

**O-711-21**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION UK00003517181 BY  
MERRYTHOUGHT LIMITED TO REGISTER:**

**PUNKIE BEAR**

**AS A TRADE MARK IN CLASS 28**

**AND**

**IN THE MATTER OF OPPOSITION THERETO UNDER NO. 600001570  
BY CHARACTER OPTIONS LIMITED**

## Background & Pleadings

1. On 29 July 2020, Merrythought Limited (“the applicant”) applied to register “PUNKIE BEAR” as a trade mark in the United Kingdom, in respect of *teddy bears* in class 28. The application was published for opposition purposes on 27 November 2020.
2. On 8 January 2021, the application was opposed in full by Character Options Limited (“the opponent”) under the fast track opposition procedure. The opposition is based upon section 5(2)(b) of the Trade Marks Act 1994 (“the Act”), in relation to which the opponent relies upon the following trade mark and all goods for which it is registered:

United Kingdom Trade Mark (“UK TM”)  
3291347



Filing date: 20 February 2018

Registration date: 8 June 2018

Class 28: *Collectable toy figures*

3. In its Notice of Opposition, the opponent submits the following:

“A teddy bear produced under this mark will be a toy/plaything and is considered highly likely that this item could/will be confused with products (cuddly toys, bears) produced, marketed and sold by the opponent in the minds of children (particularly pre-school) and their parents/grandparents, etc.”

4. In its counterstatement, the applicant replied as follows:

“The name Punkie, Punkies (plural), and Punkie Bear have been used by Merrythought for many years and relate to a very specific style of teddy bear

which is unique to our brand and well recognised in the collectable toy market. Punkie and Punkie Bears can be seen in Merrythought catalogues for many years and we continue to manufacture and sell today.

We are a small specialist manufacturer of teddy bears and punkie bears are one example of the design styles we offer. 2020 sales for Punkie Bear products was approx. 700 units with a sales value ex vat of £42950.00 Marketing spend for the punkie bear product was approx. £8600.00.

We do not feel that there will be confusion with our very specific style of teddy bear.”

5. Rules 20(1)-(3) of the Trade Marks Rules (“TMR”) (the provisions of which provide for the filing of evidence) do not apply to fast track oppositions but Rule 20(4) does. It reads as follows:

“(4) The registrar may, at any time, give leave to either party to file evidence upon such terms as the registrar thinks fit”.

6. The net effect of the above is that parties are required to seek leave in order to file evidence in fast track oppositions. No such leave was sought in respect of these proceedings.<sup>1</sup> The only exception to that general position is that a fast track opponent relying on an earlier mark which is subject to the proof of use provisions must file evidence of use at the time of filing the opposition; a point which I shall return to later.

7. Rule 62(5) (as amended) states that arguments in fast track proceedings shall be heard orally only if (i) the Office requests it or (ii) either party to the proceedings requests it and the Registrar considers that oral proceedings are necessary to deal with the case justly and at proportionate cost. Otherwise, written arguments will be taken. A hearing was not requested nor considered necessary in this case and only the applicant elected to file written submissions. Neither party is professionally

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<sup>1</sup> I note from the official file that the applicant attempted to file exhibits alongside its original counterstatement and again after the evidence rounds had concluded. On both occasions, the applicant was referred to the relevant guidance and the exhibits were not admitted.

represented. This decision is taken following a careful reading of the papers which I will refer to, as necessary.

## **Preliminary matter**

### *The nature of the respective goods and the parties' target markets*

8. In its counterstatement and submissions, the applicant refers specifically to its target market and the nature of the goods it offers. In its submissions, it states:

“2. Merrythought is British manufacturer of luxury teddy bears, and has been operating since 1930. The ‘Punkie Bear’ – sometimes referred to as simply ‘Punkie’ – is a unique style of premium teddy bear that is specific to Merrythought. The name and associated product range has been recognised by followers and teddy bear collectors since the 1990s.

3. The ‘Punkie Bear’ product range is sold predominantly in the territory of Japan, however the company has also benefited from many years of UK sales, up to the present day, via specialist collectable teddy bear retailers, and Merrythought’s own website.

4. the ‘Punkie Bear’ product range is designed for, and marketed to, adult teddy bear collectors, and not as toys/playthings for children.”

9. When assessing a likelihood of confusion, it is necessary to consider the potential for conflict between the applied for mark and the earlier trade mark in light of all relevant circumstances. In *O2 Holdings Limited, O2 (UK) Limited v Hutchison 3G UK Limited*, Case C-533/06, the Court of Justice of the European Union (“CJEU”) stated that when assessing the likelihood of confusion in the context of registering a new trade mark it is necessary to consider *all* the circumstances in which the mark applied for might be used if it were registered<sup>2</sup>. Differences between the goods currently offered by the respective parties are therefore irrelevant to the assessment I am

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<sup>2</sup> At paragraph 66

required to make, except to the extent that those differences are apparent from the lists of goods they have tendered for the purpose of the registration of their marks.

10. Moreover, in *Oakley v OHIM*, Case T-116/06, it is made clear that consideration of a likelihood of confusion is prospective and should not to be restricted to the current marketing or trading patterns of the parties:

“...since the particular circumstances in which the goods covered by the marks are marketed may vary in time, and depending on the wishes of the proprietors of the trade marks, the prospective analysis of the likelihood of confusion between the two marks... cannot be dependent on the commercial intentions, whether carried out or not – and which are naturally subjective –of the trade mark proprietors...”

11. Further, parties’ marketing strategies are temporary and may change with the passage of time. That being so, it would be inappropriate to take such factors into account when approaching the prospective analysis of a likelihood of confusion.<sup>3</sup>

12. It follows that I am required to make an assessment of the likelihood of confusion notionally and objectively, on the basis of the specifications (and marks) as they appear before me on the register. The part of the market either party may currently target is irrelevant to that assessment. These lines of defence must be dismissed.

## **Decision**

13. Section 5(2)(b) of the Act reads 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,

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<sup>3</sup> *Devinlec Développement Innovation Leclerc SA v OHIM*, Case C-171/06P

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

14. An earlier trade mark is defined in section 6 of the Act, which states:

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

(a) a registered trade mark, international trade mark (UK), Community 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.”

15. Under the provisions outlined above, the opponent’s trade mark clearly qualifies as an earlier mark. In accordance with section 6A of the Act, as it had not completed its registration procedure more than five years prior to the filing date of the applicant’s mark, it is not subject to the proof of use requirements. Consequently, the opponent can rely upon its mark and all goods for which it is registered without providing evidence of use.

### **Section 5(2)(b) - Case law**

16. 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 Office for Harmonization in the Internal Market (Trade Marks and Designs) (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.

17. Although, at the time of issue, the UK has left the EU, section 6(3)(a) of the European Union (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 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.

### **Comparison of goods**

18. The competing goods are *collectable toy figures and teddy bears*.

19. In my comparison of those goods, I will consider factors including their nature, intended purpose, method of use and whether they are in competition or are complementary.<sup>4</sup>

20. Furthermore, 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;

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<sup>4</sup> *Canon*, Case C-39/97



(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.

21. When it comes to their use, the opponent's goods are likely to be purchased to play a role in a wider collection (of toy figures). The applicant's *teddy bears* could also be purchased as a collector's item but, in my experience, are also enjoyed as a typical 'toy' in a more interactive capacity, predominantly by children. As to the users, it seems likely that both will be purchased by the general public, though *collectable toy figures* are likely to appeal to a narrower demographic. There may be some potential for similarity, or at least an element of it, in the goods' physical nature though, equally, there may be no similarity at all. It seems likely that there will be some similarity or crossover in trade channels though, to my knowledge, teddy bears are admittedly more mainstream. At times, the goods may be positioned in fairly close proximity, or at least sold in the same establishment such as a toy shop or collectors' store. That said, I understand that collectable toy figures are also sold via specialist retailers. Given the difference in the respective uses, it seems unlikely that the goods would be immediately competitive and neither are they complementary. Still, on balance, I find there to be at least a medium degree of similarity between the goods.

### **The average consumer and the nature of the purchasing act**

22. As indicated in the above case law, it is necessary for me to determine who the average consumer is for the goods at issue. I must then determine the manner in which these goods are likely to be selected by the average consumer in the course of trade.

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.”

23. In my view, the average consumer of the parties’ goods is likely to be a member of the general public, though *collectable toy figures* are also likely to appeal to those with a hobby, or at least an interest in collecting certain figures. Generally, the goods are likely to be self-selected from the shelves of traditional bricks-and-mortar retail outlets or their online equivalents. For that reason, visual considerations are likely to be dominant throughout the purchasing process. That said, I do not discount the relevance of aural considerations; recommendations or assistance could be sought from sales assistants or peers, for example. The average consumer is likely to be alive to factors including quality and, particularly in the case of the opponent’s goods, compatibility (with the existing collection). In my experience, the goods are not purchased with any real degree of frequency and are fairly inexpensive though, as I understand it, the price of collectable toy figures can fluctuate considerably according to their rarity, for example. Weighing all factors, I find it likely that the average consumer will apply a medium degree of attention to the goods’ selection.

### **Comparison of trade marks**


24. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a trade 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 trade marks must be assessed by reference to the overall

impressions created by them, bearing in mind their distinctive and dominant components. The CJEU stated in *Bimbo SA v OHIM*, Case C-591/12P, that:

“34. ...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.”

25. It would be wrong, therefore, to artificially dissect the trade marks, although it is necessary to take into account their distinctive and dominant components and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions they create.

26. The trade marks to be compared are displayed in the table below:

Opponent's mark	Applicant's mark
	PUNKIE BEAR

27. The opponent's mark combines a word and figurative element and is presented in black and white. The mark comprises a representation of the word 'Punkies', in a bubble-like font with a white border. Rather than a traditional letter 'i', the opponent has elected to use a striped 'lightning-bolt' shape positioned beneath a star. Behind 'Punkies', specifically the letters 'P-u-n', is a depiction of a tuft or ball of hair or fur. Given its forefront position, it seems likely that 'Punkies' will carry the greater weight in the mark's overall impression, though the figurative element is also significant.

28. The applicant's mark comprises two words of six and four letters, respectively. Whilst the mark's overall impression lies in the unit created by the two words it comprises, in my view, it is 'PUNKIE' which plays the more dominant role as 'BEAR' is likely to be seen as a descriptive element indicative of the goods offered under the mark; specifically, teddy *bears*.

29. Visually, the marks coincide in their first six letters, P-U-N-K-I-E. In the opponent's mark, those letters are followed by a seventh letter (S), there is a figurative element positioned behind the word element and the word 'Punkies' is presented in a curved, bubble-style typeface with a border. In the applicant's mark, PUNKIE stands alone but precedes a second word, BEAR. Neither the figurative element in the earlier mark nor the second word in the later mark have a counterpart (in the other). Weighing those factors, I find the marks visually similar to a medium degree.

30. Aurally, the opponent's mark is likely to be articulated in two syllables; PUN-KEYS. The applicant's mark is likely to be articulated in three syllables; PUN-KEY-BARE. Given the identity in the marks' first syllable and the high similarity in the second, and keeping in mind that the beginning of marks generally has more of an impact on consumers than the ending, I find the aural similarity to be fairly high.

31. I move now to consider the marks' conceptual significance. For a conceptual message to be relevant it must be capable of immediate grasp by the average consumer. This is highlighted in numerous judgments of the GC and the CJEU including *Ruiz Picasso v OHIM* [2006] e.c.r.-I-643; [2006] E.T.M.R 29. The assessment must, therefore, be made from the point of view of the average consumer. I am not aware of a readily identifiable meaning for 'PUNKIE', at least one with which the average consumer is likely to be accustomed. Still, I find it evocative of the word 'punk', which will likely be familiar to the average consumer, a word referring to a particular genre of rock music or the style typically associated with that music. 'Punkie' could therefore be assumed to be an adjective used to describe someone or something which is reminiscent of the 'punk' era, with 'punkies', in the opponent's mark, indicative of its plural form. It seems unlikely that the mark's figurative component will convey any additional conceptual message. In the applicant's mark, 'PUNKIE' precedes the word 'BEAR'. Consequently, the mark is likely to present a

concept of a bear which, in some manner, displays qualities representative of the 'punk' era. Whilst the bear itself creates a conceptual distinction between the marks, the 'Punkies' and 'PUNKIE' elements are likely to promote the same, or at least a highly similar, conceptual connotation. On balance, I find the marks conceptually similar to a medium degree.

### **Distinctive character of the earlier trade mark**

32. The distinctive character of a trade mark can be appraised only, first, by reference to the goods in respect of which registration is sought and, secondly, by reference to the way it is perceived by the relevant public. 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).”

33. Given that the opponent has not made a pleading of enhanced distinctiveness, and in the absence of evidence of use, I have only the inherent distinctiveness of the earlier mark to consider. Whilst I have found that the average consumer is likely to attribute a degree of meaning to 'Punkies', insofar as it is presumed to be related to the word 'punk', nonetheless, it is not to my knowledge a dictionary word. Furthermore, I am unable to identify any apparent relationship between consumers' likely interpretation of the word and the goods for which the mark is registered. There are also a number of stylistic elements in the mark, namely in the form of the letter 'i' in the word 'Punkies' and the figurative depiction positioned behind, though I have found the mark's word element carries the greater weight in its overall impression. Weighing all factors, I find the mark inherently distinctive to a degree which is between medium and high.

### **Likelihood of confusion**

34. 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 trade marks may be offset by a greater degree of similarity between the respective goods and vice versa. As I mentioned above, it is also necessary for me to keep in mind the distinctive character of the opponent's trade mark, as the more distinctive it is, the greater the likelihood of confusion.

35. Confusion can be direct or indirect. Direct confusion involves the average consumer mistaking one trade mark for the other, while indirect confusion is where the average consumer realises the trade marks are not the same but puts the similarity that exists between the trade marks and goods down to the responsible undertakings being the same or related.

36. I take note of the comments made by Mr Iain Purvis Q.C., as the Appointed Person, in *L.A. Sugar Limited v By Back Beat Inc*, Case BL O/375/10, where he explained that:

"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.””

37. To make the assessment, I must adopt the global approach advocated by the case law whilst taking account of my earlier conclusions. I also bear in mind that the average consumer rarely has the chance to make direct comparisons between trade marks and, instead, must rely upon the imperfect picture of them retained in its mind.

38. I begin by considering direct confusion. Notwithstanding the relationship between the goods at issue, in my view, there are simply too many visual components separating the marks for direct confusion to be engaged, namely the additional word in the application and the figurative elements in the opponent’s mark. Given the nature of the purchase, and the degree of attention being applied, the average consumer is unlikely to simply bypass those differences and subsequently mistake one mark for the other.

39. An assessment as to a likelihood of *indirect* confusion is, as indicated in *L.A. Sugar*, more multifaceted. Though pluralised in the opponent’s mark, the marks clearly share a common element in the word ‘Punkie/PUNKIE’. Whilst I have concluded that consumers are likely to conclude that ‘punkie’ is a word used in reference to something reminiscent of the ‘punk’ era, it is nonetheless not an ordinary, dictionary word. Consequently, in my view, the average consumer, when confronted with both marks, will inevitably consider the likelihood of two distinct proprietors electing to utilise the same invented (or at least *adapted*) word within a related field. In my view, that consideration would likely lead the average consumer to conclude that the marks must originate from the same, or at least a related, entity. Particularly as the ‘BEAR’ element in the applicant’s mark will likely be viewed as a descriptive element rather than an

indicator of origin, its use alongside the word 'PUNKIE' (albeit, in the singular) could, in my view, be seen as consistent with a brand extension or sub-brand of the earlier mark. In other words, indirect confusion would occur.

## **Conclusion**

**40. The opposition has succeeded and, subject to any successful appeal, the application will be refused.**

## **Costs**

41. In official letters dated 28 June 2021, the parties were invited to complete a cost pro-forma by 26 July 2021 if they intended to make a request for an award of costs. That letter read:

“If the pro-forma is not completed and returned, costs, other than official fees arising from the action (excluding extensions of time), may not be awarded.”

42. In an email of 14 July 2021, Mr Ray Smyth of Character Options Limited notified the Tribunal that the opponent did not wish to seek an award of costs in relation to this matter and declined to complete the cost pro-forma. As our letter advised that the cost pro-forma should be used to seek costs beyond any official fees incurred, I award the opponent only the official fee of £100 for filing a form TM7F.

**43. I order Merrythought Limited to pay Character Options Limited the sum of £100. This sum is to be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.**

**Dated this 28<sup>th</sup> day of September 2021**

**Laura Stephens  
For the Registrar**