

O/166/19

TRADE MARKS ACT 1994

IN THE MATTER OF REGISTRATION NO. UK00003211658

IN THE NAME OF LEWIS ADAM STOKES

FOR THE FOLLOWING TRADE MARK

Christmas World

IN CLASS 35

AND

AN APPLICATION FOR A DECLARATION OF INVALIDITY THERETO

UNDER NUMBER 502074

BY

DIRECT GLOBAL TRADING LIMITED

Background and Pleadings

1. Lewis Adam Stokes (the Proprietor) is the owner of the trade mark Christmas World (the contested mark) which was filed on the 8 February 2017. It was registered on 28 April 2017 for the following services in class 35.

Class 35: Retail services in relation to festive decorations.

2. On 9 May 2018, Direct Global Trading Limited (the Applicant) filed an application for the invalidation of the contested mark under sections 47(2)(b) and 5(4)(a) of the Trade Marks Act 1994 (the Act). The application for a declaration of invalidity is directed against Mr Stokes' services as outlined.

3. The Applicant is relying on the sign UK CHRISTMAS WORLD. It claims to have used the sign throughout the UK since 2010 to sell and provide retail services for festive decorations, claiming that it has acquired goodwill in relation to the sign. Use of the trade mark applied for would therefore be a misrepresentation to the public and result in damage to the aforementioned goodwill.

4. The Applicant submits that it has generated a substantial goodwill in the sign UK CHRISTMAS WORLD to the extent that any use of this mark or a similar mark such as Christmas World prior to February 2017, in relation to "retail products, particularly Christmas related items, would lead to confusion and damage to [its] brand".

5. The Applicant claims in its statement of grounds that:

"between the years 2010 to 2017, the applicant achieved sales in the UK of around £9 million in relation to the retail of festive decorations under the sign, and a customer data base of over 200,000."

6. Mr Stokes filed a defence and counterstatement denying the claims made, arguing that the Applicant did not have any earlier rights which would have required him to obtain consent to the registration of his mark Christmas World.

7. Mr Stokes has put the Applicant to proof as to the existence of the earlier right. He does not admit that the average consumer would be misled by believing that the goods marketed under the contested mark relate to those of the Applicant's.

8. Both parties are professionally represented, Mr Stokes by Lawrie IP, and the Applicant for invalidity by Appleyard Lees IP LLP. Only the Applicant filed evidence in the form of a witness statement and exhibits by Edward George Riby dated 15 October 2018. Whilst I have read the evidence, I will only refer to the most relevant parts of it in my summary below. Neither party requested a hearing, nor filed written submissions in lieu of a hearing and therefore the decision is taken upon the careful perusal of the papers.

The Applicant's evidence

9. As noted above the Applicant's evidence consists of the witness statement of Edward Riby dated 15 October 2018 with 8 exhibits. Mr Riby is the sole director of Direct Global Trading Limited, which operates several brands in the UK one of which is UK CHRISTMAS WORLD.

10. Mr Riby states that in 2009 he first had the idea of opening an online retail store under the name UK CHRISTMAS WORLD which would operate as a sub brand of Direct Global Trading Limited.

11. Mr Riby states that on the 14 December 2009 he purchased and registered the domain name www.ukchristmasworld.com (the website) and at Annex 1 exhibits a copy of the WHOIS printout showing details of the registration. He states that the construction of the website began in 2010 and that by September 2011 it was an active trading e-commerce site offering a range of indoor and outdoor lighting products and home decorations. Since setting up the website, Mr Riby states in excess of £25,000 has been spent on its development.

12. Annex 2 is described as a copy of an email from Mr Riby to the Applicant's web developers, E2E Solutions, dated 20 February 2010, requesting a quote for the rebranding and relaunching of www.eddiesessentials.com as UK Christmas World, the site being dedicated to Christmas products, mostly lights.

13. Annex 3 is described by Mr Riby as extracts from the website between 2011 and 2017, retrieved from the WayBack machine on the 12 October 2018. The screen shots show examples of the range of available products and the ordering/payment options, including the incentive of "free UK delivery for orders over £40/£50". Prices for goods are displayed in pounds sterling and clearly show the Applicant's sign in various formats including the one as pleaded. The webpage also includes the web address and the greeting "Welcome to UK Christmas World". Two examples of the sign are reproduced below:

i. 26 September 2011



ii. 23 August 2015



14. Mr Riby produces at page 72 a document described as Google Analytics Data showing that over 2.2 million unique visitors visited the website since 2011. In total he says that the website has had over 13 million page-views with the majority of users being from the UK.

15. Page 60 in Annex 5 is described as an email from Mailchimp dated 5 October 2018 confirming 120,237 subscribers to the UK Christmas World marketing email. The email is addressed to eddie@globaldirecttrading.com. There is, however, no reference to the sign in this email other than what appears to be in an abbreviated form, namely "DIRECT GLOBAL master Email List SENDER UKCW".

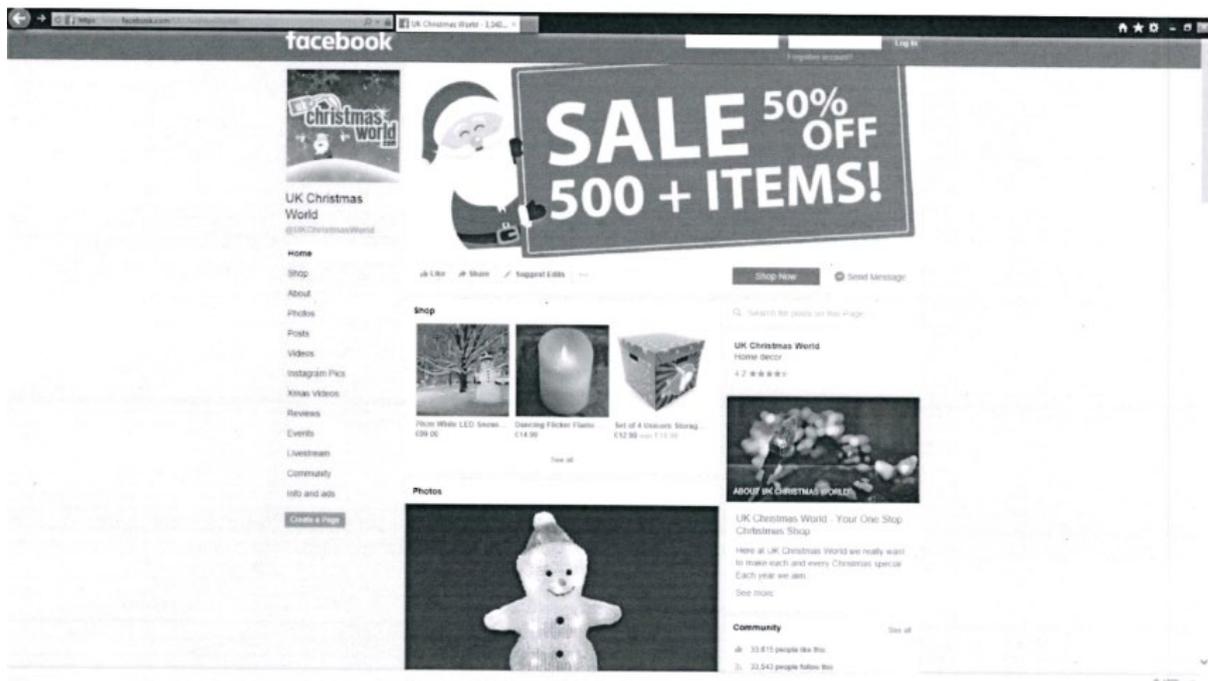
16. During September 2014 Mr Riby states he opened a physical retail outlet in addition to the online store. The cost of building this store was approximately £10,000 and was located at the company's registered address, namely Metro Trading Centre, Barugh Green Road, Barnsley, South Yorkshire. The store offered a large selection of products and remained open for three years until 2017, when a decision was made to close it and concentrate on the e-commerce website. Various photographs from inside and outside the store are produced at Annex 4 and 5, most of which are undated and are taken from the website's blog. The photographs show a selection of Christmas decorations on display to include Christmas lights, trees and baubles.

17. Mr Riby claims that his store was one of the largest outlet stores in Yorkshire for Christmas lights and decorations. He states during 2016 over 2,500 visitors entered the store.

18. Mr Riby states that since incorporation the brand name UK CHRISTMAS WORLD has generated approximately £5 million worth of sales and a significant following on social media. Annex 5 consists of examples taken from the Applicant's social media accounts. Pages 24, 27 and 56 consist of print-outs taken from the Applicant's Twitter account displaying the sign. The copy at page 56 confirms that UK CHRISTMAS

WORLD has 1,836 followers. The post is undated save for the print date namely 12 October 2018.

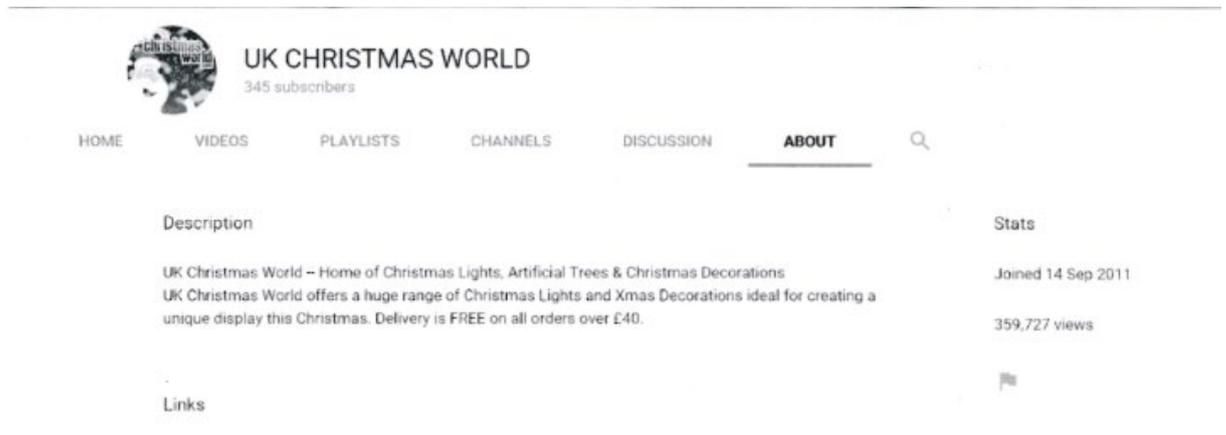
19. Page 55 is taken from the Applicant's Facebook account (@UKChristmasWorld) and confirms that it has generated 33,815 likes and 33,543 followers since 2011. The post (reproduced below) is undated but displays the sign as pleaded in the left-hand column above the Facebook tag address.



20. Mr Riby states that in 2013 the Applicant released a YouTube video, advertising its range of products. A still with a publishing date of "7 Nov 2013" is exhibited at page 32 (reproduced below) showing that the video has been viewed 2,685 times. It is unclear whether this was during 2013 or up to the date the document was printed namely 12 Oct 2018.



21. Page 58 is described as “YouTube statistics” demonstrating that UK Christmas World’s YouTube channel has had “around 360,000 video views”. The screenshot reproduced below is undated and makes no reference to YouTube. The document displays the sign and lists the following details “345 subscribers”, “joined 14 Sept 2011” and “359,727 views”.



22. Mr Riby states that since 2011 the Applicant has invested around £250,000 in extensive marketing and publicity of the mark UK CHRISTMAS WORLD in the UK which is demonstrated by the number of subscribers attained. He produces various photographs, articles and posts of the Applicant’s extensive advertising and marketing campaign mainly reproduced from the website’s blog. The sign is clearly visible on these posts, as is the website. An example of the blog heading is reproduced below.



23. The Applicant has sought to promote itself by various means. It has supported/sponsored various local charity events to include “the Barugh Green Big

Christmas Light Switch On” in 2014 featuring BBC Radio Sheffield and a charity rally race in 2015. In 2012 UK Christmas World teamed up with “the then ‘King of Christmas’, Paul Toole...an individual well known for dressing his property in extravagant Christmas lights” and released several videos, showcasing its products. Mr Riby states that the videos were viewed over 50,000 times. A copy of the press release dated 9 November 2012 is exhibited at page 31, Annex 5. The sign is referred to several times within this document, however nothing has been produced showing that the press release appeared in any media publications.

24. Other examples of the Applicant’s media profile are exhibited at pages 33-35 taken from the website’s blog and include what appear to be stills taken from a feature on the TV programme “This Morning” in 2014. The photographs are undated but include a display of Christmas lights, decorations and trees attributed to “ukchristmasworld.com for £70.99.” The blog post is dated 28 November 2014.

25. Mr Riby exhibits at Annex 5 photographs of the Applicant’s billboard advertising campaign along the M62 motorway in West Yorkshire during 2014. Again, this information is reproduced from its blog. The sign on the billboard (reproduced below) is the stylised version and not the one as pleaded. Mr Riby estimates that the average daily traffic flow passing these billboards would be 150,000 vehicles. The cost of the campaign was £6,000 and it extended for a period of 7 weeks from 27 October 2014.



The campaign will run for 7 weeks across various sites promoting the **huge range of Christmas lights, trees and decorations** on our website www.ukchristmasworld.com and also our newly opened 'Winter Wonderland Outlet' in Barnsley where customers can gain some inspiration for their own display this Christmas.



If you are in the area and spot one of our adverts if it safe to do so (and your not driving!) take a quick photo of our advert and we will send you a voucher to spend online. Email your photo to matthew@ukchristmasworld.com

f v g e

<https://www.ukchristmasworld.com/blog/the-uk-christmas-world-advertising-campaign-ge...> 12/10/2018

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26. Annex 5 page 59 includes what is described as a Hallam FM advert from 2015 which reproduces the stylised version of the sign and website. The document appears to be an advert for a Hallam FM Christmas sleigh, sponsored by the Applicant. The document is undated and it is not clear how the advert featured; whether the sign was referred to verbally over the radio or was displayed as part of a poster. Mr Riby does however produce a statement from Bauer Media (Hallam FM) at page 76 indicating that £9000 was spent on the radio campaign in November and December 2015. The invoice is dated 04.05.2016 and is addressed to Direct Global Trading Ltd. It makes two references to "UK Christmas World – Switching on".

27. Various publicity material relating to the opening of the outlet store is produced (again mainly taken from the website's blog page during 2014) and includes the following:

"UK Christmas World 'Outlet' – Now Open!"

"To date we have welcomed customers from far places as Derby, Newcastle and Birmingham."

"the Outlet is part of our main warehouse and distribution centre, and we have tried to get as many of our 2,000 products on show as we can. As the outlet forms part of our main warehouse please don't be surprised to see members of the warehouse team frantically dashing about picking customers online orders."

"Official stockists of Mr Christmas collectables."

"Offering for sale "England and Wales themed tabletop Santa's"

"The Outlet is now open seven days a week, we are easily accessible from both junction 37 and 38 of the M1."

"We look forward to welcoming you to Yorkshire soon!"

"Yorkshire's largest Christmas outlet opens its doors September 27th 2014"

28. Annex 4 at page 29 includes a photograph from "a google user dated OCT 2014" headed UK Christmas World and shows the inside of a shop displaying various Christmas baubles/decorations and lights. The photograph itself does not display the sign.

29. Page 57 in Annex 5 produces an undated photograph of the Applicant's first mail order catalogue displaying a stylised version of the Applicant's sign and website address, which Mr Riby states had an initial run of 10,000 copies. The catalogue is dated 2017 and shows examples of the type of goods for sale, in pounds sterling. A copy is reproduced below:



30. Mr Riby sets out, in the following table, the estimated annual turnover in relation to the sign UK Christmas World between 2012 and 2017. These figures have been produced/calculated by the Applicant’s accountants Gibson Booth Limited and account for approximately 80% of “all sales across all brands in the final quarter”. Mr Riby estimates that its market share in the online Christmas market is up to 10%.

Year Ended	Turnover £GBP
2012	303,264
2013	604,738
2014	943,988
2015	957,324
2016	1,017,976
2017	1,243,502

31. The 2012 and 2013 accounts for Direct Global Trading Limited are produced at Annex 8. There is no mention of the sign within these documents nor any breakdown showing what percentage relates solely to UK Christmas World (other than the turnover figures above).

Decision

32. Section 47 of the Act states:

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

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

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

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

33. Section 5(4)(a) of the Act states that:

“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

...

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.”

34. For a claim under section 5(4)(a) to succeed the Applicant must demonstrate goodwill, misrepresentation and damage. 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).”

Relevant date

35. Whether there has been passing off must be determined as at the “relevant date”. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O410-11, Daniel Alexander QC, sitting as the Appointed Person, considered what constituted the relevant date for the purposes of section 5(4)(a) of the Act and concluded as follows:

“43. In *SWORDERS TM* O-212-06 Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceeding as follows:

“Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark

before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.””

36. The Proprietor has not claimed or filed any evidence that he has used the contested mark prior to making the application for registration. The relevant date therefore for assessing whether section 5(4)(a) applies is the date the contested mark was applied for, namely 8 February 2017.

Goodwill

37. The concept of goodwill was explained in *Inland Revenue Commissioners v Muller & Co's Margerine Ltd* [1901] AC 217 at 223:

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

38. It is for the Applicant to provide evidence to show that it had goodwill on the relevant date within the UK. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

“27. There is one major problem in assessing a passing of claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of

reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX) (1946) 63 R.P.C. 97* as qualified by *BALI Trade Mark [1969] R.P.C. 472*). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

39. However, in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat) Floyd J. (as he then was) stated that:

“[The above] observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

40. Goodwill arises out of trading activities. Despite the absence of invoices, orders or delivery notes it is clear that there have been not insignificant sales, which is reflected in the turnover figures produced. Mr Stokes has not challenged this evidence. I accept that the turnover figures are not substantial given the size of the market, but the figures clearly show that sales have been growing steadily each year culminating in revenue of £1,017,976 in 2016. The Applicant has a reasonably good following on social media and has demonstrated an active business, in particular in Yorkshire. Although the evidence produced from its blog, as summarised in paragraph 16 above, was mostly undated, it shows that its physical retail store was operating up until 2017. The Applicant's main focus however was on its online business which Mr Riby states generated sales throughout the UK. The evidence clearly demonstrates that the business was drawing custom from both the physical premises in Yorkshire and online prior to the relevant date. Even if the activities were confined to the Yorkshire area this would not have prevented a finding that the Applicant has acquired goodwill.¹

41. Mr Riby has produced accounts for his combined businesses for 2012 and 2013 and produced estimated turnover sales figures for UK Christmas World up until December 2017. It is clear from this unchallenged evidence that there were consistent sales by reference to the sign relied upon for the goods and services relied upon up to and including the filing date of the contested registration. Taking the evidence as a whole, I conclude that there was goodwill at the relevant date in a business associated with the sign UK Christmas World selling Christmas decorations and lights. Taking into account all the evidence I am satisfied that the Applicant has met the burden placed on it to prove goodwill at the relevant date.

¹ Chelsea Man Menswear Limited V Chelsea Girl Limited and another [1987] RPC 189 (CA)

42. I note throughout, that the Applicant filed evidence of the sign in different stylised formats other than the one originally pleaded. It would have made no difference, however, to my findings, as sufficient evidence of use in relation to the un-stylised version was filed to substantiate goodwill.

Misrepresentation

43. In *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, Morritt L.J. set out the relevant test namely that:

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

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

44. I note that the test for misrepresentation requires a substantial number of members of the public to be deceived. The Applicant submits in its statement of grounds that aurally and visually save for the addition of the term “UK” the contested mark is identical to the sign with an identical concept, for identical services.

45. In my view the products offered for sale via the internet or retail outlets will be purchased using primarily visual means (in the case of the website, only by visual means). There is a close similarity between the marks Christmas World and UK Christmas World. ‘UK’ would be understood as a reference to a national business and makes little difference to recollection of the sign and registered mark.

46. The contested registration covers the identical services of the Applicant, namely the retailing of festive decorations. There is no doubt that at the relevant date UK Christmas World's actual customers and potential customers would be confused by the contested registration believing the goods offered for sale emanate from the Applicant or were "associated or approved" by them. I find that there is misrepresentation.

Damage

47. Actions under section 5(4)(a) of the Act are based on a claim of likely future damage. In *Bocacina Limited v Boca Cafés Limited, Dercio De Souza Junior, Malgorzata De Souza* [2013] EWHC 8090 (IPEC), Mr Daniel Alexander QC, sitting as an Enterprise Judge, noted that:

"There is no dispute that if there is goodwill and misrepresentation, there would be damage."

48. In *Harrods Limited V Harroddian School Limited* [1996] RPC 697, Millett L.J. described the requirements for damage in passing off cases like this:

"In the classic case of passing off, where the defendant represents his goods or business as the goods or business of the plaintiff, there is an obvious risk of damage to the plaintiff's business by substitution. Customers and potential customers will be lost to the plaintiff if they transfer their custom to the defendant in the belief that they are dealing with the plaintiff. But this is not the only kind of damage which may be caused to the plaintiff's goodwill by the deception of the public. Where the parties are not in competition with each other, the plaintiff's reputation and goodwill may be damaged without any corresponding gain to the defendant. In the *Lego* case, for example, a customer who was dissatisfied with the defendant's plastic irrigation equipment might be dissuaded from buying one of the plaintiff's plastic toy construction kits for his children if he believed that it was made by the defendant. The danger in such a case is that the plaintiff loses control over his own reputation.

49. In *Ewing v Buttercup Margarine Company, Limited*, [1917] 2 Ch. 1 (COA), Warrington L.J. stated that:

“To induce the belief that my business is a branch of another man's business may do that other man damage in various ways. The quality of goods I sell, the kind of business I do, the credit or otherwise which I enjoy are all things which may injure the other man who is assumed wrongly to be associated with me.”

50. In my view the similarity of the sign/mark and the closeness/identity of the respective services for identical goods would lead to a reasonably foreseeable diversion of sales from the Applicant to the Proprietor resulting in the Applicant suffering financial loss.

Outcome

51. The application for a declaration of invalidity on the grounds of passing off (section 5(4)(a)) succeeds in full. Under section 47(6) of the Act, the registration is cancelled and is deemed never to have been made.

Costs

52. The Applicant has been successful and is entitled to a contribution towards its costs, based upon the scale published in Tribunal Practice Notice 2/2016. The costs breakdown is as follows:

Preparing a statement of grounds and considering the Proprietor's counterstatement	£200
Official fee	£200
Preparing evidence	£500
Total	£900

53. I order LEWIS ADAM STOKES to pay DIRECT GLOBAL TRADING LTD the sum of £900 which, in the absence of an appeal, should be paid within fourteen days of the expiry of the appeal period.

Dated 28 March 2019

Leisa Davies
For the Registrar