

O/480/20

TRADE MARKS ACT 1994

**IN THE MATTER OF
APPLICATION NO. 3411705
BY SHENZHEN COOSPO TECH CO., LTD
TO REGISTER:**

CYCLING PANDA

AS A TRADE MARK IN CLASS 9

AND

**IN THE MATTER OF THE OPPOSITION THERETO UNDER NO. 417639
BY PANDA SECURITY, S.L**

Background and pleadings

1. Shenzhen CooSpo Tech Co., Ltd (“the applicant”) applied to register the trade mark CYCLING PANDA in the UK on 05 July 2019. It was accepted and published in the Trade Marks Journal on 12 July 2019 in respect of the following goods:

Class 9: *Computer software applications, downloadable; Smartwatches; Pedometers; Counters; Chronographs [time recording apparatus]; Scales; Weighing apparatus and instruments; Measures; Navigational instruments; Global positioning system (GPS) apparatus; Wearable activity trackers; Headphones; Surveying apparatus and instruments; Hygrometers; Thermometers not for medical purposes; Dynamometers; Protection devices for personal use against accidents; Theft prevention installations, electric; Push buttons for bells; Locks, electric; Electric door bells; Battery chargers.*

2. Panda Security, S.L (“the opponent”) opposed the mark on the basis of Sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). The opposition is a partial opposition; registration is opposed only so far as it concerns *Computer software applications, downloadable*.

3. In respect of the first two grounds, the opponent relies upon a UK trade mark and an International Trade Mark (“IR”) designating the EU, the relevant details of which are shown below. The opponent claims a reputation in respect of all the goods and services relied upon:

UK1249178B

PANDA

Filing date: 28 August 1985

Date of entry in register: 28 August 1985

Goods relied upon:

Class 9: *Computer software, all relating to computer security, prevention of computer risks, anti-virus and/or anti-malware.*

IR1027040

PANDA

Date of protection granted in EU: 16 December 2010

International Registration date: 20 October 2009

Date of Designation of the EU: 20 October 2009

Priority date: 22 April 2009

Priority date: 18 May 2009

Goods and services relied upon:

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

Class 42: *Analysis for the installation of computer systems in connection with computer security, computer threat prevention, antivirus and/or anti-malware; analysis of computer systems in connection with computer security, computer threat prevention, antivirus and/or anti-malware; design of computer systems in connection with computer security, computer threat prevention, antivirus and/or anti-malware; design and development of computer hardware and software in connection with computer security, computer threat prevention, antivirus and/or anti-malware; computer consulting in connection with computer security, computer threat prevention, antivirus and/or anti-malware; rental of computers in connection with computer security, computer threat prevention, antivirus and/or anti-malware; computer programming in connection with computer security, computer threat prevention, antivirus and/or anti-malware; design of computer software in connection with computer security, computer threat prevention, antivirus and/or anti-*

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

4. The opponent's marks are both earlier marks within the meaning of Section 6(1) of the Act because they have an earlier filing date (or date of designation) than the contested application. Both earlier marks completed their registration procedure more than five years before the application date of the contested application and, as a result, are potentially subject to the proof of use provisions. The relevant period for proof of use is the five-year period ending on the application date of the opposed mark, namely, 6 July 2014 to 5 July 2019.

5. In respect of the grounds based upon Section 5(2)(b), the opponent claims that:

- its marks have been used extensively throughout Europe and have an enhanced distinctive character;
- the marks are highly similar;
- the respective goods and services are identical or highly similar, and
- the word 'CYCLING' in the applicant's mark does not provide any distinguishing feature and could be taken as a playful addition to the opponent's brand name 'PANDA'. Consumers will perceive the later mark 'CYCLING PANDA' as a sub-brand of the earlier mark 'PANDA', so that there exists a likelihood of indirect confusion.

6. In respect of the grounds based upon Section 5(3), the opponent claims that its earlier marks have a reputation in respect of all the goods and services relied upon. It asserts that the relevant public will believe that the respective marks are used by the same undertakings or that there is an economic connection between them. The pleading then goes on to allege that this will result in:

- the applicant taking unfair advantage of the opponent's reputation. In this connection, the opponent claims that the applicant will not need to invest heavily in marketing to establish a presence in the marketplace;
- detriment to the distinctive character and reputation of the opponent's earlier marks, because the opponent will have no control over the quality of the applicant's goods. In this connection, the opponent claims that any poor quality associated with the applicant's goods will be wrongly and unfairly associated with the opponent's goods and services, clearly damaging the opponent's reputation;
- dilution of the opponent's reputation, by restricting its ability to expand its computer-based security expertise into new markets.

7. In respect of the grounds based upon Section 5(4)(a), the opponent asserts that use of the applicant's mark will result in a misrepresentation leading to passing off. It relies upon the sign PANDA that it claims was first used throughout the UK at least since 2001 in respect of *computer security hardware and software, together with related computer services relating to computer security*.

8. The applicant filed a counterstatement denying the claims made and requesting that the opponent provides proof of use of its earlier marks relied upon, as well as proof of reputation and goodwill. In its counterstatement, the applicant:

- accepts that the opposed goods are similar to the goods covered by the earlier marks;
- denies that the marks are similar and that there is a likelihood of confusion;
- points out that the lines of products and services offered by the opponent under the mark PANDA include the following: PANDA System Management, PANDA Email Protection, PANDA Patch Management, PANDA Full Encryption and PANDA Adaptive Defence and denies that the contested mark CYCLING PANDA would be perceived as a sub-brand of the opponent's mark PANDA.

9. Only the opponent filed evidence in these proceedings. It also filed interim observations dated 10 February 2020. This will be summarised to the extent that it is considered appropriate.

10. In these proceedings, the opponent is represented by Baron Warren Redfern and the applicant by Franks & Co Limited. At the conclusion of the evidence rounds the parties were asked if they wished to be heard, failing which, a decision from the papers would be issued. Periods expiring on 26 May and 23 June 2020 respectively were allowed for these purposes. Both of these periods fell within the "interrupted days" period implemented by the Intellectual Property Office as a result of the disruption caused by the Covid outbreak. Consequently, the parties were allowed until 30 July 2020 in which to request a hearing and until 27 August 2020 to file written submissions. No hearing was requested and only the opponent filed written submissions in lieu, which will not be summarised but will be referred to as and where appropriate during this decision. This decision is taken following a careful perusal of the papers.

THE OPPONENT'S EVIDENCE

11. The opponent's evidence consists of a joint witness statement of Usoa Arzalluz Lorono and Rocio Diez Alonso, dated 4 February 2020. The witness statement introduces 21 exhibits (PNDA01-PANDA21).

12. Ms Lorono and Ms Alonso are the opponent's in-house legal representatives. They state that they have been in this position since 15 July 2015 and 8 August 2016 respectively, and have been employed by the opponent in other capacities since 27 September 2004 and 1 October 1999, respectively. The contents of the witness statement come from either the records of the opponent, or its subsidiaries, to which Ms Lorono and Ms Alonso have full access, or other research conducted by Ms Lorono and Ms Alonso.

13. Ms Lorono and Ms Alonso state that the opponent was founded in 1990 in Spain and specialises in computer security solutions. In 2007, the company name was changed to Panda Security S.L. to better reflect the company's focus on computer security. The name PANDA has been used from the company's inception and the opponent is a market leader in the field of computer security hardware, software and related services in Spain. International expansion began in 1996 and the opponent has now 80 offices worldwide, including in the UK¹. The opponent's PANDA security products and services are used by approximately by 30 million users in 180 countries.

14. Ms Lorono and Ms Alonso state the opponent's UK subsidiary company, Panda Software (UK) Ltd, was incorporated in 1999 by a UK partner, but the opponent took full ownership of it in 2009. This company - which did at various points change its name to Panda Security (UK) Ltd (2007), Panda Software (UK) Ltd (2008) and Panda Security UK Ltd (2009) - was solely focused on the distribution and sale of the opponent's PANDA goods and services.

15. In order to demonstrate that the opponent has made genuine use of the earlier marks during the relevant period, Ms Lorono and Ms Alonso filed the following:

¹ Exhibit PANDA01

- printouts obtained from Companies House website showing the end-of-year accounts submitted by PANDA SECURITY UK LIMITED for the years 2012-2018 (Exhibit PANDA02). The company's yearly turnover for those years increased from £1.6 million (in 2012 and 2013), to over £2 million (in 2014, 2015 and 2016), to £ 2.8 million (in 2017), to £3.8 million (in 2018);
- examples of the mark PANDA being used on product packaging and desktop screens dated between 2011 and 2018 (Exhibit PANDA03). The goods are internet security software;
- printouts obtained from the internet archive known as the Wayback Machine. They show use of the mark PANDA on the opponent's website (www.pandasecurity.com) as it appeared on various dates in 2014, 2015, 2016, 2017, 2018 (Exhibits PANDA04 and PANDA06). Copies of country-specific webpages targeting Spain and Germany are also provided. The goods and services include internet security software and IT technical support and security services;
- copies of UK online articles about PANDA hardware products, namely security appliances (Exhibit PANDA05). They show use of the mark PANDA on the product themselves along with the sub-brand GateDefender (plus the words INTEGRA and PERFORMA). The articles display various dates in 2013, 2014, 2015 and 2016. One of the articles² describes the opponent's business as follows: *"Panda Security specializes in the development of IT security solutions. Initially focused on the development of antivirus software, the company has since expanded its line of business to advanced cyber-security services with technology for preventing cybercrime"*. Another article states *"Although best known for its endpoint security software, Panda Security has always offered a solid range of business security appliances..."*;
- extracts from the opponent's annual accounts (independently audited) for the years 2011-2018 showing turnover in excess of €68 million for the year ending 31 December 2011, €58 million in 2012, €51 million in 2013, €49 million in 2014, €49 million in 2015 (subsequently re-stated as €36 million in the 2016 accounts), €36 million in 2016, €40 million in 2017 and €42 million in 2018 (Exhibit PANDA07);

² Exhibit PANDA05 page 85

- printouts from www.truffle100.com - a website which ranks and analyses the top 100 European Software Vendors - showing that PANDA SECURITY is ranked 77 (2014), 53 (2013 and 2011), 52 (2012) and 45 (2009) in the list of the top 100 software vendors (Exhibit PANDA10).

16. In the narrative of their witness statement, Ms Lorono and Ms Alonso explain that the opponent's security software products can be downloaded from the opponent's and from third party's websites and can be purchased in physical form from retail outlets and strategic partners. The latter include IT consultants and contractors that supply software and hardware products to their clients. The opponent's IT security services are provided in support of its hardware and software products, in the form of definition updates and cloud-based security services and come with a 1-year licence (renewable).

17. To support the opponent's claim to reputation, Ms Lorono and Ms Alonso filed the following:

- copy of a UK online article from www.pcadvisor.co.uk about antivirus software. It lists PANDA as one of the best free antivirus software for 2016/2017 (Exhibit PANDA11);
- copies of webpages from two organisations specialising in software testing, namely www.av-comparatives.org, an independent organisation offering systematic testing that checks the effectiveness of security software (Exhibit PANDA12) and www.av-testing.org, an independent research institute for IT security for Germany (Exhibit PANDA13). They show that PANDA has consistently achieved several awards and certifications in the period 2010-2019;
- copies of webpages from the IT Testing House www.anti-malware-test.com dated 7 December 2016 (Exhibit PANDA14). It shows that PANDA INTERNET SECURITY 2013 received The Silver Parental Control Award;
- copies of webpages from www.virusbulletin.com, listing various PANDA antivirus and internet security products which have obtained a VB100 certification during the period 2014-2018 (Exhibit PANDA15). According to this

website, the Virus Bulletin is a “*world-renowned independent testing and certification body, active in testing, reviewing and benchmarking security solutions*” and “*the VB100 certification scheme is designed to provide a stamp of quality and competence*”;

- a selection of UK and Spanish media-based reviews concerning PANDA internet security products dated between 2013 and 2018 (Exhibits PANDA16 and PANDA17);
- extracts of a report published by the Spanish Ministry of Foreign Affairs in 2016 (translated) about the presence of Spanish companies in the world (Exhibit PANDA18). It describes PANDA as “*the global leader in cloud protection security solutions and the top company in embracing the concept of cloud security*”;
- copy of three certificates of reputation issued in 2014 by the Chambers of Commerce for Bilbao, Madrid, and Barcelona attesting the reputation of the trade mark PANDA in the field of the computer sector and computer security in Bilbao, Madrid and Barcelona (Exhibit PANDA19);
- extracts from a decision issued by the Opposition Division of the EUIPO (B2431461) concerning an opposition filed by the opponent against a different mark (Exhibit PANDA20). The Opposition Division found that the opponent’s earlier mark PANDA had a reputation in Spain for goods and services in classes 9 and 42;
- copies of decisions issued by the Spanish Patent and Trademark Office concerning oppositions brought by the opponent to the registration of Spanish trade marks in which it was found that the opponent’s mark PANDA (or similar variants) had a reputation in Spain (Exhibit PANDA21).

18. Finally, Ms Loroño and Ms Alonso states that, in relation to UK focused brand advertising campaigns, the opponent’s expenditures with Google and Bing were €550,000 and €100,000 in the period 2011-2018 (respectively) and €4.45 million and €1.09 in the period 2017-2018 (respectively).

DECISION

Proof of use

19. The two earlier marks relied upon by the opponent are subject to the proof of use provisions.

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.”

20. Section 100 of the Act states that:

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

Genuine use: assessment

21. 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 Merken 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].”³

22. The applicant has not challenged the opponent’s evidence and I have no reasons to disbelieve it. Although the opponent has not provided any invoices, the level of the UK and EU turnover (amounting to approximately £16 million and €380 million in the period 2011-2018, respectively), combined with the UK advertising spent (amounting to over £6 million in the same period) and the examples of use of the mark on the opponent’s website and on the goods themselves, are sufficient to prove genuine use of the earlier marks.

³ See also *Leno Merken BV v Hagelkruis Beheer BV*, Case C-149/11 and *The London Taxi Corporation Limited v Frazer-Nash Research Limited & Ecotive Limited*, [2016] EWHC 52

Fair specification

23. In *Euro Gida Sanayi Ve Ticaret Limited v Gima (UK) Limited*, BL O/345/10, Mr Geoffrey Hobbs Q.C. as the Appointed Person summed up the law as being:

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

24. In *Property Renaissance Ltd (t/a Titanic Spa) v Stanley Dock Hotel Ltd (t/a Titanic Hotel Liverpool) & Ors* [2016] EWHC 3103 (Ch), Mr Justice Carr summed up the law relating to partial revocation as follows.

“iii) Where the trade mark proprietor has made genuine use of the mark in respect of some goods or services covered by the general wording of the specification, and not others, it is necessary for the court to arrive at a fair specification in the circumstance, which may require amendment; *Thomas Pink Ltd v Victoria's Secret UK Ltd* [2014] EWHC 2631 (Ch) ("Thomas Pink") at [52].

iv) In cases of partial revocation, pursuant to section 46(5) of the Trade Marks Act 1994, the question is how would the average consumer fairly describe the services in relation to which the trade mark has been used; *Thomas Pink* at [53].

v) It is not the task of the court to describe the use made by the trade mark proprietor in the narrowest possible terms unless that is what the average consumer would do. For example, in *Pan World Brands v Tripp Ltd* (Extreme Trade Mark) [2008] RPC 2 it was held that use in relation to holdalls justified a registration for luggage generally; *Thomas Pink* at [53].

vi) A trade mark proprietor should not be allowed to monopolise the use of a trade mark in relation to a general category of goods or services simply because he has used it in relation to a few. Conversely, a proprietor cannot reasonably be expected to use a mark in relation to all possible variations of the particular goods or services covered by the registration. *Maier v Asos Plc* [2015] EWCA Civ 220 ("Asos") at [56] and [60].

vii) In some cases, it may be possible to identify subcategories of goods or services within a general term which are capable of being viewed independently. In such cases, use in relation to only one subcategory will not constitute use in relation to all other subcategories. On the other hand, protection must not be cut down to those precise goods or services in relation to which the mark has been used. This would be to strip the proprietor of protection for all goods or services which the average consumer would consider to belong to the same group or category as those for which the mark has been used and which are not in substance different from them; *Mundipharma AG v OHIM* (Case T-256/04) ECR II-449; EU:T:2007:46."

25. Although the evidence does not contain any specific information concerning the goods and services which generated the turnover, it is clear from the documents filed that the opponent's main business is the development and sale of computer security software. In particular, the extracts from the end-of-year accounts identify the principal activity of the opponent's UK subsidiary as that of "*marketing and distribution of anti-virus software*", a fact supported by the Internet material from the Wayback Machine, the online articles and the evidence relating to the certifications awarded to the opponent's software products. Accordingly, the reasonable inference is that a significant part of the opponent's turnover was generated by the sale of its computer security software.

26. The goods relied upon by the opponent under the UK mark are *Computer software, all relating to computer security, prevention of computer risks, anti-virus and/or anti-malware*. On the basis of my findings above, I am satisfied that the opponent should be allowed to rely on the UK specification as it is registered.

27. In relation to the IR, the opponent relies on a specification which includes comparable items of software, but additionally hardware (in class 9) as well as various IT-security-related services (in class 42). The evidence shows that, in addition to its software products, the opponent also provides hardware and IT security and support services. Although there is nothing in the evidence which may indicate the level of revenue generated from the sale of these goods and services, it seems to me that they are an integral part of the software system the opponent provides, so a proportion of the opponent's turnover is likely to reflect the value of these goods and services (whether the clients pay for them separately, or purchase them as part of a package including the software). Accordingly, I find that the opponent has genuinely used the IR and can rely on that mark in relation to all of the goods covered by the specification in class 9, namely *Antivirus computer programmes; antivirus software and hardware; antimalware computer programmes; antimalware software and hardware; computer security programmes; computer security software and hardware; computer threat prevention computer programmes; computer threat prevention software and hardware.*

28. The long specification of the IR raises the question of whether the opponent should be allowed to rely on all the services listed, however, I do not need to deal with that question, because it would not add anything to the opponent's case, given that the opponent's best case rests on the goods in class 9.

Section 5(2)(b)

29. Section 5(2)(b) of the Act is as follows:

“5(2) A trade mark shall not be registered if because-

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark”.

30. Section 5A of the Act is as follows:

“5A. Where grounds for refusal of an application for registration of a trade mark exist in respect of only some of the goods or services in respect of which the trade mark is applied for, the application is to be refused in relation to those goods and services only.”

Section 5(2) – case law

31. The following principles are gleaned from the decisions of the courts of the European Union 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. The principles:

- (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 greater 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 will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

Comparison of goods

32. When making the comparison, all relevant factors relating to the services in the specifications should be taken into account. 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 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.”

33. In *Gérard Meric v OHIM*, Case T- 133/05, the General Court (“GC”) stated:

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

34. The goods to be compared are as follows:

Opposed goods	The opponent’s goods (after proof of use)
<p>Class 9: <i>Computer software applications, downloadable;</i></p>	<p>Trade Mark UK1249178B</p> <p>Class 9: <i>Computer software, all relating to computer security, prevention of computer risks, anti-virus and/or anti-malware.</i></p>
	<p>Trade Mark IR1027040</p> <p>Class 9: <i>Antivirus computer programmes; antivirus software and hardware; antimalware computer programmes; antimalware software and hardware; computer security programmes; computer security software and hardware; computer threat</i></p>

	<p><i>prevention computer programmes; computer threat prevention software and hardware.</i></p>
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35. The applicant accepts that the competing goods are similar. The applicant's *Computer software applications, downloadable* are not limited in any way and include both the opponent's *Computer software, all relating to computer security, prevention of computer risks, anti-virus and/or anti-malware* (covered by the UK mark) as well as the opponent's *antivirus software* (covered by the IR). The goods must be regarded as identical on the principle outlined in *Meric*.

Average consumer and the nature of the purchasing act

36. As the case law above indicates, it is necessary for me to determine who the average consumer is for the respective parties' goods. I must then determine the manner in which the goods are likely to be selected by the average consumer. 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.”

37. The average consumer of the respective goods is either a member of the general public or a business user. The average consumer will select the goods from the shelves of a shop, or their online equivalent, or following inspection of a catalogue. Therefore, I consider the purchase to be a primarily visual one, but aural considerations may also play a part, such as on the basis of word of mouth recommendations, so I also take into account the aural impact of the marks in the

assessment. The cost and frequency of the purchase is likely to vary, although the latter is unlikely to be particularly regular. Even where the cost of the purchase is low, (or even where the goods are offered for free initial download, as the evidence suggests may sometimes be the case - Exhibit PANDA11), various factors will be taken into account by the average consumer such as the type of software and the suitability for the user's particular requirements. Consequently, I consider that at least a medium degree of attention will be brought to the selection and purchasing process.

Comparison of the marks

38. 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. 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.”

39. 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. The respective trade marks are shown below:

Applicant's mark	Opponent's earlier mark
CYCLING PANDA	PANDA

Overall impression

40. The opponent's mark consists of the single word PANDA, written in capital letters. Its overall impression and its distinctiveness lie in the totality of the mark.

41. The applicant's mark consists of the word CYCLING and PANDA written in capital letters. In my view, the applicant's mark may be read in two ways. Firstly, for some consumers, it will be read as two independent words. Secondly, for some consumers, it will be viewed as a unit. For those consumers who see CYCLING PANDA as a unit, the word CYCLING acts as an adjective to the word PANDA and qualifies the word PANDA. Either way, the overall impression of the marks lies in the combination of these two elements, with neither word dominating. I shall return to this point below.

Visual and aural similarity

42. Visually and aurally, the marks coincide in the presence of the element PANDA in both marks. The point of difference between the marks is the presence of the word CYCLING in the applicant's mark. I consider the marks to be visually and aurally similar to a medium degree.

Conceptual similarity

43. Neither party made any specific submission as regards the meaning the average consumer will attribute to the words CYCLING and PANDA together. The only submission made by the applicant (in paragraphs 6-8 of its counterstatement) in respect of the similarity of marks was to the effect that the marks are visually, phonetically and conceptually dissimilar:

Although **CYCLING PANDA** contains the mark **PANDA** in its entirety the first word of the mark **CYCLING** is highly distinctive of the applied for goods. The first word of the mark **CYCLING** is also distinctive of the work **PANDA**.

All lines of the Opponent's suite of computer security hardware, software and related services are named **PANDA** followed by a descriptive element.

Firstly, the Applicant notes that the first word is always the mark **PANDA** and therefore **CYCLING PANDA** would not follow suit with the Opponent's brand. Secondly, the word **CYCLING** as mentioned previously, is highly distinctive and in no way descriptive of the goods in question, unlike for example "Systems Management" or "Email Protection".

8. The Applicant denies that the mark **CYCLING PANDA** would be confused as a sub-brand of the Opponent's.
9. The Applicant denies that the marks are visually, phonetically and conceptually similar and that there is a likelihood of confusion leading to a likelihood of association by the relevant purchasing public.

44. The word **PANDA** will be perceived as a noun with the same English meaning in both marks, i.e. that of "a large bear-like mammal with characteristic black-and-white markings, native to certain mountain forests in China"⁴. The dictionary definition of the word **CYCLING** is that of "the sport or activity of riding a bicycle". Those consumers who view the applicant's mark as a unit, when seeing **CYCLING PANDA** are likely to have an image of a **PANDA** riding a bike. In such case, if anything, it is the word **PANDA** which is conceptually more dominant, since the word **CYCLING** is an adjective describing a characteristic of the **PANDA**.

45. Although some consumers may perceive the mark as described above, there is no graphical representation reinforcing that perception, and the combination is, in itself, rather odd, since pandas do not ride bikes. The other alternative is that the average consumer will not link the words **CYCLING** and **PANDA** together and will perceive them segmentally as **CYCLING/PANDA**. In such case, the average consumer may contextualise the word **CYCLING** in the applicant's mark as referring to the concept of

⁴ Oxford English Dictionary

'cycle/cycles' intended as "one in a series of movements that a machine performs"⁵. This is particularly true in the context of the relevant goods, which involve regular series of updates and software maintenance. Either way, the element PANDA will have the same meaning in both marks. I consider that the marks are conceptually similar to a medium to high degree.

Distinctive character of the earlier trade mark

46. 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-2779, 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).”

⁵ Cambridge Online Dictionary

47. Registered marks possess varying degrees of inherent distinctive character, ranging from the very low, because they are suggestive or allusive of a characteristic of the goods or services, to those with high inherent distinctive character, such as invented words which have no allusive qualities.

48. The opponent's marks consist of the word PANDA. It is an English word with a descriptive meaning as it describes an animal. Although it is not an invented word, it has no direct reference to the character or quality of the goods, and it would be considered a strikingly unusual name for the goods at issue. Consequently, the earlier marks inherently have a higher than medium (but lower than high) degree of distinctive character.

49. The opponent asserts that the mark PANDA has acquired an enhanced distinctive character "*by virtue of the long-term use made of the mark[s], and the recognition of the brand by independent software testing entities*". As a preliminary point, I should say that enhanced distinctiveness requires recognition of a mark by the relevant public, i.e. those who buy the goods. The recognition of a brand by *independent software testing entities* may bring other qualities and values, but the question of enhanced distinctive character relates to how strongly a mark identifies the goods and services of a single undertaking from the perspective of the relevant public. In this case, there is no evidence that, as a result of the certifications awarded to the opponent's software products by independent testing entities, the mark has become more distinctive (than it is inherently) to the public or even to trade intermediaries, such as IT consultants, who could be involved in the process of helping the end user to select the goods.

50. The UK turnover of the opponent increased from £1.6 million to £3.8 million in the period between 2012 and 2018, and although the marketing spent increased dramatically from £650,000 (over a period of 6-7 years) to £5.5 million during the two years before the application at issue, there is no evidence regarding the size of the UK market for computer security software, which must be very large. Neither is there any evidence about what level of penetration the marketing activities may have had. Within this context, the turnover appears to be relatively low. I conclude that the distinctiveness of the mark has not been enhanced to any material extent in the UK.

51. Even if the opponent's EU turnover is significantly higher (being about €380 million in the period 2011-2018), the opponent has not demonstrated that such market exposure in the EU has resulted in an enhanced distinctive character in the minds of the UK consumers, who represent the relevant public for the assessment of the likelihood of confusion in the proceedings at issue.

Likelihood of confusion

52. In determining whether there is a likelihood of confusion, a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective marks may be offset by a greater degree of similarity between the respective goods and vice versa. I must also keep in mind the average consumer for the goods, the nature of the purchasing process and the fact that the average consumer rarely has the opportunity to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has retained in his mind.

53. Confusion can be direct or indirect. This distinction was summed up by Mr Iain Purvis Q.C. sitting as the Appointed Person in *L.A. Sugar Limited v By Back Beat Inc*, Case BL-O/375/10:

“16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. 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.

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).”

54. I have found the marks to be visually and aurally similar to a medium degree and conceptually similar to a medium to high degree. I have found the opponent’s marks to have an above medium (but lower than high) degree of inherent distinctive character. I have identified the average consumer to be a member of the general public or a business user, who will select the goods primarily by visual means (although I do not discount an aural component). I have concluded that the level of attention paid during the purchasing process will be, at least, medium. I have found the parties’ goods to be identical.

55. Bearing in mind the visual, aural and conceptual similarities between the marks and the identity of the goods, I consider that there is a likelihood of indirect confusion. Even for those consumers who will perceive the applicant’s mark as a unit, the word PANDA remains the dominant element from a conceptual point of view. While the average consumer will recognize that the applicant’s mark contains the additional word CYCLING, he/she will identify the common PANDA element and take CYCLING

PANDA to be another brand of the owner of the opponent's mark. This is particularly given that the opponent's mark is inherently distinctive to an above medium degree and noting that the word "CYCLING" may be perceived conceptually as referencing something about the way the software operates. In this connection, the applicant's argument that the opponent might have previously used the mark PANDA with other descriptive elements is neither here nor there.

56. **There is a likelihood of indirect confusion.**

Section 5(2)(b) outcome

57. The ground of opposition under Section 5(2)(b) succeeds.

Section 5(4)

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

"(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,

(aa)

(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."

59. Subsection (4A) of Section 5 states:

"(4A) The condition mentioned in subsection (4)(a) is that the rights to the unregistered trade mark or other sign were acquired prior to the date of

application for registration of the trade mark or date of the priority claimed for that application.”

60. 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).”

61. 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.”

Relevant Date

62. There is no indication that the applicant's mark has been used prior to the application date in the UK and therefore the relevant date is the date of the application⁶, namely 05 July 2019.

Goodwill

63. The concept of goodwill was considered by the House of Lords in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantages 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. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has the power of attraction sufficient to bring customers home to the source from which it emanates.”

64. Goodwill arises out of trading activities. The opponent's case under Section 5(4)(a) mirrors that under Section 5(2)(b) in respect of the sign used, i.e. PANDA, and the goods and services involved, i.e. *computer security hardware and software, together with related computer services relating to computer security*. Despite the absence of invoices, it is clear from the turnover figures and the website articles produced in evidence, that the opponent's goods have sold and that those sales have not been insignificant, amounting to in excess of £16 million worth of goods and services being sold in the UK in the period 2011-2018. I accept that the opponent has the requisite goodwill in the UK and based on the scale of its activities here, it enjoys more than a moderate goodwill.

⁶ *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O410-11

Misrepresentation

65. The relevant test was set out by Morritt LJ in *Neutrogena Corporation & Anor v Golden Limited & Anor* [1996] RPC 473:

“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] RPC 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 RPC 147 at page 175; and *Re Smith Hayden’s Application* (1945) 63 RPC 97 at page 101.”

66. I recognise that the test for misrepresentation is different to that for likelihood of confusion, namely, that misrepresentation requires “a substantial number of members of the public are deceived” rather than whether the “average consumer are confused”. However, as recognised by Lewinson L.J. in *Marks and Spencer PLC v Interflora*, [2012] EWCA (Civ) 1501, it is doubtful whether the difference between the legal tests will produce different outcomes.

67. In light of my assessment regarding the similarities of the marks and the identity of the goods, I am satisfied that a substantial number of the opponent’s customers or potential customers would be deceived. Applying a different legal test to that undertaken regarding a likelihood of confusion, I nevertheless come to the same outcome.

Damage

68. In my view, it follows that as a result of the similarity between the marks and the identity of the respective goods, this would ultimately lead to a reasonably foreseeable diversion of sales from the opponent to the applicant, resulting in the opponent suffering financial loss. The claim under Section 5(4)(a) also succeeds.

Section 5(3)

69. Section 5(3) states:

“(3) A trade mark which-

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

70. As noted above, by virtue of their earlier filing dates the opponent’s marks qualify as earlier trade marks pursuant to Section 6 of the Act.

71. 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 Saloman, paragraph 29* and *Intel, paragraph 63*.

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

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

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

72. The relevant date for the assessment under Section 5(3) is the date of the application, namely 05 July 2019.

Reputation

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

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

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

27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market

share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.

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

74. In *Spirit Energy Limited v Spirit Solar Limited* - BL O/034/20 – Mr Phillip Johnson, as the Appointed Person, held that the opponent had not established a qualifying reputation for Section 5(3) purposes. The opponent traded in solar energy equipment and installations and had used its mark in relation to such goods/services for 7 years prior to the relevant date in the proceedings. During the 5 years prior to the relevant date, it had installed solar energy generation equipment in over 1000 domestic homes and made over 700 installations for commercial customers. These sales had generated nearly £13 million in income. However, there was limited evidence of advertising and promotion, and the amount spent promoting the mark had fallen in the years leading up to the relevant date. Additionally, the mark had only been used in South East England and the Midlands. Taking all the relevant factors into account, the Appointed Person therefore decided that such use of the mark was not sufficient to establish a reputation for the purposes of Section 5(3)⁷.

76. In *Rise Construction Management Limited v Barclays Bank*,⁸ Professor Philip Johnson as the AP rejected an appeal against the HO's decision that the earlier mark had not been shown to have acquired a reputation for Section 5(3) purposes. He said:

"76. Even if the Hearing Officer had considered all the evidence of other successful management projects (Bow Street Magistrates' Court, the UK Pavilion at the Madrid Expo, the Royal Opera House, or Kidzania) and the attendant publicity as well as given some (possibly) very little weight to the

⁷ See also *Supreme Petfoods Limited v Henry Bell & Co (Grantham) Limited*, [2015] EWHC 256 (Ch) and *Jadebay and Anor v Clarke-Coles Limited* [2017] EWHC 1400 (IPEC).

⁸ BL O/635/17

awards it would have made no material difference. None of this material addresses the fundamental difficulties faced by the Respondent namely that there was no evidence presented as to market share, no evidence from trade bodies or from people with standing in the industry, and no evidence of the market in which the reputation was claimed.

77. In respect of this final point, at the end of the Hearing, I asked Mr Hollingworth in what market the Respondent claimed reputation. He said the “construction industry” and that his client was known as a project manager in that industry. There was no evidence presented as to the size of the construction industry market (a further problem for Mr Hollingworth identified by the Hearing Officer: see paragraph 56). Nevertheless, I can take notice of the fact that the industry is worth many tens of billions of pounds and employs well over a million people. The Respondent’s turnover (which as the Hearing Officer pointed out, does not break down between UK and overseas: paragraph 12) is at most £8million and the number employed nearly 100.

78. While the requirement for a reputation is “not onerous” (see *Enterprise Holdings, Inc v Europcar Group UK Ltd & Anor* [2015] EWHC 17 (Ch) at paragraph 120) and there was possibly more evidence the Hearing Officer should have considered to make her determination, none of the missing evidence could have materially changed her conclusion that “RISE has positive connotations of moving upwards” (paragraph 56) and that the Respondent did not have the necessary reputation in relation to construction management (paragraph 73). Furthermore, once the relevant market was identified by Mr Hollingworth as the behemoth that is the construction industry, the Hearing Officer’s statement might even appear generous. Accordingly, I dismiss the cross-appeal in relation to section 5(3).”

77. The opponent relies upon a UK mark and an IR in relation to its goods and services in classes 9 and 42. It is clear from the evidence that the opponent has an extensive

reputation in the EU (especially in Spain) in relation to computer security software. However, that reputation does not transfer itself to the UK⁹.

78. As regard the UK position, there is evidence of the opponent's software products having received a number of positive reviews on articles published on UK IT specialist websites before the relevant date¹⁰. Whilst this may have given the mark some publicity, there is a complete lack of evidence in terms of how many sales have been made in the UK. Likewise, there is no evidence about the size of the UK market for security software and the market share held by the opponent trading under the mark PANDA in the UK. Finally, the annual turnover figures, which ranged from £1.6 (in 2012), to £2.8 (in 2017) and to £3.8 million (in 2018), are not particularly high for the goods in question, i.e. security software. These goods target the public at large and some of the evidence suggest that the opponent's goods are highly priced¹¹; in my view, these factors support the inference that the turnover generated by the opponent in the UK corresponds to a tiny percentage of the relevant market, which, I have already said, must be very large indeed.

80. All in all, I conclude that the opponent's mark is known to its customers but not by a significant part of the public concerned. The opponent has not established a reputation in the UK.

Section 5(3) outcome

81. The Section 5(3) ground fails.

OUTCOME

82. The opposition is successful under Section 5(2)(b) and Section 5(4)(a) and, subject to any successful appeal, the opposed goods will be refused.

⁹ See *Groupement des Cartes Bancaires v. China construction Bank Corporation*, Mr Iain Purvis QC, sitting as the Appointed Person, at paragraph 41.

¹⁰ PANDA06 and 16

¹¹ Cost of PANDA GATEDEFENDER INTEGRA and PANDA ADAPTIVE DEFENCE are shown as £546, £2,646 and £1,231 (Exhibits PANDA05 and 06)

83. The mark will therefore not be registered for: ***Computer software applications, downloadable.***

84. The mark will be registered for the goods that have not been opposed, namely: ***Smartwatches; Pedometers; Counters; Chronographs [time recording apparatus]; Scales; Weighing apparatus and instruments; Measures; Navigational instruments; Global positioning system (GPS) apparatus; Wearable activity trackers; Headphones; Surveying apparatus and instruments; Hygrometers; Thermometers not for medical purposes; Dynamometers; Protection devices for personal use against accidents; Theft prevention installations, electric; Push buttons for bells; Locks, electric; Electric door bells; Battery chargers.***

85. The opponent has been successful and is entitled to a contribution towards its costs. In the circumstances I award the opponent the sum of £1,400 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

£200 Official fees

£200 towards the cost of completing and filing the notice of opposition;

£800 towards the cost of filing evidence;

£200 towards the cost of the filing written submissions in lieu.

86. I therefore order Shenzhen CooSpo Tech Co., Ltd to pay Panda Security, S.L the sum of £1,400. The above sum should be paid within twenty-one days of the expiry of the appeal period or, if there is an appeal, within twenty-one days of the conclusion of the appeal proceedings.

Dated this 29th day of September 2020

T Perks

For the Registrar,

the Comptroller-General