

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION No 2047917  
BY SUSAN JAMES LIMITED TO REGISTER  
THE MARK MYSTICAL LUCKY BAGS IN  
CLASSES 14, 16 AND 31**

**AND**

**IN THE MATTER OF OPPOSITION THERETO  
UNDER No 45358 BY MR LUCKY BAGS LIMITED**

**TRADE MARKS ACT 1994**

5 **IN THE MATTER OF Application No 2047917**  
**by Susan James Limited to register the mark**  
**Mystical Lucky Bags in Classes 14, 16 and 31**

**and**

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**IN THE MATTER OF Opposition thereto**  
**under No 45358 by Mr Lucky Bags Limited**

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**DECISION**

On 23 November 1995 Susan James Limited applied to register the mark MYSTICAL  
LUCKY BAGS in three Classes as follows:

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Class 14 - Gems, gemstones, precious stones

Class 16 - Printed material, printed predictions and horoscopes

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Class 31 - Herbs, dried herbs.

The application is numbered 2047917.

On 12 September 1996 Mr Lucky Bags Limited filed notice of opposition to this application.

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The grounds of opposition are that registration of the mark applied for is liable to be prevented by virtue of Section 5(4)(a) and (b) of the Act. The opponents also refer to an application of their own for the mark MR LUCKY BAGS but as this application bears a later filing date it cannot constitute an “earlier trade mark” for the purposes of Sections 5 and 6 of the Act.

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The applicants filed a counterstatement which in effect adopts similar wording to that used by the opponents but reverses the parties at material points. As the applicants have not been professionally represented in these proceedings I propose to take the somewhat unusual form of counterstatement to amount to a denial of the opponents’ objections.

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Both sides ask for an award of costs in their favour. Only the opponents filed evidence. The parties have agreed that the matter should be decided on the basis of the evidence filed and without recourse to a hearing. After a careful study of the papers I now give that decision.

## Opponents' evidence

The opponents filed a statutory declaration dated 16 June 1997 by Ian Randolph Neville-Rolfe, the Managing Director of Mr Lucky Bags Ltd, a position he has held since  
5 February 1994.

He says that in March 1992 he started a business, under the mark “MR LUCKY BAGS”, of sourcing, assembling, marketing and distributing novelty bags containing confectionery, toys and stationery. All of the bags included the mark on their foot. He exhibits at INR1 a  
10 specimen of one of these novelty bags from around this period.

The mark has also been used consistently on all business stationery including letterheads and invoices. He exhibits an example INR2. The mark was advertised from December 1993 and received publicity on the Today programme on Radio 4, on the radio station Atlantic 252 and  
15 in the Staffordshire Evening Sentinel. An example of the latter is exhibited at INR3.

In February 1994 the company Mr Lucky Bags Ltd was incorporated and took over the business previously carried on as Mr Lucky Bags. The range of novelty bags was expanded but all the bags carried the words Mr Lucky Bags Ltd. Examples are supplied at Exhibit  
20 INR4.

Mr Neville-Rolfe says that in September 1993 his company commissioned artwork depicting a character known as Mr Lucky Bags. The mark MR LUCKY BAGS, often together with the Mr Lucky Bags character, has been used on business stationery, point of sale materials,  
25 brochures, press releases and advertisements since January 1994. Exhibited at INR5 are examples of these materials and also of press cuttings about the company which have appeared in the national press including the Daily Mirror, the Guardian, the People and the Independent on Sunday. Also included in INR5 are a cutting from the Grocer of 7 October  
30 1995 recording the company's attendance at the major 1995 Anuga food exhibition in Germany, and a cutting from the Evening Sentinel of 22 March 1995 recording that the company was the winner of the Evening Sentinel Business of the Year Award for 1994.

The advertisements in INR5 include advertisements placed in “The Grocer”, the “Independent Retailer”, “Independent Retail News”, in the “Export Courier” and in other  
35 journals. The products are also regularly advertised on the radio station Atlantic 252 and on television in Northern Ireland.

Mr Neville-Rolfe says that in January 1995 his company began to assemble and distribute novelty bags throughout the United Kingdom using simply the mark together with the  
40 Mr Lucky Bags character. Examples are exhibited at INR6. The range of goods included in the bags was expanded to cover eg stationery and colouring books. Also, from March 1995, confectionery has been sold separately from the bags. Specimens are exhibited at INR7.

The goods are sold throughout the United Kingdom through shops, garages, theme parks, high street stores, supermarkets and public house chains. Bags are also assembled for Slush  
45 Puppie, Go-Pack and Lifestyle Sports. Examples are exhibited at INR8. The bags are also

sold widely overseas. Exhibit INR9 contains examples of bags distributed in Germany, the Middle East, Canada and Norway.

Turnover under the mark is given as follows:-

	<b>Home (£)</b>	<b>Export (£)</b>	<b>Total (£)</b>	
5	1993	1,716,000	18,000	1,734,000
	1994	3,470,000	564,000	4,034,000
10	1995	5,585,000	1,076,000	6,661,000

In 1995, a total of approximately 25 million individual novelty bags were sold.

The average annual expenditure in advertising products in the UK under the mark has amounted to at least the following:-

	<b>Spend (£)</b>	
	1993	7,000
20	1994	27,000
	1995	58,000

That completes my review of the evidence.

25 This opposition is brought under Section 5(4) of the Act which reads as follows:-

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

30 (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

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

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

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The opponents claim the benefit of both (a) and (b). In relation to sub-section (b) they simply say that they are the proprietor of an earlier right. They do not specify the nature of the right so claimed or how the mark applied for offends against it.

In a decision dated 17 February 1998 in an appeal against the Registrar's decision in the opposition (No 43414) to Pinwise Ltd's application for registration of the mark WILD CHILD, Mr Geoffrey Hobbs QC, sitting as the Appointed Person under Section 76 of the Act made the following observations on objections based on Section 5(4) of the Act:-

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"In the interests of justice and fairness it is plainly necessary for an objection to registration under Section 5(4) to be framed in terms which: (i) specify whether the objection is raised under sub-section (4)(a) or sub-section (4)(b); (ii) identify the matters which are said to justify the conclusion that use of the relevant trade mark in the United Kingdom is liable to be prevented by virtue of an "*earlier right*" entitled to recognition and protection under the relevant sub-section; and (iii) state whether the objection is raised in relation to all or only some (and, if so, which) of the goods or services specified in the registration or application for registration of the relevant trade mark."

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He concluded that:-

"In the present case the Grounds of Opposition filed by the Opponent under Rule 13(1) of the 1994 Rules lacked the degree of particularity referred to above."

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Whilst the opponents in the case before me have met (i) of Mr Hobb's points they have it seems to me failed to meet points (ii) and (iii) in relation to subsection (b). It is true that they make some claim in the evidence to rights in the Mr Lucky Bags character but they have not particularised their case and I cannot see how any rights in a drawing or cartoon character can serve as the basis for an objection to the word mark MYSTICAL LUCKY BAGS. I, therefore, dismiss the opposition insofar as it is based on Section 5(4)(b) of the Act.

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I turn now to the ground based on Section 5(4)(a). The opponents specify that they consider use of the applicants' mark would be liable to be prevented by the law of passing off.

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A helpful summary of the elements of an action for passing off can be found in Halsbury's Laws of England 4th Edition Vol 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in Reckitt & Colman Products Ltd -v- Borden Inc [1990] RPC 341 and Erven Warnink BV -v- J Townend & Sons (Hull) Ltd [1979] ACT 731 is (with footnotes omitted) as follows:

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"The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

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(1) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and

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- (3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

5 The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House's previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of 'passing off', and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House."

10 Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

20 "To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

- (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and
- 25 (2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

30 While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

- 35 (a) the nature and extent of the reputation relied upon;
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;
- 40 (c) the similarity of the mark, name etc used by the defendant to that of the plaintiff;
- 45 (d) the manner in which the defendant makes use of the name, mark etc complained of and collateral factors; and

- (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.”

5 The applicants’ mark is MYSTICAL LUCKY BAGS. The opponents’ mark on which they  
base their Section 5(4)(a) objection is MR LUCKY BAGS. The opponents in their evidence  
have concentrated on establishing that they have goodwill and a reputation in their mark.  
They are largely silent on the question of the marks themselves and why use by the applicants  
would be a misrepresentation. Their case must, I think, rest primarily on the fact that both  
10 marks contain the element LUCKY BAGS. I should also say in passing that the opponents  
have not specifically commented on the respective ranges of goods. Nor, of course, have the  
applicants filed evidence which might throw light on their position. Given the view I have  
come to, as set below, I do not propose to dwell on this aspect of the case. Suffice to say that  
there is clearly some overlap between the applicants’ goods (particularly those in Class 16  
and probably also those in Class 14) and the goods on which the opponents have  
15 demonstrated use.

The evidence establishes that the opponents have since at least 1992 been in the business of  
sourcing and supplying novelty bags containing confectionery, toys, stationery items and  
jewellery aimed at the children’s market. An example of such a bag is attached for ease of  
20 reference at Annex A (it is in fact from Exhibit INR1). It can be seen from this that the  
product bears the word LUCKY BAG (singular) as a heading, the words DICK TURTLE  
SPACE PIRATE, the device of a turtle and other matter in the central area and the words  
“Distributed by Mr Lucky Bags” at the bottom. The products appear to be relatively low  
value items. Exhibit INR2 indicates that the Dick Turtle space pirate bags sell at a suggested  
25 retail price of 39p. It seems apparent from the press cuttings supplied by the opponents that  
this is in essence the revival of a concept that was popular some years ago. I note in particular  
that there are numerous references in the Exhibits to “lucky bags” in a context and manner  
which leaves little doubt that the words are being used descriptively in relation to the goods at  
issue. The following extracts illustrate the point:

30 “The product is remembered by most traders although generally they haven’t seen any  
Lucky Bags for many years.”

(Mr Lucky Bags’ promotional letter - INR2)

35 “The premier lucky bag is Dick Turtle, Space Pirate .....

(Promotional material - INR5)

“Childrens’ lucky bags have turned Ian Neville-Rolfe into Mr Moneybags.”

(Daily Mirror article 8 September 1995 - INR5)

40 “Some of the sweets in Mr Lucky Bags range of lucky bags have proved so popular  
.....”

(Supermarketing 17 November 1995 - INR5)

“Mr Lucky Bags is heading for a major expansion with the purchase of the complete brand portfolio of rival lucky bag producer Lucky Enterprises.”

(Independent Retailer - November 1996 - INR5).

5 Against this background I regard the heading on the opponents’ bag at Annex A as being no more than an indication of the nature of the product. Moreover it is apparent from the material filed that other identifiers are used on the bags, such as DICK TURTLE, TRIXIE’S TREASURE TROVE, HOPPO etc. In fairness to the opponents I should say that other terms also appear to be used to identify this type of product. I noted the following - “surprise  
10 bags”, “novelty bags” and “speciality bags”. However, as Mr Laddie QC (as he was then) said in PROFITMAKER Trade Mark (1994 RPC 613) “The fact that honest traders have a number of alternative ways of describing a product is no answer to the criticism of the mark. If it were, then all these other ways could, on the same argument, also be the subject of registered trade marks. The honest trader should not need to consult the register to ensure  
15 that common descriptive or laudatory words, or not unusual combinations of them, have been monopolised by others”.

I have not had the benefit of evidence from the applicants or submissions at a hearing but I think the opponents’ own evidence is sufficient to establish a strong likelihood that LUCKY  
20 BAGS would be considered to be descriptive in character.

In considering the significance of this for the purposes of the Section 5(4)(a) position I also bear in mind Lord Simonds observations in *Office Cleaning Services Ltd v Westminster Window and General Cleaners Ltd* 1946 RPC 39. This was a passing off case involving two  
25 companies trading under the styles “Office Cleaning Services Ltd” and “Office Cleaning Association” respectively. In setting out the general considerations to be borne in mind Lord Simonds said:

30 “Foremost I put the fact that the Appellants chose to adopt as part of their title the words “Office Cleaning” which are English words in common use, apt and more apt than any other words to describe the service that they render. This is a trade name, not a trade mark, case, but I would remind your Lordships of the close analogy between the two classes of case found by *Farwell, J.*, in *Aerators Limited v. Tollitt* ([1902] 2 Chancery 319) and by *Parker, J.* in the *Vacuum Cleaner* case (*ubi supra*).  
35 So it is that, just as in the case of a trade mark the use of descriptive words is jealously safeguarded, so in the case of trade names the Courts will not readily assume that the use by a trader as part of his trade name of descriptive words already used by another trader as part of his trade name is likely to cause confusion and will easily accept small differences as adequate to avoid it. It is otherwise where a fancy word has been  
40 chosen as part of the name. Then it is that fancy word which is discriminatory and upon which the attention is fixed, and if another trader takes that word as part of his trade name with only a slight variation or addition, he may well be said to invite confusion. For why else did he adopt it?”

In applying the general principles to the case concerned he said:

5 “These, my Lords, are the broad considerations which must govern this case and, as it  
is succinctly stated in the judgment of the Court of Appeal, “the question to be  
determined is narrowed down to whether the word ‘Association’ when used in  
connection with the descriptive words ‘office cleaning’ is sufficient to distinguish the  
Defendants’ title from that of the Plaintiffs’ ‘Office Cleaning Services Limited’.” My  
conclusion agrees with that of the Court of Appeal. The distinctive word in the  
Appellants’ title is “Services”, that in the Respondents’ is “Association”. I think that  
10 that is a differentiation which should avert any confusion that might otherwise arise  
from the common use of ordinary descriptive words.”

It seems to me that not dissimilar circumstances apply in relation to the marks before me.  
The fact that both marks have a descriptive element in common (I take this to be the case with  
15 the applicants’ mark in the absence of evidence to the contrary) must necessarily have the  
effect of focusing attention on the elements MR and MYSTICAL. In my view it is these  
elements that purchasers will regard as the differentiating features. For my part I see no  
danger whatsoever of confusion arising as a result of the use of these words in combination  
with descriptive matter. I might have come to a different view if the opponents had  
20 demonstrated that LUCKY BAGS had acquired a secondary means in terms of distinguishing  
their goods from other traders. However no evidence to this effect is before me. It follows  
that the opponents fail in their action under Section 5(4)(a).

As the applicants have been successful in these proceedings I order the opponents to pay them  
25 the sum of **£235** as a contribution towards their costs.

Dated this 12th day of June 1998

30 **M REYNOLDS**  
**For the Registrar**  
**the Comptroller General**

Annex A

1/VR 1

ANNEX A

# LUCKY BAG

WITH SWEETS AND TOYS FOR GIRLS AND BOYS

Space Pirate

CE FOR REFERENCE — NOT SUITABLE FOR CHILDREN UNDER 3 YEARS OLD —  
— MAY CONTAIN SMALL PARTS — TOY OR NOVELTY NOT EDIBLE —  
CONTENTS MAY BE THE PRODUCT OF MORE THAN ONE COUNTRY.  
Distributed by "Mr. Lucky Bags" Tel - 0782 514378.