lower.

Average consumer and the purchasing act

53) The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer, Case C-342/97*.

54) In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

“60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median.”

55) The average consumer of the respective services will vary. Ordinary members of the public requiring antivirus/antimalware protection for the computers and devices,

³¹ <https://www.lexico.com/en/definition/panda>

³² https://www.lexico.com/en/definition/red_panda

but do not have a detailed understanding of the goods, are not likely to take any more than a normal degree of care and attention during the purchasing process. Services such as algorithm development are likely to be procured by businesses with specific requirements in mind. In these circumstances, the level of care and attention paid during the purchasing process is likely to be elevated. In both cases, the purchase is likely to be primarily visual in nature, but I recognise that aural considerations may play a part.

Distinctive character of the earlier trade marks

56) In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 the CJEU stated that:

“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

57) The opponent's IREU consists of the word PANDA. It is a word that is readily recognised as describing an animal and, therefore, is not of the highest level of inherent distinctive character. Nevertheless, it has no obvious meaning in respect of the opponent's goods and services. I conclude that the mark benefits from an inherent distinctive character somewhere between medium and high.

58) The opponent asserts that its IREU benefits from an enhanced distinctive character because of its use in the UK and elsewhere in the EU. The UK turnover of the opponent runs at over £2 million a year in the 4 or 5 years preceding the relevant date. There are also positive reviews of the opponent's products in the UK and in the two years prior to the relevant date there was a marked increase in marketing spend in the UK, but I have no information regarding what marketing activities this involved or what level of penetration these activities have had. There is no evidence regarding the size of the UK market for computer security products but it appears reasonable to assume that it is quite significant in light of the potential demand. Within this context, the turnover appears to be quite low and whilst I conclude that it does demonstrate that the opponent's mark has an enhanced distinctive character because of this use, such enhancement is not significant.

59) The opponent has significantly higher turnover in the EU (between €36 million and €52 million a year) but there is nothing before me to suggest that such market exposure in the EU has resulted in an enhanced distinctive character in the minds of the UK consumer, being the relevant consumer for my considerations here.

GLOBAL ASSESSMENT – Conclusions on Likelihood of Confusion

60) The following principles are obtained from the decisions of the CJEU 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:

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

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

61) The factors assessed so far have a degree of interdependency (*Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 17), a global assessment of them must be made when determining whether there exists a likelihood of confusion (*Sabel BV v. Puma AG*, paragraph 22). These factors must be assessed from the viewpoint of the average consumer. Confusion can be direct (which occurs when the average consumer mistakes one mark for the other) or indirect (where the average consumer realises the marks are not the same but puts the similarity that exists between the marks and goods down to the responsible undertakings being the same or related).

62) In respect of my considerations in the current case, I have found that:

- The applicant's Class 35 services share no similarity to the opponent's goods and services;
- Its Class 42 services are either identical or share a high level of similarity to the opponent's services;
- The parties' marks are likely to both be perceived as references to animals. Some consumers may be aware that they describe different but related animals, but that many average consumers will not;
- The respective marks share a medium to medium high level of visual, aural and conceptual similarity (but the conceptual similarity may be slightly lower where the consumer perceives a distinction between a panda and a red panda);

- The average consumer of the respective services varies from general members of the public who will pay a normal degree of care during the purchasing act, to businesses with specific requirements where there will be an elevated level of care and attention paid during the purchasing process. The purchasing process is likely to be visual, but I recognised that aural considerations may play a part;
- The opponent's mark has inherent distinctive character somewhere between medium and high and that this is enhanced through use, but not by any significant amount.

63) This ground of opposition insofar as it relates to the applicant's Class 35 services must fail because for there to be a likelihood of confusion there must be at least some similarity between the respective goods and services³³ and I have found that there is not.

64) The applicant points out that the word PANDA and the words RED PANDA are perceived as referring to different animals and submits that this creates sufficient distance between the marks for a likelihood of confusion to exist. However, as I have already found, these animals are related and, as such, the marks are conceptually closer than the applicant contends. Further, I keep in mind that the word PANDA is common to both marks, a fact that will not go unnoticed by the average consumer. When this is factored into the global assessment, it is possible that, taking account of imperfect recollection, some consumers may recall the differences between the marks but many will not and, therefore, with the respective services being identical or highly similar, I conclude that there is a likelihood of direct confusion.

65) Even if I am wrong regarding direct confusion and the average consumer remains aware of the differences between the marks, such differences are not likely to be such as to displace the likelihood that the average consumer believing that the respective services are provided by the same or linked undertaking.

³³ *Waterford Wedgwood plc v OHIM* – C-398/07 P (CJEU) and *eSure Insurance v Direct Line Insurance*, [2008] ETMR 77 CA, para 49.

66) In summary, having taken account of all the factors necessary for the global analysis, including the fact that the services are identical or highly similar, I find that the section 5(2)(b) ground succeeds against all the applicant's Class 42 services. In respect of the applicant's Class 35 services, this ground of oppositions fails.

Section 5(4)(a)

67) 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."

68) In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court, conveniently summarised the essential requirements of the law of passing off as follows:

"55. The elements necessary to reach a finding of passing off are the 'classical trinity' of that tort as described by Lord Oliver in the Jif Lemon case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56. In relation to deception, the court must assess whether "a substantial number" of the Claimants' customers or potential customers are deceived, but it

is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

69) I recognise that the test for misrepresentation is different to that for likelihood of confusion, namely, that misrepresentation requires “a substantial number of members of the public are deceived” rather than whether the “average consumer are confused”. However, as recognised by Lewinson L.J. in *Marks and Spencer PLC v Interflora*, [2012] EWCA (Civ) 1501, it is doubtful whether the difference between the legal tests will produce different outcomes. Certainly, I believe that this is the case here. Whilst I accept that the opponent has the requisite goodwill in the UK but, based on the scale of its activities here, it enjoys only a moderate goodwill that will not extend its success in this opposition beyond the success under section 5(2)(b). Whilst there is no requirement, under section 5(4)(a), for the parties to be in the same field of activity, the distance between the parties goods and services remains a relevant factor.

70) In summary, the ground based upon section 5(4)(a) are successful to the same extent as the ground based upon section 5(2)(b).

Section 5(3)

71) Section 5(3) states:

“(3) A trade mark which-

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a European Union trade mark or international trade mark (EC), in the European Union) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

72) The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, Case 252/07, *Intel*, Case C-408/01, *Addidas-*

Salomon, Case C-487/07, *L’Oreal v Bellure* and Case C-323/09, *Marks and Spencer v Interflora*. The law appears to be as follows.

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

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

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

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

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

(f) Detriment to the distinctive character of the earlier mark occurs when the mark’s ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious risk that this will happen in future; *Intel*, paragraphs 76 and 77.

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

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

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

Reputation

73) In *General Motors*, Case C-375/97, the CJEU held that:

“25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.

26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.

28. Territorially, the condition is fulfilled when, in the terms of Article 5(2) of the Directive, the trade mark has a reputation 'in the Member State'. In the absence of any definition of the Community provision in this respect, a trade mark cannot be required to have a reputation 'throughout' the territory of the Member State. It is sufficient for it to exist in a substantial part of it.”

74) The requisite reputation of an EU mark requires that the opponent's mark is known by a significant part of the public concerned by the products or services covered by that mark in a substantial part of the territory of the Community³⁴. As I have already acknowledged, the opponent's turnover in the EU is reasonably significant being in the tens of millions of euros a year and relates to use in a number of member states. I have little hesitation in finding that the opponent has the requisite reputation in the EU.

The Link

75) My assessment of whether the public will make the required mental 'link' between the marks must take account of all relevant factors. The factors identified in *Intel* are:

The degree of similarity between the conflicting marks

I have found that the respective marks share a medium to medium-high level of visual, aural and conceptual similarity (but the conceptual similarity may be slightly lower where the consumer perceives a distinction between a panda and a red panda).

³⁴ *Pago International GmbH v Tirolmilch registrierte GmbH*, Case C-301/07, para 30

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

The respective goods and services are related to computer products, being online market places for software and more general software services on the one hand and computer security software and services on the other. I have found that the applicant's Class 35 services share no similarity to the opponent's goods and services and its Class 42 services are either identical or highly similar.

The strength of the earlier mark's reputation

In *Iron & Smith kft v Unilever NV*, Case C-125/14, the CJEU held that where a mark has acquired a reputation in a substantial part of the EU but not the member state where the contested national mark has been applied for, it may benefit from protection where it is shown that a commercially significant part of that public is familiar with that mark, makes a connection between it and the later national mark. The opponent has shown a reasonably strong reputation in the EU, but the use of its mark in the UK is significantly lower. In the absence of evidence to the contrary, the reputation enjoyed by the opponent in the EU but outside the UK has no impact upon the UK consumer. If this UK reputation is sufficient to generate a reputation, it is only small and in its specialist field.

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

I have found that the opponent's mark benefits from an inherent distinctive character somewhere between medium and high and that this is enhanced through use but not to any significant extent.

76) Taking account of this, in respect of the applicant's Class 35 services, I find that the smaller reputation in the UK will not lead to the link being established, or where it is, it will only be very weak. As a result, the link is insufficiently strong to result in any detriment or unfair advantage and this ground of opposition fails in respect of these services.

77) In respect of the applicant's Class 42 services, where I have found they are identical or highly similar to the opponent's services, the reputation of the opponent, whilst small in the UK will, nevertheless, be sufficient to establish a link with identical or highly similar Class 42 services provided under the applicant's mark.

Unfair advantage of reputation

78) The opponent submits that use of the applicant's mark would result in it riding on the coat tails of its reputation enabling the applicant to establish its brand more easily and cheaply. The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (*Marks and Spencer v Interflora*, paragraph 74 and the court's answer to question 1 in *L'Oreal v Bellure*, Case C-323/09).

79) In the current case, the level of similarity between the respective marks and the high level/identity of services led me to find that there is a likelihood of confusion in respect of the applicant's Class 42 services. For these same reasons, I find that use of the applicant's mark would result in it taking unfair advantage of the reputation of the opponent's mark without any due cause. I find that this limb of the opponent's ground succeeds against the applicant's Class 42 services.

80) The opponent has also provided a brief submission that it has no quality control over the applicant's services and if they were to be of poor quality, this would be detrimental to the repute/distinctive character of the opponent's mark. I dismiss this submission because the mere potential to create a negative association is insufficient to find in favour of the opponent³⁵. Even if I am wrong to dismiss this limb, the extent of success would be no broader than in respect of its claim to unfair advantage.

Summary

81) The opposition succeeds against the applicant's Class 42 services and it is refused for these services.

82) The opposition fails in respect of the applicant's Class 35 services and it can proceed to registration in respect of these.

COSTS

83) The opponent has been successful in respect of the applicant's Class 42 services but fails in respect of its Class 35 services. As the "honours" are roughly even, I decline to make an award of costs with each party to bear its own costs.

Dated this 10th day of December 2019

Mark Bryant
For the Registrar,
The Comptroller-General

³⁵ *Unite The Union v The Unite Group Plc*, Case BL O/219/13, paragraph 46