

BL O/835/21

CONSOLIDATED PROCEEDINGS

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION 3412765 AND TRADE MARK
REGISTRATION 3393669**

BY

KEF TESFAYE

IN RESPECT OF THE FOLLOWING TRADE MARKS:



AND

OPPOSITION 418157 AND CANCELLATION 502861

THERE TO

BY

SKULLCANDY, INC.

Background and pleadings

1. Kef Tesfaye (hereafter “Party A”) applied to register two trade marks in the UK. The first has been accepted and registered. The second mark has been accepted and published in the Trade marks Journal. Those marks are the following:

UK3393669 (the “669” mark), filed on 19 April 2019 and registered on 9 August 2019, for the mark:



and for the following goods:

Class 09: Headphone; Mobile phone cover; Earphones.

Class 12: Scooters.

Class 25: Hoodies; T shirts; shorts; baseball caps; woolly hat.

And

UK3412765 (the “765” mark), which was filed on 9 July 2019 and published on 19 July 2019, for the mark:



and for the following goods:

Class 09: Headphone, Earphone, Mobile Phone Cover; Acoustic membranes used in sound recording or reproducing apparatus; Adapters for connecting telephones to hearing aids; Adapters for connection between media devices; Adapters for use with telephones; Headphone amplifiers; Headphone consoles; Headphone-microphone combinations; Headphones; Adapter cables for headphones; Cases for headphones; Ear pads for headphones; In-ear headphones; Music headphones; Noise cancelling headphones; Personal headphones for sound transmitting apparatuses; Personal headphones for use with sound transmitting systems; Stereo headphones; Two-way plugs for headphones; Wireless headphones.

Class 12: Scooters, skateboard.

Class 25: Hoodies, baseball caps, T shirts, (clothing).

2. On 21 October 2019, Skullcandy, Inc. (hereafter “Party B”) filed an opposition against the “765” mark and a cancellation action against the “669” mark of Party A.
3. The grounds, and the earlier marks relied upon under each ground, are the same in both actions. I therefore intend to avoid repetition where possible and will address the matter of the opposition to the “765” mark first, with some of the considerations in that matter likely to be applied equally to the cancellation action. I note however that the contested marks are different and that the goods under each contested mark, whilst highly similar, are not identical, therefore the conclusions I reach in these actions may differ slightly as a result.
4. Party B opposed all of the goods of the contested “765” trade mark, initially on the basis of section 5(2)(b), section 5(3) and section 5(4)(a) of the Trade Marks Act 1994 (“the Act”). During the procedural rounds, Party B also added a claim of bad faith under section 3(6) of the Act. As I have mentioned above, these grounds, including the later section 3(6) claim, are identically replicated in the cancellation action against the “669” mark.
5. Party B relies on the following figurative mark (“the Skull logo”) in respect of the section 5(2), 5(3) and 5(4)(a) grounds:



6. Under the section 5(2)(b) ground, Party B relies on the following three earlier marks:

International Registration designating the European Union (IR) 0931600 which was filed on 29 June 2007 and entered onto the register on 7 July 2008 for the mark shown above.

7. Party B opposes all of the goods under “765” but relies on only a part of the goods covered under this earlier mark, namely:

Class 09: Devices for hands-free use of mobile phones; digital audio players; earphones; headphones; MP3 players; portable listening devices, namely MP3 players; portable media players.

International Registration designating the European Union (IR) 1007171 which was filed on 16 February 2009 and entered onto the register on 14 June 2010 for the mark above.

8. Party B opposes all of the goods under “765” but relies on only a part of the goods covered under this earlier mark, namely:

Class 18: Bags, namely backpacks and handbags.

And

International Registration designating the European Union (IR) 0931601 which was filed on 29 June 2007 and entered onto the register on 7 July 2008 for the mark above.

9. Party B opposes all of the goods under “765” but relies on only a part of the goods covered under this earlier mark, namely:

Class 25: Clothing and headwear, namely hats.

10. Under the section 5(3) ground, Party B relies only on IR 0931600 set out above.
11. Under the section 5(4)(a) ground, Party B relies on the unregistered figurative mark, shown in paragraph 5 above, which it claims was first used in the UK in 2008 on: Headphones, earphones, hands free devices, digital audio players (including MP3 players), speakers and audio backpacks.
12. In its statement of grounds, Party B asserts under the section 5(2)(b) ground that the contested “765” mark is highly similar to its earlier marks as they share the highly similar ‘Skull Device’. It states that the minor additions to the contested mark do not create any significant differentiation between the marks at issue. As such, Party B claims that from a visual and conceptual perspective the overall impression given by the contested mark is highly similar to the earlier marks relied upon and therefore they should be considered highly similar overall.
13. In respect of the goods at issue, Party B claims that all of the goods covered by the contested mark are identical or highly similar to the goods relied upon by Party B under its earlier marks. It added that these goods would ordinarily be offered by the same undertaking through the same channels, to the same users and for the same or similar purposes, all of which increases the likelihood of confusion.
14. Party B states that its earlier marks have an arbitrary meaning when used in connection with its goods. It adds that it has made use of the earlier marks to such a degree that it claims it has gained a substantial reputation and goodwill in the ‘Skull Device’. As a result, Party B states that its earlier marks are inherently distinctive and have increased distinctiveness through the use made of them. As a result of the aforesaid, Party B claims that there is a significant likelihood of confusion including the likelihood of association between the contested marks and its earlier marks.
15. Under the section 5(3) ground, Party B claims that due to the significant use made of its earlier IR 0931600 and the high quality of the goods supplied under that mark, it has generated and enjoys a significant reputation in the UK in connection with:
 - Devices for hands-free use of mobile phones; digital audio players; earphones; headphones; MP3 players; portable listening devices, namely MP3 players; portable media players.

16. However, in paragraph 12 of the statement of grounds accompanying the TM7, the claim of reputation is made in respect of a slightly different list of goods, namely:

Headphones, earphones, hands free devices, digital audio players (including MP3 players), speakers and audio backpacks in particular.

17. Party B states that use of the contested mark will, without due cause, take unfair advantage and allow party A to 'ride on the coat tails' of Party B's marks thereby benefitting from its power of attraction, its reputation and its prestige, exploiting the marketing effort expended by Party B to create and maintain the image of its marks.

18. Additionally, Party B claims that use of the contested mark is likely to be detrimental to the distinctive character and repute of its earlier marks, where the quality of Party A's identical and highly similar goods are lower than party B's, this will have a negative impact on the image of Party B's earlier marks and goods.

19. As a result, such use by Party A will cause damage to Party B, including but not limited to, dilution, tarnishment and loss of sales.

20. Under section 5(4)(a), Party B claims that due to the use made of its earlier unregistered figurative mark, it has generated and enjoys significant goodwill in the UK in connection with:

Headphones, earphones, hands free devices, digital audio players (including MP3 players), speakers and audio backpacks in particular.

and did so at the date of filing of the contested application. As a result, Party B claims that the earlier unregistered mark relied upon is protected under the UK law of passing off.

21. It adds that use of the contested mark, if not restrained, is likely to mislead the public to believe that the goods offered under it are those of Party B or are otherwise associated with, approved or authorised by Party B. It states that a normal and fair use of the contested mark would constitute a misrepresentation and Party B would likely suffer damage as a result.

22. On 1 February 2021 Party B filed a TM7G requesting the addition of a further ground of opposition and cancellation, namely a claim of bad faith under section 3(6). The reasons given for this claim were as follows:

“The applicant has admitted within his witness statement that the design component of the applied for mark was obtained via the website freelogoservices.com. The ‘Terms of Use’ of that website, as applicable at the relevant date indicates that the website owner ‘LogoMix’ retains ownership of the design and that the applicant was granted merely a non-exclusive, non-transferable revocable license to access and use the design in their business. Therefore the applicant has filed a trade mark application, which would grant them a monopoly right for a mark which incorporates a design from the freelogoservices.com website, knowing that the intellectual property rights in that design are not owned by them but by a third party.”

23. After due consideration, this request was accepted by the Tribunal and the additional ground of bad faith was admitted into these proceedings, in respect of both the opposition and cancellation matters.

24. Party A filed a counterstatement denying the claims of Party B. It stated that there was no correlation between the marks at issue and that the average consumer would not be confused or misled into thinking that there was a trade connection between the goods of the parties in the marketplace. It added that the marks at issue are dissimilar in many ways including colour, design, general appearance, and orientation. It also asserted that as the goods at issue in classes 9, 12 and 25 are provided via numerous outlets, consumers will have the ability to identify one particular brand from another and therefore confusion will not occur.

25. Party A also put Party B to proof of use of the earlier marks relied upon for the purposes of the claim under section 5(2)(b) and the likelihood of confusion, including a likelihood of association.

26. Both parties filed evidence, which I will summarise to the extent I deem necessary, throughout this decision.

27. A hearing was requested and came before me via video conference on 13 September 2021. At the hearing, Party A was represented by Mr Eric Ramage of BRANDED TM Limited t/a BRANDED!. Party B was represented by Ms Ashton Chantrielle of Counsel, instructed by HGF Limited.

28. Party A initially represented itself but has been represented by BRANDED TM Limited t/a BRANDED! for a significant part of the proceedings. Party B has been represented throughout by HGF Limited.

Case Management

29. A case management conference (“CMC”) was held before me on 31 August 2021 to determine a request to cross examine Party A in respect of the late added section 3(6) ground. At the CMC I upheld the Preliminary View of the Tribunal to refuse the request to cross-examine as I felt that little would be added, and that Mr Tesfaye’s sworn statements were clear and provided the information I needed in order to come to a fair and balanced decision on that issue.

Evidence of Party B

30. Party B filed evidence to prove use of the three earlier IRs relied upon under the section 5(2)(b) ground. It also filed evidence to support the claim of a reputation in respect of IR 0931600 relied upon under section 5(3). The evidence of Party B is also intended to demonstrate that it has acquired the significant goodwill it claims in the unregistered mark relied upon for the purposes of section 5(4)(a) and the claim of passing off. Finally, in a later submission, Party B provided information to support its claim of bad faith on the part of Party A, under section 3(6) of the Act.

31. The evidence of Party B comprises a witness statement of James Nance, who is the corporate Counsel of Skullcandy, Inc. Mr Nance’s witness statement is dated 23 September 2020. Exhibits JN1 – JN21 accompany his witness statement.

32. In his witness statement, Mr Nance states that Party B was founded in the United States in 2003. He states that Exhibit JN1 comprises a print-out from the Skullcandy website and provides more detail on Party B’s history and values.

33. The mark at issue (being the Skull device/logo solus) is not shown on any of the webpages provided under JN1, which come from the UK website 'www.skullcandy.co.uk' and largely appear to be motivational and value messages. The pages are headed 'Our Mission, Vision and Values' and other than the print date of 7/21/2020 they are undated.
34. Mr Nance states that the first product launched by Party B in 2003 was a combined headphone with hands-free cellular technology, allowing users to listen to music from a portable audio device, whilst making and receiving calls through their cell phone. He adds that since its foundation, Party B has become a world leading producer and provider of consumer electronics products including, but not limited to, headphones, earbuds, listening devices and accessories for the same, all provided under the Skull logo, in addition to, or separate from, the SKULLCANDY brand name.
35. Mr Nance states that Exhibit JN2 comprises a print-out from the website of Party B showing its offices in Utah, USA. Mr Nance asserts that this information shows that the Skull logo has become central to Party B's culture as a company. He adds that Party B has company slogans such as "Here's to the Skull" and "We are united by the Skull".
36. Exhibit JN2 is comprised of three pages that appear to have been printed out on 24 July 2020. As with the pages provided under JN1, they are also from the UK website of Party B and are headed 'Our Culture'. Page 2 comprises a montage of photographs of Party B's US based offices. The mark at issue is shown on three of the nine photographs that make up the montage. It is prominently displayed on the front exterior of the office building in conjunction with the word 'Skullcandy'. Page 3 shows the Skull logo in combination with the strapline 'We are united by the skull'. None of these pages are dated, other than the print date.
37. Mr Nance states that Exhibit JN3 provides information relating to charitable partnerships that Party B has engaged in within the US. As with the previous exhibits, the three pages provided under JN3 are from the UK website Skullcandy.co.uk and are undated other than the print date of 24 July 2020. The mark at issue is not present on these pages and the information provided appears to relate to activity in the United States.

38. In terms of use of the Skull logo in the UK, Mr Nance states that this began in 2008 and that the Skull logo has been used continuously since then in respect of the following goods:

Devices for hands-free use of mobile phones; digital audio players; earphones; headphones; MP3 players; portable listening devices, namely MP3 players; portable media players.

Bags, namely backpacks and handbags; speakers and audio backpacks.

Clothing and headwear, namely hats.

39. Mr Nance submits that Exhibit JN4 provides examples of these goods on sale in the UK prior to July 2019, bearing the Skull logo.

40. JN4 comprises 16 pages of photographs of various products bearing the mark at issue or a variation of that logo. None of the pages under JN4 are dated and none bear any information that establishes where these images come from, how they are used, when, and in which territory. Several images are of headphones or earphones bearing the mark at issue in a variety of positions. Three images are of headphone products within packaging, where it can be seen that the mark at issue is placed prominently on the packaging and/or the headphones themselves. It is also clear that in some instances the Skull logo is used in combination with the word Skullcandy. Other photographs under JN4 show the mark, or a variation of it, on bags and baseball caps. I note that in three of the images presented under JN4 the Skull logo is shown as a white figurative element with black eye sockets.

41. Mr Nance states that Exhibit JN5 provides dated extracts from the online shop located on the website 'www.skullcandy.co.uk' showing the products claimed, sold in the UK. The products are referenced by product range names however all products are sold with the Skull logo on the products and/or the packaging.

42. Having carefully assessed the evidence, I find that Exhibit JN5 comprises several extracts taken from the Wayback machine, providing historical information on the products of Party B that were available online via the websites

'www.skullcandy.co.uk' and 'www.skullcandy.com'. A brief summary of those extracts is as follows:

April 19, 2014 – extract from the 'com' site showing the mark in various colours on the side of the earpiece on pairs of headphones, including the mark shown in white with black eye sockets.

June 6, 2014 – extract from 'com' site showing the mark at issue on headphones. The mark is shown on the goods and on the webpage. It is also used in combination with the word Skullcandy. The mark is shown in a variety of colours on the headphones and on the webpage, including in white with black eye sockets.

June 19, 2014 – extract from the 'com' site shows the mark at issue used alone, the products on offer are headphones. The mark is shown in white rather than in black.

December 18, 2014 – extract from 'com' site shows the mark at issue on headphones.

July 7, 2015 – extract from the 'co.uk' website, shows the mark placed on headphones and earphones and used on the webpage in a variety of colours including white with black eye sockets.

June 28, 2015 – extract from the 'com' site shows the mark on headphones and prominently on the webpage alone and in white with black eye sockets.

March 17, 2016 – extract from the 'co.uk' site shows the mark, in white, in combination with the word Skullcandy on the webpage. The goods on offer are headphones and a small speaker.

April 6, 2016 – extract from the 'co.uk' site shows headphones on offer. The mark at issue is placed onto various parts of the goods.

March 19, 2016 – extract from the 'co.uk' site shows the mark alone placed onto the goods offered which are headphones. In this example the mark is

shown in white with black eye sockets as opposed to the mark that is relied upon which is depicted in black with white eye sockets.

March 20, 2016 – extract from the ‘co.uk’ site offers headphones and earphones. The mark at issue is shown on the goods.

June 25, 2018 – extract from the ‘co.uk’ site. The mark at issue is shown on earphones.

August 8, 2018 – extract from the ‘co.uk’ site shows the mark placed onto headphones.

Jan 30, 2019 – extract from the ‘co.uk’ site. The mark at issue is shown on earphones.

Jan 30, 2019 – extract from the ‘co.uk’ site. The mark at issue is shown on earphones and headphones. As with the March 19, 2016 extract, the mark is shown in white with black eye sockets.

February 14, 2019 – extract from the ‘co.uk’ site. The mark at issue is shown alone and in combination with the word Skullcandy, on earphones.

43. Mr Nance claims that between 2014 and 2019 Party B’s products have been sold bearing the Skull logo throughout the UK by third party retailers including AO, EE Limited, Sainsbury’s, Carphone Warehouse, Shop Direct Group, ASDA, Amazon, Brittany ferries, ASOS, ARGOS and many others.

44. Mr Nance states that Exhibit JN6 comprises a selection of online retailers’ websites featuring Party B’s products branded with the Skull logo.

45. I note that an extract page from AO.com shows the mark at issue used on the left-hand side of the word Skullcandy, offering headphones for sale priced £34 and £29. An extract from EE accessories shows a Skullcandy Barricade mini portable speaker for £34.99, however the mark is not in evidence. An extract from the Annova website shows Skullcandy Stim on-ear headphones for £26.35. The mark is shown on the box for the headphones in white with black eye sockets and in combination with the word Skullcandy. The djshop webpage shows a Skullcandy SOUNDMINE portable

Bluetooth speaker for £19. The mark at issue is shown on the product and in combination with the word Skull Candy on the webpage. None of this information is dated, however.

46. Mr Nance states that the worldwide turnover of Party B between 2014 and 2019 has been in excess of 1.6 billion US dollars. He also claims that the UK annual turnover for products offered under the Skull logo between 2014 and 2019 ranges from over £10 million in 2014 to in excess of £19 million in 2019, never dropping below £10 million per year. He states that unit sales of retailed goods bearing the Skull logo in the UK show that in 2014 Party B sold more than 1.2 million units, rising to more than 1.7 million units in 2016 and more than 1.1 billion units in 2019 within the UK.

47. Mr Ramage referred to these figures during the hearing and, correctly I believe, raised concerns over precisely what they represent, what goods they apply to and the relevant territory involved for the purposes of identifying sales of products. I accept from these figures that Party B has sold a significant number of 'units' in the UK during the relevant period, although it is not clear precisely what a 'unit' is. I have doubts over the final figure provided above, namely that Party B sold more than 1.1 billion units in the UK in 2019 and believe that this may be a typographical error. Mr Nance has claimed UK annual turnover to be in excess of £19 million in 2019. If the figure of 1.1 billion units sold in the UK in the same year is correct, this would suggest an average 'unit' price of approximately £0.018. I note however, that further, much more detailed evidence is provided under JN7, which is summarised below.

48. Mr Nance states that Exhibit JN7 comprises example invoices detailing sales of products bearing the Skull logo to UK customers.

49. Within Exhibit JN7, the first four sample invoices provide information from 2013 and are therefore outside of the relevant period for the purposes of establishing proof of use under section 5(2)(b), but this information will be considered for the purposes of establishing reputation and goodwill later in this decision. The remaining invoices show the following:

18 July 2014, sales of 591 units of an 'A40 Audio System Bundle' from Skullcandy International GmbH to Gem Distribution Limited, in Lancashire. No value/total for this invoice is provided,

29 December 2014, sales of several sets of goods including e.g. 6000 units of 'HESH 2.0 Rasta' and 2000 units of 'Ink'd 2.0 Black', from Skullcandy International GmbH to Kondor Limited in Christchurch, Dorset. In total 18,100 units make up this order and the total invoice amounts to £136,100.13.

31 March 2015, sales from Skullcandy International GmbH to Kondor Limited, of 10,227 units of Uprock Hot Lime/Light Gray/Dark Gray and 3,837 units of Uprock Black/Black w/mic. The total value of this invoice is £75,113.59.

3 April 2015, sales of 1017 units of 'A50 Wireless Headset Bundle (BLK)' from Skullcandy International GmbH to Exertis (UK), Lancashire with no total or value provided.

26 June 2015, sales of 'Uprock' products in a variety of colours from Skullcandy International GmbH to B & M Retail, Liverpool. The total value of this invoice is £80,806.40.

13 November 2015, sales of 4,700 units of 'A40 Headset kit (Gen2) (LT GRY ASTRO)' from Skullcandy International GmbH to Argos Limited, Milton Keynes. No value or total is provided.

29 September 2016, sales of 46,944 units of 'In-Ear Jib' in a variety of colours, from Skullcandy International GmbH to Kondor Limited, Christchurch, Dorset. The total value of this invoice is £151,884.78.

18 November 2016, sales of 1300 units of 'A40 TR + MixAmp Pro Tr' in black or white and 2 units of 'FLAK Jacket' in L or M, from Skullcandy International GmbH to Live Interactive Media Events Ltd, Maidstone. Total value of this invoice is £160,597.21 US Dollars.

16 March 2017, sales of 20,796 'In-Ear Jib Green' and other related products, from Skullcandy International GmbH to Westcoast Ltd, Reading, with a total value of £46,140.38.

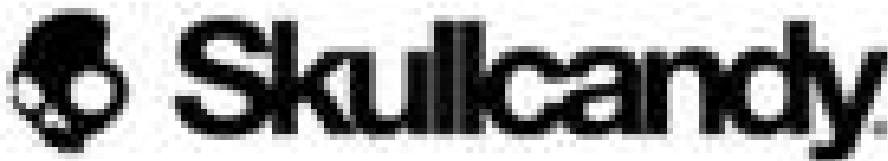
31 March 2017, sales of 15,040 units of 'Uprock' products, from Skullcandy International GmbH to B & M Retail, Liverpool with a total value of £92,496.00.

17 November 201, sales of a range of products such as 'Ink'd', 'Smokin Bud 2', Grind BT' and 'Hesh 2.0', from Skullcandy International GmbH to Kondor Limited, Dorset. The total value of the invoice was £64,870.56.

14 December 2017, sales of 992 units of 'Crusher 3.0 BT', from Skullcandy International GmbH to DSG Retail Limited, London. No total or value is provided.

21 November 2017, sales of 'Ink'd' and 'In-Ear Jib' products from Skullcandy International GmbH to Argos Limited, Milton Keynes, with a total value of £101,024.56.

50. These sample invoices show sales of goods in the UK amounting to approximately £900,000 between 2014 and 2017. All of the invoices provided under JN7 are headed with the mark at issue and the word Skullcandy side by side in the following manner:



51. It is noted that Skullcandy International GmbH is a subsidiary of Skullcandy, Inc. Exhibit JN8 provides commercial and business register extracts showing the connection between the two undertakings, and establishing the fact that Skullcandy International GmbH has only one shareholder, that being Party B, Skullcandy, Inc.

52. I also note that information provided under Exhibit JN4 shows that Crusher; Hesh 2; Hesh 3; Uprock and Grind are all headphone products sold by Party B. Knockout; Ink'd and Smokin Buds are types of earphones and earbuds sold by Party B. Astro A products appear to be a range of gaming headsets that incorporate headphones with a microphone.

53. Turning to advertising and marketing activities, Mr Nance asserts that Party B understands the importance of marketing its brands and spends substantial amounts

on advertising in both online and printed publications. He states that advertising and marketing expenditure in the UK between 2013 and 2019 was as follows:

2013 – in excess of £150,000

2014 – in excess of £450,000

2015 – in excess of £600,000

2016 – in excess of £350,000

2017 – in excess of £200,000

2018 – in excess of £250,000

2019 – in excess of £390,000

54. Mr Nance states that Party B employs a range of marketing and advertising agencies to assist in promoting the brand, including the Skull logo. He claims that Party B carefully plans and tracks its advertising and media exposure.

55. Mr Nance states that Exhibit JN9 provides a document named the 'Skullcandy Grind Campaign Report' which details the media invested in to advertise the Skullcandy Grind headphones in 2015 and the numbers of unique users who accessed those materials. I note that the final page of JN9 shows clearly the mark at issue displayed prominently on walls during a musical event. In that photograph the earlier mark is shown in combination with the word Skullcandy, whilst the top right hand side of the same image shows the mark alone and depicted in white with dark eye sockets presented immediately behind the band that is performing and therefore prominently presented and clear to all attendees of that event. There is no indication as to where this event was held, however a contact address and phone number is provided on the page and is London based.

56. Mr Nance states that Exhibit JN10 comprises various documents dated between 2013 and 2019 which detail online and print publications in which Party B products have featured; monthly unique users; the ad rate; the month and year in which it featured, and the product range featured. Mr Nance asserts that the vast majority, if not all, of the features shown under JN10 contain an image of the Skull logo prominently.

57. I note that on the second page of JN10, which relates to online publications, specifically a publication named 'Ape to Gentleman', an image of headphones in a packaging box is clear and shows the mark in white alongside the word Skullcandy on the box. This extract, which is titled 'Monthly Clipping Report UK June 2017 By KINC Agency' shows that the publication, dated 13 June 2017, had 255,791 unique monthly users. On page three of JN10 the 'Ad Rate' is shown in Euros. There are further examples in JN10 of the use of the mark at issue in black or white, on packaging of headphones and earphones. The final image at the bottom right of Page 157 shows an image of boxed packaging where the mark is used in combination with the word Skullcandy but where the Skull logo is presented in white with black eye sockets and the word Skullcandy is in black lettering. This demonstrates the variety of use that Party B makes of these two brands, either alone or in combination.

58. Also provided is a table listing various UK based entertainment and music events that Party B have sponsored since 2015.¹ These events include e.g. '#Stayloud Concert' at the Hammersmith Palais, London in 2015; 'The Atlantic Stage', Liverpool in 2017; 'The Ponderosa', Sheffield in 2017 and 'Simple Things Festival', Bristol, in 2018. Exhibit JN11 provides examples of the Skull logo used at the events set out in that table.

59. I note that JN11 provides photographs from a number of events in which the earlier mark can be seen either solus or in combination with the word Skullcandy, on t-shirts, rain capes, inflatable beach balls, draw string bags, headphones, and on banners and signage used on or near to stands or stages. None of these images are dated. The use of the earlier mark on e.g. inflatable plastic balls, plastic rain capes or drawstring bags may simply be an indication that Party B, as part of the sponsorship process at these events, handed out merchandise items to the attendees as 'give-aways', as is a common thing to do at such events, in my own experience.

60. Mr Nance states that Exhibit JN12 provides information showing social media figures relating back to some of the events and festivals referred to under JN11. At the Liverpool Sound City event for example, attendance was 25,000 per day. The event

¹ Page 4 of Mr Nance's witness statement

ran from 25-28 May 2017 and attracted 63k Facebook hits, 40k Twitter hits and 27k Instagram hits. Images show the mark, in white, displayed prominently on banners and flags.

61. Mr Nance adds that Party B has produced videos relating to its entertainment and music events in the UK and has published them on its SKULLCANDY YouTube channel. Details of a selection of these videos is provided in his witness statement, dating from 2012 to 2018. Exhibit JN13 provides screenshots from these videos showing the Skull logo branding.

62. In this information the Skull logo is used as part of the name of Party B's YouTube channel. The second page of JN13 shows a screenshot of one video that has been paused or has ended. The screen is black with the mark at issue presented alone at the centre of the screen, in white with black eye sockets.

63. Mr Nance states that Party B also sponsors sporting events in the UK under the Skull logo branding, which has contributed towards the vast exposure of the Skull logo. He adds that Party B has worked with Formula One motor racing and that at the 2015 and 2016 Grand Prix events at Silverstone circuit, Skullcandy created a "Fan Zone" in partnership with Sahara Force India and Kingfisher, with Party B being responsible for organising music, bands and DJs in the Fan Zone. During the 2016 Silverstone Grand Prix a live streamed interview with F1 drivers took place in the Fan Zone. Sky Sports broadcast a live feed of that interview, which received 127,000 views.

64. I note that Exhibit JN14 provides examples of materials relating to those Formula One events and shows prominent use of the Skull logo in white on a black background, as part of the signage and banners for Party B's stand at those events.

65. Exhibit JN15 provides materials relating to trade shows at which Party B has exhibited its Skull logo branded products. These include Dixons Tradeshow in 2015, 2016 and 2017, HMV Tradeshow in the same years and Tesco Electrical Tradeshow in 2015. Mr Nance states that the Skull logo brand features prominently on Party B's stands at these shows. I find that the mark is shown clearly and prominently both as relied upon (i.e. in black with white eye sockets) and in reverse, with a white Skull logo on a black background.

66. Exhibit JN16 comprises further examples of advertising produced by Party B bearing the Skull logo. Mr Nance states that as part of its advertising strategy, Party B has partnered with high profile celebrities, sportsmen and organisations such as Global Radio's Capital Xtra Station in 2013, FIFA World Cup Brazil in 2014 and the Boardmasters Festival in 2014. The mark at issue is presented on much of the information under JN16.

67. Turning to online presence, Mr Nance submits that Party B owns various domain names including 'www.skullcandy.co.uk', 'www.skullcandy.com' and 'www.skullcandy.eu'. He adds that the registration of these domain names and the operation of websites from them demonstrates Party B's commitment to, and wide-scale exploitation of, the Skullcandy branding including the Skull logo. He states that UK based consumers have been widely exposed to Party B's range of products and services offered under the Skull logo.

68. Mr Nance provides a table showing the number of visitors from the UK to the websites 'www.skullcandy.com' and 'www.skullcandy.co.uk' between 2015 and 2019. Numbers of visitors to the '.co.uk' website are as follows:

2015 – in excess of 170,000

2016 – in excess of 350,000

2017 – in excess of 500,000

2018 – in excess of 440,000

2019 – in excess of 650,000

69. Visitor numbers to the '.com' website were:

2015 – in excess of 4.5 million

2016 – in excess of 4.5 million

2017 – in excess of 4 million

2018 – in excess of 5.3 million

2019 – in excess of 8.5 million

70. Mr Nance asserts that when visiting these websites, customers encounter the Skull logo repeatedly as it is used with every page as a favicon and in the tab at the top of the page. Exhibit JN17 provides an illustrative example of one of the pages on the websites, showing the Skull logo and dated 28 March 2019.

71. Mr Nance states that party B also uses the Skull logo on its social media accounts. He lists accounts for Facebook, Instagram, Twitter and YouTube.

72. Exhibit JN18 comprises examples of the use of the Skull logo on those social media accounts. I note that the first two pages of JN18 show the Facebook page of Party B. It shows the Skull logo in white with black eye sockets. It also shows that the page was created in 2009 and had more than 2 million followers by 2020. The same white Skull logo is used for Party B's Instagram and Twitter pages and YouTube account, and is represented below:



73. Mr Nance also states that the Skull logo brand features on the social media pages of several social media influencers as detailed previously in Exhibit JN10 and in the document provided under Exhibit JN19 which is named 'OTB Influencer Coverage'. This document dates from 2017 and tracks influencer coverage from the launch party of the 'Crusher Wireless' pop up event.

74. Mr Nance claims that through the prominent and continuous use detailed above, and high-profile marketing and sponsorship activities, the Skull logo has gained significant recognition, reputation and goodwill with consumers in the UK.

75. Exhibit JN20 provides a selection of UK based media articles referring to Party B and the Skull logo branding, including:

An online article published on the website of the UK national newspaper 'The Independent' entitled "Jay-Z joins Dr.Dre, Lady Gaga, Diddy in celebrity headphone trend", dated June 2010.

A Metro.co.uk website article dated 12 July 2016 entitled "These are the headphones you'll have to wear after Apple kills iPhone's jack".

A Business Wire article dated 29 June 2017, which lists Party B as one of five manufacturers of headphones, along with Beats, Bose, Sony and Sennheiser, that will dominate the global headphone market in 2017-2022.

76. Mr Nance states that Party B is regularly recognised in the press. Exhibit JN21 provides copies of reviews from a range of publications. By way of example he refers to a review dated December 2017 in 'Expert Reviews' where the Skullcandy Crusher Wireless headphones were voted "Best Bluetooth headphones 2017". In the same month 'TechAdvisor' voted SKULLCANDY GRIND as "Best Cheap Headphones 2017". Women's Running (UK) awarded Party B "Best in test" in a survey on headphones for runners. Also, in 2017 Gadgetcentral voted the Skullcandy III Famed Grind Wired On-Ear headphones the 'Best headphones 2017 in the UK'.

77. Mr Nance asserts that Party B's goodwill and reputation has been further enhanced as a result of independent recognition of the SKULLCANDY brand including the Skull logo by the media in the UK. Mr Nance states that Party B's products, which bear the Skull logo, have been awarded the following awards: Editor's Choice – PC Magazine; Best Earbuds Shortlist – What Mobile and Best Headphones Shortlist – What Mobile. However, no evidence of these awards has been provided.

78. That concludes my summary of the evidence of Party B, insofar as I consider it necessary.

Decision

Section 5(2)(b) of the Act

79. Section 5(2)(b) of the Act states:

"5(2) A trade mark shall not be registered if because –

(a) ...

(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.”

80. An earlier trade mark is defined in section 6 of the Act, the relevant parts of which state:

“6.- (1) In this Act an “earlier trade mark” means –

(a) a registered trade mark, international trade mark (UK) a European Union trade mark or international trade mark (EC) which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks

(2) References in this Act to an earlier trade mark include a trade mark in respect of which an application for registration has been made and which, if registered, would be an earlier trade mark by virtue of subsection (1)(a) or (b), subject to its being so registered.”

81. The trade marks upon which Party B relies for the purposes of the opposition under section 5(2)(b) and section 5(3) qualify as earlier trade marks under the above provisions. As the earlier trade marks had been registered for more than five years at the dates that the contested mark was filed, they are subject to the proof of use provisions contained in section 6A of the Act. Party A put Party B to proof of use.

82. Although the UK has left the EU, section 6(3)(a) of the European (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Trade Marks Act relied on in these proceedings are derived from an EU Directive. This is why this decision continues to make reference to the trade mark case-law of EU courts.

Relevant statutory provision: Section 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 relevant period.

(1A) In this section “the relevant period” means the period of 5 years ending with the date of the application for registration mentioned in subsection (1)(a) or (where applicable) the date of the priority claimed for that application.

(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 relevant period 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 (the “variant form”) differing in elements which do not alter the distinctive character of the mark in the form in which it was registered (regardless of whether or not the trade mark in the variant form is also registered in the name of the proprietor), 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 Community.

(5A) In relation to an international trade mark (EC) the reference in subsection (1)(c) to the completion of the registration procedure is to be construed as a reference to the publication by the European Union Intellectual Property Office of the matters referred to in Article 190(2) of the European Union Trade Mark Regulation.

(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.”

Proof of Use

83. The first issue I must determine, is whether, or to what extent, Party B has shown use of the earlier marks relied upon.

84. The relevant period is the five-year period ending on the date of filing of the contested application, which was 9 July 2019. Consequently, the relevant period in which to show use of the earlier mark is 10 July 2014 to 9 July 2019.

85. 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*

Bunderversvereinigung 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].”

86. An assessment of genuine use is a global assessment, which includes considering the evidential submissions as a whole rather than assessing whether each individual item of evidence can be said to show use of the mark at issue by itself.

87. In this regard, I note that Mr Ramage has provided detailed analysis of Party B’s evidence, setting out his criticism of it in several areas. I do not intend to reproduce his comments here as they are quite lengthy, but I have carefully considered all of his submissions on the matter and have taken them into account during my assessment of the evidence before me.

88. The case law cited above provides that the use of an earlier mark need not be quantitatively significant in order to be found to be genuine. The assessment must take account of several factors in order to determine whether there has been real commercial exploitation of the mark which can be regarded as “justified in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark”.

89. Having carefully assessed the evidence of Party B, I come to the conclusion that the evidence supports genuine use of some of the goods under IR 0931600. I find the evidence sufficient to establish that the Skull logo mark has been used within the EU and UK territories during the relevant period and that that use amounts to genuine use of the mark for part of the class 9 goods covered under IR 0931600. I do not find this to be the case in respect of the other two earlier rights relied upon under the ground of section 5(2)(b), namely IR 1007171 in class 18, and IR 0931601 in class 25. The evidence provides almost no indication of economic activity or sales of the goods covered under those two earlier IRs.

90. I have noted that the mark at issue, namely the black device of the face of a skull, is often used in combination with the word Skullcandy. It is however often also used in isolation. I find the combined use of the device and word to be acceptable for the

purposes of establishing use of the device only. This use of two brands, whether they be primary or secondary, or house mark with sub-mark, is common trade practice and does not, in my view, affect the consumer's ability to perceive the 'Skull' element as a stand alone trade mark indicating origin.

91. I have also noted that the skull logo is often used in a 'reverse silhouette' i.e. with the skull presented in white with black eye sockets, as opposed to the mark as registered, in black with white eye sockets. I conclude that this use is acceptable variant use, as the image is identically reproduced other than the switch from black to white, something which does nothing to affect the distinctive character of the mark itself. Indeed, when considering the findings in *Sadas*, I would suggest that those marks might be considered to be identical, in that the differences between them are so insignificant that they would go unnoticed by the average consumer.²

92. Whilst not every piece of evidence shows the mark at issue, or is clearly dated, when taking a global approach to the entire submission, I conclude that the evidence shows that the opponent has used IR 0931600 in the relevant territory, during the relevant period, and that the level of revenue generated and the expenditure on promotion and brand awareness can be said to be quite substantial. Whilst the majority of the evidence refers to use of the mark in the UK, the evidence does illustrate use across the EU more widely. I note also that use of the earlier mark within the UK may be deemed to be sufficient to establish genuine use within the EU.

Fair Specification

93. I must now consider whether, or the extent to which, the evidence shows use of the earlier mark for all of the goods relied upon.

94. The evidence shows that the earlier mark has been used widely on headphones and earphones. It is clear however, that the evidence of use does not support genuine use of the earlier mark for all of the goods relied upon. For example, there are no indications of sales of digital audio players, MP3 players, devices for hands-free use of mobile phones, backpacks, handbags, clothing or hats. Whilst the evidence has been found to be quite significant in terms of sales, advertising, marketing, social

² S.A. Société LTJ Diffusion v. Sadas Vertbaudet SA, Case C-291/00

media presence and wider sponsorship activities intended to raise brand awareness, none of this information can be said to support use on any goods other than headphones and earphones, other than in the most trivial of respects. For example, one invoice refers to sales of 2 units of FLAK jackets. This is the only example of sales of clothing items within Party B's evidence and this cannot support a claim of genuine use for clothing. Indications that the Skull logo mark is displayed on t-shirts, hats and bags have been provided in photographs taken at events sponsored by Party B, however there is no evidence at all of any sales made of such products during the relevant period.

95. After careful consideration, I find that the evidence can be said to support genuine use on only a part of the goods under earlier IR 0931600 and in conclusion I find the following goods to be a fair specification when taking all of the above into consideration:

Class 09: Earphones and headphones.

96. Having found no indication of use of the earlier mark in respect of the goods in classes 18 and 25 under IR 1007171 and IR 0931601, Party B may, as a consequence, only rely partially on IR 0931600 for 'earphones and headphones' for the purposes of the opposition and cancellation actions at hand, insofar as those actions relate to section 5(2)(b) and section 5(3).

97. I also conclude that the evidence has shown that the extent of use of Party B's earlier mark supports the claim that the earlier mark may be said to have an enhanced degree of distinctive character in respect of earphones and headphones.

98. As I have set out above in paragraph 3, I will begin by comparing Party B's earlier IR 0931600 with the contested "765" mark under opposition.

Case Law

99. The following principles are gleaned from the decisions of the Court of Justice of the European Union ("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.

Comparison of goods

100. In the judgment of the Court of Justice of the European Union (“CJEU”) in *Canon*, 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”.

101. 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.

102. In *Gérard Meric v Office for Harmonisation in the Internal Market*, Case T-133/05, the General Court 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 für 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”.

103. Following my conclusions above in paragraph 94 regarding a fair specification, the parties’ respective goods are:

Earlier IR 0931600	Party A’s contested “765” mark
Earphones; headphones.	Class 09: Headphone, Earphone, Mobile Phone Cover; Acoustic membranes used in sound recording or reproducing apparatus; Adapters for connecting telephones to hearing aids; Adapters for connection between media devices; Adapters for use with telephones; Headphone amplifiers; Headphone consoles; Headphone-microphone combinations; Headphones; Adapter cables for headphones; Cases for headphones; Ear pads for

	<p>headphones; In-ear headphones; Music headphones; Noise cancelling headphones; Personal headphones for sound transmitting apparatuses; Personal headphones for use with sound transmitting systems; Stereo headphones; Two-way plugs for headphones; Wireless headphones.</p> <p>Class 12: Scooters, skateboard.</p> <p>Class 25: Hoodies, baseball caps, T shirts, (clothing).</p>
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104. The contested class 9 goods '*Headphone, Earphone, Headphone-microphone combinations; Headphones; In-ear headphones; Music headphones; Noise cancelling headphones; Personal headphones for sound transmitting apparatuses; Personal headphones for use with sound transmitting systems; Stereo headphones; Wireless headphones*' comprise essentially one or two small speakers which is/are worn in/over the ear(s) in order to listen to e.g. music, radio or a mobile phone conversation. The earlier goods '*earphones; headphones*' are identical to those contested goods.

105. The contested class 9 goods '*Acoustic membranes used in sound recording or reproducing apparatus; Headphone amplifiers; Adapters for connection between media devices; Headphone consoles; Cases for headphones; Ear pads for headphones; Adapter cables for headphones; Two-way plugs for headphones*' are parts, fittings or ancillary products that are, or can be used, in or with headphones and earphones. '*Acoustic membranes used in sound reproducing apparatus*' for example, are membranes that form an integral part of the earpiece of an earphone or headphone. These goods may share channels of trade and manufacturer. They may also share user and are likely to be regarded as complementary to the earlier *headphones and earphones*. These goods are similar to a low degree.

106. The contested '*Adapters for use with telephones; Adapters for connecting telephones to hearing aids*' are devices that enable the use and operation of telephones. The earlier goods are earphones and headphones which can be said to be dissimilar as they are unlikely to share purpose, channels of trade, user or manufacturer. These goods are not complementary or in competition.
107. The contested class 9 goods '*Mobile Phone Cover*' are items that are used to cover the exterior surfaces of a mobile phone in order to provide protection and/or as an adornment. None of the earlier goods relied upon can be said to be similar at all to these goods, therefore these goods are dissimilar.
108. The contested class 12 goods are '*scooters*' and '*skateboard*'. A scooter may be defined as either a small light motorbike with a low seat, or a type of child's bicycle which has two wheels joined by a board and with a handle on a long pole at the front, attached to the front wheel. A skateboard may be defined as a narrow board with wheels at each end, which users stand on and ride for pleasure or sport.
109. The earlier goods are earphones and headphones. Whilst the consumer of a skateboard for example, may also be a consumer of headphones, the nature, purpose and channels of trade will differ. These goods cannot be said to be complementary or in competition with each other. Therefore, the contested class 12 goods are found to be dissimilar to the earlier goods of Party B.
110. The contested class 25 goods '*Hoodies, baseball caps, T shirts, (clothing)*' are all items of clothing or headwear. The earlier goods are earphones and headphones. These goods may share users but other than that they can be said to be dissimilar as they will not share purpose, channels of trade or manufacturer and cannot be said to be complementary or in competition.

Average consumer and the purchasing act

111. 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*.

112. 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.”

113. The goods at issue are all essentially day to day products for which the average consumer is likely to predominantly be a member of the general public, who will pay no more than a medium degree of attention when selecting such goods.

114. The selection of the goods at issue will be primarily a visual process taking place in traditional retail establishments or by using the internet and browsing websites. I do not, however, discount the possibility that an aural process may form part of the selection if the consumer engages in discussions with a sales assistant in a retail outlet or over the telephone.

Comparison of marks

115. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) 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.



116. 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.”

117. It would be wrong, therefore, to artificially dissect the trade marks, although, it is necessary to take into account 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.

118. The respective trade marks are shown below:

Earlier mark	Contested “765” mark
	

119. Party B’s earlier IR 0931600 comprises the figurative element displayed above, which may be said to represent the front, or facial aspect of a skull. The overall impression of the mark can therefore only lie in that single figurative element.

120. Party A’s opposed application is a complex mark comprised of figurative and verbal elements. The distinctive figurative element comprises a hooded figure wearing a pair of headphones. The front part of a skull is used to represent the ‘face’ of the hooded figure. The verbal elements in the contested mark are the letters ‘HY-PHYPRO’ which are placed at the bottom of the mark, directly underneath the larger figurative element. Whilst I acknowledge that generally words ‘speak louder’ than figurative elements in a mark, in this instance, as the words have no obvious

meaning and are presented beneath the larger figurative element, I find the figurative element to be the more eye-catching and dominant aspect of the mark.

121. Whilst the textual elements in the contested mark cannot be dismissed and clearly play a role in the mark, the greater role will be played by the larger, more eye-catching and more distinctive figurative element.

Visual similarity

122. Visually, the marks are similar in that they both contain what may be described as the front or facial aspect of a skull, albeit that this element is presented in black in the earlier mark and in white in the contested mark. The marks differ visually in all of the other elements making up the contested mark, namely the hooded figure, a pair of headphones, and the words HY-PHY PRO. Where the 'skull' elements of these marks are considered to be highly similar, it is the case that the entirety of the earlier mark is, to a certain degree, wholly encompassed within the contested mark. These marks can be said to be visually similar overall to between a low and a medium degree.

Aural similarity

123. The earlier mark is purely figurative and will not be articulated. The contested mark will be articulated as HY/FY/PRO. As only one of the marks will be articulated, no aural comparison can be made.

Conceptual similarity

124. The earlier mark conveys the concept of a skull or the front, facial aspect of a skull. The contested mark also conveys a message relating to the front part of a skull. The marks share this concept identically. The contested mark also conveys the concept of a figure wearing a pair of headphones presumably listening to something. The verbal elements HY-PHY PRO could be perceived aurally as the expression 'Hi-Fi Professional', which may be seen as alluding to the quality of the headphones in the mark, e.g. that they are Professional quality High Fidelity headphones.³⁴ The

³ <https://www.collinsdictionary.com/dictionary/english/hi-fi>

⁴ <https://www.collinsdictionary.com/dictionary/english/high-fidelity>

marks share a common concept identically, and whilst the contested mark contains additional information not found in the earlier mark, which also has a conceptual impact, I find that the shared concept is quite unusual and arbitrary when considered within the context of earphones and headphones. Therefore, I find that these marks are conceptually similar to at least a medium degree.

125. In conclusion, the marks have been found to be visually similar to between a low and a medium degree overall, and conceptually similar to at least a medium degree. No aural comparison can be made.

Distinctive character of the earlier trade mark

126. 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).”

127. The earlier mark relied upon comprises the front or facial aspect of a skull device in isolation. This element appears to be entirely arbitrary and has no obvious link or association with any of the goods at issue. Therefore I find the earlier mark to be inherently distinctive to a high degree in respect of earphones and headphones.

128. In submissions, Party B has claimed that its earlier marks have an enhanced degree of distinctiveness due to the use made of them. In my assessment of the evidence provided by Party B in support of that claim, I have concluded that the evidence shows that earlier IR 0931600 has acquired an enhanced level of distinctiveness in respect of earphones and headphones.

Likelihood of Confusion

129. 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). However, there is no scientific formula to apply. It is a matter of considering the relevant factors from the viewpoint of the average consumer and determining whether they are likely to be confused.

130. Confusion can be direct (which effectively 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 the goods/services down to the responsible undertakings being the same or related).

131. I have previously concluded that:

- the goods at issue are identical, similar to a low degree and dissimilar;
- the marks are visually similar overall to between a low and a medium degree, and conceptually similar to at least a medium degree; no aural comparison can be made;
- the average consumer will more likely be a member of the general public who will pay no more than a medium level of attention when selecting the goods at issue;
- the purchasing process will be largely visual, however the role that an aural assessment may play in the process has not been dismissed;

- IR 0931600 has a high degree of inherent distinctiveness which has been further enhanced through substantial use of the mark in respect of headphones and earphones.

132. I find that the average consumer, notwithstanding the similarities between the marks, will immediately perceive the additional elements in the contested mark, and will therefore not mistake one mark for the other. In making this assessment, I must keep in mind that the average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them he has retained in his mind (*Lloyd Schuhfabrik* at [26]). Taking all of the aforesaid into account, I find that the visual differences between the marks will not go unnoticed by the consumer and as a consequence direct confusion will not occur.

133. Having found no likelihood of direct confusion, I go on to consider the matter in respect of indirect confusion.

134. Mr Iain Purvis QC, sitting as the Appointed Person, in L.A. *Sugar Limited v By Back Beat Inc*, Case BL-O/375/10 noted that:

“16. ...Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: “The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark.

17. Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:

(a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even

where the other elements of the later mark are quite distinctive in their own right (“26 RED TESCO” would no doubt be such a case).

(b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as “LITE”, “EXPRESS”, “WORLDWIDE”, “MINI” etc.).

(c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension (“FAT FACE” to “BRAT FACE” for example).”

135. These examples are not exhaustive but provide helpful focus.

136. Having found the shared or common element in the marks to be inherently distinctive to a high degree, further enhanced by the significant use made of the earlier mark by Party B on headphones and earphones, I believe that the average consumer will be indirectly confused. I come to this conclusion based largely on the fact that the use of a ‘Skull’ to promote and sell headphones and earphones strikes me as quite an unusual and arbitrary choice and not one that would be immediately obvious. I find that the average consumer of headphones and earphones, having been exposed to the earlier mark, will assume that the contested mark is simply an extension or evolution of Party B’s earlier brand. The fact that the contested mark also contains an image of a pair of headphones being worn by the hooded ‘skull’ figure simply reinforces, in my opinion, the likelihood that a connection will be made by the consumer who is already aware of Party B’s brand on those particular goods. That consumer will have an expectation that the goods provided under the marks come from the same, or an economically linked undertaking.

137. In *Duebros Limited v Heirler Cenovis GmbH*, BL O/547/17, Mr James Mellor Q.C., as the Appointed Person, stressed that a finding of indirect confusion should not be made merely because the two marks share a common element. In this connection, he pointed out that it is not sufficient that a mark merely calls to mind another mark. This is mere association not indirect confusion.

138. I have considered the possibility that the highly distinctive ‘Skull’ element, may simply cause the earlier mark to be brought to mind, and vice versa, however I

conclude that due to the use made of the earlier mark on headphones and earphones, Party B enjoys a level of enhanced distinctiveness such that the average consumer will expect identical and similar goods provided under the contested mark to originate with Party B. As I have mentioned previously, this finding is reinforced by the use of the image of headphones in the contested mark.

139. Therefore, the opposition, insofar as it is based on section 5(2)(b) of the Act, has been partially successful, for the following goods:

Class 09: Headphone, Earphone, Headphone-microphone combinations; Headphones; In-ear headphones; Music headphones; Noise cancelling headphones; Personal headphones for sound transmitting apparatuses; Personal headphones for use with sound transmitting systems; Stereo headphones; Wireless headphones; Acoustic membranes used in sound recording or reproducing apparatus; Headphone amplifiers; Adapters for connection between media devices; Headphone consoles; Cases for headphones; Ear pads for headphones; Adapter cables for headphones; Two-way plugs for headphones.

140. The opposition, insofar as it is based on section 5(2)(b) of the Act, has been unsuccessful in respect of the goods considered to be dissimilar, namely:

Class 09: Mobile phone cover; Adapters for use with telephones; Adapters for connecting telephones to hearing aids.

Class 12: Scooters, Skateboard.

Class 25: Hoodies, baseball caps, T shirts, (clothing).

141. I will now go on to consider the remaining grounds of opposition against the “765” mark.

Section 5(3)

142. Section 5(3) states:

“5(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.

143. As noted above, Party B's earlier marks qualify as earlier trade marks under the provisions of section 6 of the Act. I note that Party B relies only on one of its three earlier IRs for the purpose of the section 5(3) claim, namely IR 0931600.

Case Law

144. 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* and Case C383/12P, *Environmental Manufacturing LLP v OHIM*. 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 Salomon*, 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 and *Environmental Manufacturing*, paragraph 34.

(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*).

145. The conditions of section 5(3) are cumulative. Firstly, Party B must show that its mark is similar to the contested marks. Secondly, that the earlier mark has achieved a level of knowledge/reputation amongst a significant part of the relevant public. Thirdly, it must be established that the level of reputation and the similarities between the marks will cause the relevant public to make a link between them, in the sense of the earlier mark being brought to mind by the later marks. Fourthly, assuming that the first three conditions are met, section 5(3) requires that one or more of the three types of damage claimed will occur. It is unnecessary for the purposes of section 5(3) that the goods or services be similar, although the relative distance between them is one of the factors which must be assessed in deciding whether the public will make a link between the marks.

Reputation

146. As to the reputation of Party B's earlier mark, for the same reasons set out above I consider that the use shown of the earlier IR 0931600 has satisfied the requirement for a reputation, at least for part of the registered goods, namely 'Earphones and Headphones'. In this regard I find that the reputation enjoyed by Party B can be said to be a strong one.

147. 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.”

148. Party B’s evidence has shown that it enjoys a significant presence in the UK earphone and headphone sector and has done so for a number of years. The evidence demonstrates a long standing and continuous presence in the UK and EU headphone and earphone market, with substantial levels of sales of those goods, along with quite significant promotional expenditure undertaken and brand awareness raising activities/sponsorship at music events and festivals shown in evidence. Party B has also provided media articles that attest to its status in the market and I note that Skullcandy Inc. has been listed as one of the future top 5 global brands in the relevant field of headphones and earphones. I conclude therefore, that for earphones and headphones the earlier mark will be known by a significant part of the public concerned, across the UK.

Link

149. An 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

150. For the reasons I have set out above, I consider there to be between a low and a medium degree of visual similarity between the marks, and at least a medium degree of conceptual similarity between the marks. I have found the marks cannot be compared aurally as the earlier mark contains no element that will be verbalised.

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

151. The goods for which Party B’s mark has a qualifying reputation are aimed at the general public predominantly. I have found some of the contested goods to be identical to the goods at issue under Party B’s earlier IR, and some contested goods to be dissimilar or similar to only a low degree.

The strength of the earlier marks' reputation

152. In respect of the goods that I have found to be supported by Party B's evidence, I consider the earlier mark to have a strong reputation in the UK.

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

153. I have concluded that the earlier mark has an inherently high degree of distinctiveness, which has been further enhanced through use.

Whether there is a likelihood of confusion

154. I have found there to be a likelihood of indirect confusion between the marks.

155. I find that taking all of these points together, the relevant public would make a link between the contested mark and the earlier IR, as the contested mark would, in my opinion, bring the earlier mark to mind.

156. Having found that the required link will be made, I must consider whether this would result in damage to Party B. The evidence of Party B has shown that it holds a significant position in the UK headphone and earphone market. The evidence supports the view that Party B not only sells a lot of these products bearing the earlier mark, but that it has established a reputation for quality products and has invested a substantial amount of time and money cultivating and exploiting its brand. That being the case, I find that use of the contested mark would take unfair advantage of Party B's brand and position in the market and effectively will ride on the coat-tails of the marketing and promotional activity that has been undertaken by Party B, at considerable expense, for many years, thereby benefitting from the power of attraction, the reputation and the prestige of Party B's mark. I also conclude that use of the contested mark by Party A will cause damage to the reputation of Party B, in the event that the goods provided under the contested mark are not of particularly good quality.

157. Turning to the goods found to be dissimilar, I find that the average consumer of e.g. skateboards, scooters, baseball caps, hoodies and t-shirts, will also be a consumer of headphones and earphones. The use of headphones and earphones is

extremely commonplace in the UK. Use of these goods, e.g. on public transport, whilst eating out, or when simply walking or sitting outside; for the purposes of taking a phone call or listening to music or the radio, is an everyday occurrence that members of the general public have become accustomed to seeing and doing. Party B has established through evidence that it has exposed the UK general public to its Skull logo brand on headphones and earphones to a significant degree over a number of years. The use of a similar mark, particularly one which incorporates a pair of headphones, on e.g. a skateboard, baseball cap or hoodie, will, I believe, result in a link being made by the average consumer, between Party B's well-known and reputed mark and the contested mark of Party A. This will result in damage, as Party A will take unfair advantage of the repute built up by Party B through significant investment in the Skull logo brand. It may also be the case that damage to Party B's reputation could follow, in the event that Party A's goods are found to be of a poor quality.

158. Therefore, I find that the opposition, insofar as it is based on section 5(3) of the Act, has succeed entirely. The contested application will be refused for all of the goods applied for.

159. I move on now to the third ground of opposition against the "765" mark, namely section 5(4)(a) of the Act.

Section 5(4)(a)

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

"5(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented-

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, where the condition in subsection (4A) is met,

(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."

161. The three elements which the opponent must show are well known. 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

162. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC, as the Appointed Person, endorsed the registrar’s assessment of the relevant date for the purposes of section 5(4)(a) of the Act, 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) proceedings 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.’”

163. There has been no suggestion by Party A that it has used its mark prior to the date of application for registration. The relevant date is therefore the date on which the contested mark was applied for, namely 9 July 2019.

Goodwill

164. I bear in mind the guidance set out in the judgement of the House of Lords in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL):

“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.”

165. For the purposes of the opposition under section 5(4)(a), Party B relies on the unregistered figurative mark which is identical to the Skull logo mark registered under IR 0931600. Party B claims that it has used this mark throughout the UK since 2008 on: Headphones, earphones, hands free devices, digital audio players (including MP3 players), speakers and audio backpacks.

166. I have already set out my conclusions regarding the evidence provided by Party B, and those findings apply equally here. It is clear to me, from the evidence submitted by Party B, that it has a strong goodwill in respect of Earphones and Headphones only. I also consider that the unregistered mark relied upon was distinctive of that goodwill at the relevant date.

Misrepresentation and damage

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

“There is no dispute as to what the correct legal principle is. As stated by Lord Oliver of Aylmerton in *Reckitt & Colman Products Ltd. v. Borden Inc.* [1990] R.P.C. 341 at page 407 the question on the issue of deception or confusion is “is it, on a balance of probabilities, likely that, if the appellants are not

restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]"

The same proposition is stated in Halsbury's Laws of England 4th Edition Vol.48 para 148. The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd.* (1941) 58 R.P.C. 147 at page 175; and *Re Smith Hayden's Application* (1945) 63 R.P.C. 97 at page 101."

And later in the same judgment:

".... for my part, I think that references, in this context, to "more than de minimis" and "above a trivial level" are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993). It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion."

168. Halsbury's Laws of England Vol. 97A (2012 reissue) provides further guidance with regard to establishing the likelihood of deception. In paragraph 309 it is noted (with footnotes omitted) that:

"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

(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.

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:

(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;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(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.”

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

169. I recognise that the test for misrepresentation is different from that for likelihood of confusion in that it entails deception of a substantial number of members of the public rather than confusion of the average consumer. However, as recognised by Lewison 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.

170. In *W.S. Foster & Son Limited v Brooks Brothers UK Limited*, [2013] EWPC 18 (PCC), Mr Iain Purvis QC, as a Recorder of the Court stated that:

“54. Mr Aikens stressed in his argument the difference between ‘mere wondering’ on the part of a consumer as to a trade connection and an actual assumption of such a connection. In *Phones 4U Ltd v Phone 4U.co.uk Internet Ltd* [2007] RPC 5 at 16–17 Jacob LJ stressed that the former was not sufficient for passing off. He concluded at 17:

‘This of course is a question of degree – there will be some mere wonderers and some assumers – there will normally (see below) be passing off if there is a substantial number of the latter even if there is also a substantial number of the former’.”

171. Party B has established a strong reputation for earphones and headphones. I find that there may be some members of the relevant public who will simply ‘wonder’ whether there is a connection between the earlier unregistered mark and the contested mark, however I consider that there will be a substantial number who will assume such a connection. I find therefore, that the average consumer will perceive Party A’s mark as a new brand addition to Party B’s range of products or will conclude that these marks are used by the same or a connected commercial undertaking.

172. That being the case, I conclude that misrepresentation will occur, leading to deception or a likelihood of deception, and damage resulting from that. In relation to deception, I must assess whether “a substantial number” of the Party B’s customers or potential customers will be deceived, however it is not necessary to conclude that all or even most of them will be.

173. I find that in this regard it is highly likely, given the conclusions I have made previously regarding the similarities between the marks and the nature of the goods found to be identical or similar, and given the inherently high level of distinctive character in the earlier mark, that in the event that Party A were to use the contested mark, a significant number of Party B’s customers may purchase goods from party A in the mistaken belief that they are actually Party B’s goods.

174. Regarding the goods that have been found to be dissimilar, I recall that in *Harrods Limited v Harrodian School Limited* [1996] RPC 697 (CA), Millet L.J. made

the following findings about the lack of a requirement for the parties to operate in the a common field of activity, and about the additional burden of establishing misrepresentation and damage when they do not:

“There is no requirement that the defendant should be carrying on a business which competes with that of the plaintiff or which would compete with any natural extension of the plaintiff’s business. The expression “common field of activity” was coined by *Wynn-Parry J. in McCulloch v. May* (1948) 65 R.P.C. 58, when he dismissed the plaintiff’s claim for want of this factor. This was contrary to numerous previous authorities (see, for example, *Eastman Photographic Materials Co. Ltd. v. John Griffiths Cycle Corporation Ltd.* (1898) 15 R.P.C. 105 (cameras and bicycles); *Walter v. Ashton* [1902] 2 Ch. 282 (The Times newspaper and bicycles) and is now discredited. In the *Advocaat* case Lord Diplock expressly recognised that an action for passing off would lie although “the plaintiff and the defendant were not competing traders in the same line of business”. In the *Lego* case *Falconer J.* acted on evidence that the public had been deceived into thinking that the plaintiffs, who were manufacturers of plastic toy construction kits, had diversified into the manufacture of plastic irrigation equipment for the domestic garden. What the plaintiff in an action for passing off must prove is not the existence of a common field of activity but likely confusion among the common customers of the parties.

The absence of a common field of activity, therefore, is not fatal; but it is not irrelevant either. In deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration.”

175. I have considered this issue carefully and find that, as I have concluded in regard to the section 5(2)(b) ground of opposition, as far as the dissimilar goods in this matter are concerned, I believe that confusion will not arise.

176. Therefore, the opposition, insofar as it is based on Party B’s earlier unregistered mark, succeeds under section 5(4)(a) of the Act in respect of:

Class 09: Headphone, Earphone, Headphone-microphone combinations; Headphones; In-ear headphones; Music headphones; Noise cancelling headphones; Personal headphones for sound transmitting apparatuses; Personal headphones for use with sound transmitting systems; Stereo headphones; Wireless headphones; Acoustic membranes used in sound recording or reproducing apparatus; Headphone amplifiers; Adapters for connection between media devices; Headphone consoles; Cases for headphones; Ear pads for headphones; Adapter cables for headphones; Two-way plugs for headphones.

177. The opposition insofar as it is based on section 5(4)(a) fails for those goods found to be dissimilar, namely:

Class 09: Mobile phone cover; Adapters for use with telephones; Adapters for connecting telephones to hearing aids.

Class 12: Scooters, Skateboard.

Class 25: Hoodies, baseball caps, T shirts, (clothing).

178. I turn now to the final ground of opposition, that being a claim of bad faith under section 3(6) of the Act.

Section 3(6)

179. Section 3(6) of the Act states:

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

180. Section 47 of the Act states:

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

181. The relevant case-law covering trade mark applications made in bad faith can be found in the following cases: *Chocoladefabriken Lindt & Sprüngli*, CJEU, Case C-529/07, *Malaysia Dairy Industries*, CJEU, Case C-320/12, *Koton*, CJEU, Case C-104/18P, *Sky v Skykick*, CJEU, Case C-371/18, *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited* and others, [2009] RPC 9 (approved by the Court of Appeal in England and Wales: [2010] RPC 16), *Trump International Limited v DDTM Operations LLC*, [2019] EWHC 769 (Ch), *Copernicus-Trademarks v EUIPO*, General Court of the EU, Case T-82/14, *Daawat Trade Mark, The Appointed Person*, [2003] RPC 11, *Saxon Trade Mark*, [2003] EWHC 295 (Ch), *Mouldpro ApS v EUIPO*, General Court of the EU, Case T-796/17, *Alexander Trade Mark, The Appointed Person*, BL O/036/18, *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch) and *Sky v Skykick* [2020] EWHC, 990 (Ch).

182. The following points are apparent from the pre-Sky case-law about registering trade marks in bad faith:

(a) Although it may be a relevant factor, the mere fact that the applicant knew that another party was using the trade mark in another territory does not establish bad faith: *Malaysia Dairy Industries*.

(b) Similarly, the mere fact that the applicant knew that another party used the trade mark in the UK does not establish bad faith: *Lindt*, *Koton* (paragraph 55). The applicant may have reasonably believed that it was entitled to apply to register the mark, e.g. where there had been honest concurrent use of the marks: *Hotel Cipriani*.

(c) However, an application to register a mark is likely to have been filed in bad faith where the applicant knew that a third party used the mark in the UK, or had reason to believe that it may wish to do so in future, and intended to use the trade mark registration to extract payment/consideration from the third party, e.g. to lever a UK licence from an overseas trader: *Daawat*, or to gain an unfair advantage by exploiting the reputation of a well-known name: *Trump International Limited*.

(d) An application may also have been filed in bad faith where the applicant acted in breach of a general duty of trust as regards the interests of another party, including his or her own (ex) company or (ex) partners, or a party with whom there is, or had recently been, a contractual or pre-contractual relationship, such as a licensor, prospective licensor or overseas principal: *Saxon, Mouldpro*; or where a legal agreement prohibits such a filing.

183. The correct approach to the assessment of bad faith claims is as follows. According to *Alexander Trade Mark*, the key questions for determination in such a case are:

(a) What, in concrete terms, was the objective that the applicant has been accused of pursuing?

(b) Was that an objective for the purposes of which the contested application could not be properly filed? and

(c) Was it established that the contested application was filed in pursuit of that objective?

184. The applicant's intention (i.e. objective) is a subjective factor which must be determined objectively by the competent authority. An overall assessment is required, which must take account of all the factual circumstances relevant to the particular case: *Lindt*.

185. The matter must be judged at the relevant date, which is the date of the application for registration: *Lindt*.

186. It is necessary to ascertain what the applicant knew at the relevant date: *Red Bull*. Evidence about subsequent events may be relevant, if it casts light backwards on the position at the relevant date: *Hotel Cipriani*.

187. A statement on the application form that the mark is in use, or there is a *bona fide* intention to use it may, if untrue, provide evidence supporting a bad faith case, but is not sufficient by itself to justify the refusal or cancellation of the registration: *Sky* CJEU.

188. An allegation of bad faith is a serious allegation which must be distinctly proved, but in deciding whether it has been proved, the usual civil evidence standard applies (i.e. balance of probability). This means that it is not enough to establish facts which are as consistent with good faith as bad faith: *Red Bull*.

189. Bad faith has been defined as dishonest behaviour and dealings falling short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area (*Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379). In *Red Bull v Sun Mark*, it was emphasised that convincing evidence of bad faith is required due to the seriousness of the allegation ((*Red Bull GmbH v Sun Mark Ltd and Sea Air & Land Forwarding Ltd*) [2012] EWHC 1929 (Ch) at 133).

190. In *Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, Case C-529/07, the CJEU stated that:

“46.....the fact that a third party has long used a sign for an identical or similar product capable of being confused with the mark applied for and that that sign enjoys some degree of legal protection is one of the factors relevant to the determination of whether the applicant was acting in bad faith”.

47. In such a case, the applicant’s sole aim in taking advantage of the rights conferred by a Community trade mark might be to compete unfairly with a competitor who is using the sign which, because of characteristics of its own, has by that time obtained some degree of legal protection.

48. That said, it cannot be excluded that even in such circumstances, and in particular when several producers were using, on the market, identical or similar signs for identical or similar products capable of being confused with the sign for which registration is sought, the applicant’s registration of the sign may be in pursuit of a legitimate objective.

49. That may in particular be the case.....where the applicant knows, when filing the application for registration, that a third party, who is a newcomer in the market, is trying to take advantage of that sign by copying its presentation, and

the applicant seeks to register the sign with a view to preventing use of that presentation.

50. Moreover.....the nature of the mark applied for may also be relevant to determining whether the applicant is acting in bad faith. In a case where the sign for which registration is sought consists of the entire shape and presentation of a product, the fact that the applicant is acting in bad faith might more readily be established where the competitor's freedom to choose the shape of a product and its presentation is restricted by technical or commercial factors, so that the trade mark proprietor is able to prevent his competitors not merely from using an identical or similar sign, but also from marketing comparable products.

51. Furthermore, in order to determine whether the applicant is acting in bad faith, consideration may be given to the extent of the reputation enjoyed by the sign at the time when the application for registration as a Community trade mark is filed.

52. The extent of that reputation might justify the applicant's interest in ensuring wider legal protection for his sign."

191. Party B has claimed that: "The applicant has admitted within his witness statement that the design component of the applied for mark was obtained via the website freelogoservices.com. The 'Terms of Use' of that website, as applicable at the relevant date indicates that the website owner 'LogoMix' retains ownership of the design and that the applicant was granted merely a non-exclusive, non-transferable revocable license to access and use the design in their business. Therefore the applicant has filed a trade mark application, which would grant them a monopoly right for a mark which incorporates a design from the freelogoservices.com website, knowing that the intellectual property rights in that design are not owned by them but by a third party."

192. In exhibits TEW5 and TEW6, Ms Waller, on behalf of Party B's representative, provides the Terms of Use that applied to the use of the 'freelogoservices' website as they stood in February 2019. There is no evidence to show that these terms of

use were the same terms in place at the time that Mr Tesfaye (Party A) used that website to purchase the figurative hooded skull logo in November 2018.

193. In response, Party A has stated that it purchased a licence from the 'freelogoservices' website, granting it unlimited use of the figurative design which it then combined with the verbal elements that it had created to form the marks at issue. Party A has stated that it obtained permission from the website owner to use the design in a trade mark application. In submissions, Mr Ramage states that the actions of his client did not give rise to an act of bad faith because Party A had sought clarification of the legal position from the website owner and had acted on the advice given, which was to register the trade mark through the appropriate channels. He also stated that Party A applied for the contested trade marks on the understanding that it had consent to do so from the owner of the 'freelogoservices' website and with the knowledge that it had paid a fee that allowed unlimited use of the design it had chosen.

194. Applying the criteria from *Alexander Trade Mark*, I find that the objective that Party A has been accused of is applying to register a trade mark that contains intellectual property which Party B believes to be the property of a third party, namely 'LogoMix', which owns the 'freelogoservices.com' website that Party A used to create the contested mark.

195. As established in *Red Bull*, an allegation of bad faith is a serious allegation which must be distinctly proved. Convincing evidence of bad faith is required due to the seriousness of the allegation. In this regard I note that neither party has provided any evidence directly from the owners of the 'freelogoservices' website, which would have been extremely helpful in clarifying the position regarding the Terms of Use issue and the matter of consent granted to Party A to use the design in trade mark applications. That being the case, I am minded to accept the sworn statements made by Party A, that permission was sought and consent was duly granted by LogoMix, the owners of the website from which Mr Tesfaye obtained the design element of the contested marks.

196. I conclude that Party A has not acted in bad faith. I find that the convincing evidence which, according to *Red Bull*, is required due to the seriousness of the

allegation, has not been provided and accordingly the action brought under section 3(6) is unsuccessful.

Conclusion

197. Opposition 418157 against UK 3412765 has been entirely successful under section 5(3), partially successful under section 5(2)(b) and section 5(4)(a) and is dismissed in respect of the section 3(6) ground.

Cancellation 502861

198. I turn now to the matter of cancellation application 502861 in respect of the contested registered UK mark 3393669 (the “669” mark).

199. As I have stated previously, the grounds pleaded by Party B are identical for the opposition of UK application 3412765 and the cancellation of UK registration 3393669. The earlier rights relied upon are also identical. The evidence provided by Party B was intended to apply equally to both actions, and the conclusions I have reached regarding that evidence can be carried across and applied to the cancellation matter in the same manner that it applied to the opposition case.

200. I note that the relevant date in respect of the contested registered mark of Party A is 19 April 2019, being the filing date of that registration.

201. Based on my conclusions in respect of the evidence submitted to show genuine use, for the purposes of the cancellation action Party B cannot rely on earlier IRs 1007171 or 0931601. It may rely on IR 0931600 but only in respect of earphones and headphones, for which I have determined that the earlier mark enjoys a high degree of inherent distinctive character, which has been enhanced further due to the substantial use made of the mark on those goods.

202. The conclusions that I reached in my comparison of the goods earlier, in paragraphs 103-109, can be carried over here because the goods under the “669” mark are generally included under the goods of the “765” mark. There are only two items of difference that appear under “669” but not “765”. They are ‘shorts’ and ‘woolly hat’ in class 25. Based on my assessment of the earlier goods I have

concluded that *earphones* and *headphones* are dissimilar to clothing items. That conclusion applies equally to the 'shorts' and 'woolly hat' provided under the "669" mark. My earlier consideration of the average consumer and the purchasing act in paragraphs 110-113 above, may also be carried over to the cancellation action, as the goods at issue are essentially the same.

203. However, further comparison of the marks at issue must be undertaken, as Party A's "669" mark differs slightly to the opposed "765" application.

204. The contested "669" mark differs from the "765" mark only in the additional verbal elements: 'AAV AUDIO All about valves' which are presented at the bottom of the mark immediately below the figurative element and the verbal element HY-PHY PRO which comprises the contested "765" mark. I find that these additional elements do not affect the conclusions I reached regarding the overall impression of Party A's "765" mark. In considering the "669" mark I remain of the opinion that the figurative element is the more dominant and distinctive aspect, playing a greater role in the mark than the smaller verbal elements placed below it.

205. I find that the elements 'AAV AUDIO All about valves' have no counterpart in IR 0931600. As a consequence the visual similarity between the marks can be said to be reduced to some degree, however as the additional elements in "669" are placed at the bottom of the mark and can be said to be slightly smaller in size than the figurative element at the top of the mark, I find that the marks are visually similar to at least a low degree. I find that these marks cannot be compared aurally, for the same reasons as given in the opposition of the "765" mark. The conclusions I have reached in the conceptual assessment made earlier apply equally here in my opinion. The additional verbal elements convey little in the way of a conceptual message other than perhaps the word 'AUDIO' which will be perceived as relating to sound, and the words 'All about valves' possibly being perceived as an indication of the design or components involved in the make-up of the goods at issue.

206. I find therefore that the conclusions reached in opposition 418157 apply equally here. Cancellation 502861 against UK 3393669 has been entirely successful under section 5(3), partially successful under section 5(2)(b) and section 5(4)(a) and is dismissed in respect of the section 3(6) ground.

207. Subject to appeal, contested application 3412765 will be refused entirely and contested registration 3393669 will be deemed never to have been made.

Costs

208. Party B has been successful and is entitled to a contribution towards its costs. I bear in mind that the relevant scale is contained in Tribunal Practice Notice 2/2016.

209. I award costs to Party B as follows:

Official fees for Opposition and Cancellation actions:	£400
Preparing statements of grounds and considering the counter statements:	£500
Preparing evidence and considering the other side's evidence:	£1000
Preparing for and attending a hearing:	£1000
<u>Total</u>	<u>£2900</u>

210. I therefore order Kef Tesfaye to pay Skullcandy, Inc. the sum of £2900. The above sum should be paid within 21 days of the expiry of the appeal period or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings.

Dated this 12th day of November 2021

**Andrew Feldon
For the Registrar
The Comptroller-General**