

BL O-543-16

TRADE MARKS ACT 1994

TRADE MARK REGISTRATION No. 2485882

IN THE NAME OF MULTIBRANDS INTERNATIONAL LTD

AND

APPLICATION No. 500884 BY KIMBERLY-CLARK WORLDWIDE, INC.

TO INVALIDATE THE TRADE MARK

Background and pleadings

1. This is an application by Kimberly-Clark Worldwide. Inc. (“the applicant”) to invalidate the trade mark shown below.

The logo for 'Hunnie's' is written in a bold, blue, rounded font. The letter 'H' is significantly larger than the other letters, and the 'i' has a dot. The overall style is playful and child-friendly.

2. The trade mark was applied for on 25th April 2008 (“the relevant date”) and registered on 24th October 2008 in the name of Multibrands International Ltd (“the proprietor”) in relation to:

Class 3

Baby wipes for cleaning purposes, impregnated with cosmetic, moisturising lotions.

Class 16

Babies nappies, paper products and wipes of paper.

3. The application is based on section 47(2) of the Trade Marks Act 1994 (“the Act”) which is as follows:

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

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

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

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

4. The applicant relies on five earlier trade marks consisting of, or including, the word HUGGIES in support of its grounds for invalidation based on s.5(2)(b) and s.5(3) of the Act. It is only necessary to set out the details of the following three earlier marks.

Trade Mark No.	Mark	Date of filing/registration	Relevant elements of the specification
UK 1208473	HUGGIES	5/12/83 5/12/83	Class 16: wipes included in Class 16; babies' napkins made wholly or principally of paper.
UK 1549251	HUGGIES	1/10/93 4/11/94	Class 3: wipes; pre-moistened baby wipes.
EU 000224204	HUGGIES	4/4/96 29/3/99	Class 3: pre-moistened tissues or wipes for infants and children Class 16: disposable diapers or napkins, training pants, wipes.

5. The applicant claims that the goods covered by the proprietor's mark are identical to the goods covered by the earlier marks, that the marks are similar, and that there is a likelihood of confusion on the part of the public.

6. Additionally, or alternatively, the applicant claims that the earlier marks have a reputation with the public and that use of the proprietor's mark will, without due cause, take unfair advantage of the reputation of the earlier marks and/or be detrimental to the reputation or distinctive character of the earlier marks. In this connection, I note the following points from the applicant's statement of grounds:

- The applicant claims that use of the contested mark takes unfair advantage of the earlier marks by leading consumers to believe that there is a connection between the proprietor and the applicant, which enables the proprietor to benefit from the reputation of the earlier marks.

- Alternatively, the contested mark takes unfair advantage of the earlier marks because the link that consumers will make between the marks will lead to the earlier marks' reputation for quality and reliability transferring to the contested mark.
- The reputation of the applicant's mark will be damaged if the contested mark is used in relation to goods which are "*incompatible with the applicant's brand*".
- Use of the contested mark will damage the exclusivity and "*pulling power*" of the earlier marks, which will lead to a blurring of the identity of the marks and weaken their ability to distinguish the applicant's goods.

7. As the earlier marks had been registered for more than 5 years at the date of filing the application for invalidation on 9th June 2015, the applicant made the required statements of use of the earlier marks during the 5 year period ending on the date of the application for invalidation, i.e. 10th June 2010 to 9th June 2015 ("the relevant period").

8. The applicant also claims that it has an earlier unregistered right under the mark shown below as a result of the use of this mark in the UK since January 2008 in relation to, essentially, the same goods as covered by the earlier registered marks.



9. The applicant claims that it has acquired goodwill and reputation under this mark and that use of the contested mark constitutes a misrepresentation to the public, which is liable to damage its goodwill. In this connection, the applicant draws attention to alleged (but not particularised) similarity of styling between the applicant's mark and the contested mark. Further, the applicant points out that its mark is used with blue edging and the proprietor's mark is used in blue letters.

According to the applicant, this increases the likelihood of misrepresentation and damage.

10. The proprietor filed a counterstatement in which it:

- Claimed that the proprietor had used the contested mark since 2008;
- Noted that the applicant had asserted that it “*keeps a watchful eye and stops use and registration of similar marks*” and that it was therefore reasonable to assume that the applicant knew about the registration of the contested mark in or around April 2008;
- Claimed that the application for invalidation was therefore barred under s.48(1) of the Act because the applicant had acquiesced to the use of the contested mark;
- Accepted that the respective goods “*share some similarities*”;
- Denied that the respective marks are visually, aurally or conceptually similar;
- Argued that the HUG in HUGGIES means ‘to squeeze someone tightly’, whereas the HUN in HUNNIES is an abbreviation for HONEY, meaning ‘a darling sweetheart or an object with the characteristics of honey, namely silky smooth and natural’.
- Denied that there is a likelihood of confusion on the part of the public;
- Claimed that the parties’ marks have peacefully co-existed since 2008 without evidence of confusion;
- Denied that use of the contested mark has or will take unfair advantage of the applicant’s marks, or be detrimental to the reputation or distinctive character of the earlier marks;

- Put the applicant to proof of how the contested mark has, or will, receive an unfair advantage from the reputation of the earlier marks, and how this has, or will, result in a change of economic behaviour amongst consumers;
- Put the applicant to proof of the existence of a passing off right in April 2008 when the proprietor started to use the contested mark;
- Denied that the contested mark exhibits similarities of styling or colour to the earlier marks;
- Put the applicant to proof of use of the earlier marks in the relevant period for establishing genuine use of those marks.

11. Both sides seek an award of costs.

The hearing

12. A hearing took place on 21st October 2016 at which Mr Philip Harris appeared as counsel for the proprietor, instructed by Appleyard Lees IP LLP. Ms Amanda Michaels appeared as counsel for the applicant, instructed by Reddie & Grose LLP.

13. Mr Harris conceded that the applicant had shown genuine use of its marks during the relevant period, but not that the earlier marks/right had the claimed reputation/goodwill at the relevant date in 2008.

Case management

14. The applicant filed its evidence-in-chief on 10th November 2015. The evidence consisted of 3 witness statements by Ms Mary Frank, Ms Alice Findlay and Ms Filippa Evans, all with numerous exhibits. In total the evidence ran to 1440 pages, which far exceeded the 300 page “trigger point” set out in Tribunal Practice Notice 1/2015 after which a party’s evidence is scrutinised for relevancy and proportionality.

15. Following an exchange of correspondence, a case management conference (“CMC”) was held on 5th February 2016 before another Hearing Officer. He subsequently wrote to the parties in these terms.

“The purpose of the CMC was to address the large volume of evidence filed which contravenes Tribunal Practice Notice 1/2015. During the CMC Mr Cumming was asked if, in light of the evidence, he would be willing to concede that the applicant has demonstrated either genuine use of the mark or that the applicant has shown the requisite reputation. He advised that he did not have instructions to do so, particularly since his client felt there wasn’t any explanation as to why so much evidence had been filed.

It was agreed at the CMC that the evidence would be reduced as follows: The following exhibits to the witness statement of Mary J Franks shall be removed:

- MF1
- MF1&MF20

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The remaining exhibits are not affected by the CMC.

The following exhibits to the witness statement of Alice Findlay shall be removed:

- Exhibits AF2– AF12. It was agreed that these exhibits may be removed since the content is adequately summarised by the letter filed under exhibit AF1. It was agreed at the CMC that if the letter does not contain all of the information which Ms Harland believes to be relevant, she may request certain exhibits to be admitted into the proceedings.

The remaining exhibits are not affected by the CMC.

The following exhibits to the witness statement of Filippa Evans shall be

removed:

Pages 24– 37 of exhibit FE9

Exhibit FE11

The remaining exhibits are not affected by the CMC.

The applicant has until 22 February 2016 to file the amended and re-executed witness statements. Should the applicant seek permission for file exhibits AF2 – AF12 then written justification should be received by 15 February 2016.

Permission to re-file any of these exhibits should not affect the agreed amendments to the witness statements of Ms Franks and Ms Evans.”

16. No application was made to re-introduce any of the excluded exhibits. After the required amendments had taken place the applicant’s evidence-in-chief still ran to 520 pages.

The evidence

17. The proprietor’s evidence consists of a witness statement by Mr Mayur Gautum with 9 exhibits. Mr Gautum is the in-house legal representative of the proprietor. His evidence goes mainly to the proprietor’s use of the contested mark since 2008. I return to this in more detail below.

18. The applicant filed two further witness statements from Ms Findlay and Ms Frank as evidence-in-reply to Mr Gautum’s statement. Ms Frank is a Senior (in-house) Paralegal for the applicant. Ms Findlay and Ms Evans work for Reddie & Grose, the applicant’s UK trade mark attorneys.

19. Most of Ms Frank’s first statement goes to the applicant’s use of HUGGIES between 2009 and 2015. As the proprietor has conceded that the applicant made genuine use of its marks during the relevant period there is no need to go into this evidence in any detail. It is sufficient to record that, according to the sales figures set out in exhibit MF3 to Ms Frank’s statement, the applicant’s sold around 646k units of

diapers, 40k units of diaper pants and 161k units of baby wipes under the HUGGIES mark in the UK during 2009. The total value of these sales amounted to £84m. I also note that, according to the information provided by Ms Frank, the goods were sold through all the major UK supermarkets, as well as through other channels.

20. Ms Frank says that she first became aware of the contested UK registration in 2011. An investigation was undertaken around this time to establish whether there was any use of the HUNNIES mark in the UK. The investigation did not yield any evidence of such use, so the applicant took no further action at the time. However, a second investigation was undertaken in September 2013. In November 2013, the applicant was informed that commercial investigators had found HUNNIES baby wipes on sale at a cash and carry outlet in Coventry. This led to the current application being filed in March 2015.

21. To the extent that HUNNIES baby wipes have co-existed with HUGGIES products on the UK market without evidence of confusion coming to light, Ms Frank's attributes this to the fact that HUGGIES are sold through supermarkets and pharmacies, whereas the proprietor's products appear to be sold through different channels, such as cash and carry outlets.

22. Ms Findlay's evidence comes mainly from documents and information she obtained from the applicant in 2010, or from publically available sources, for the purpose of filing an opposition at the EU IPO. Amongst the information obtained from the applicant was turnover figures covering UK sales of HUGGIES in the period 2005 to 2009. The figures were originally provided in \$, but in her second witness statement Ms Findlay provided equivalent figures in £ sterling. These figures indicate that the applicant sold between £76m and £90m worth of diapers/nappies in the UK under the HUGGIES mark in each of the years 2005 – 2008. The corresponding figures for 'pants' and baby wipes were £4.7 - £7m per annum and £11.9m – £15.4m per annum.

23. Figures were also provided to the EU IPO for sales of HUGGIES in 2009 up to November of that year. According to these figures the applicant sold around £60m

worth of HUGGIES nappies/diapers, £5.2m worth of HUGGIES 'pants' and £11.9m worth of HUGGIES wipes.

24. I note that these figures are consistent with the figures provided by Ms Frank for HUGGIES sales in the UK in 2009.

25. According to the figures provided by Ms Findlay, the applicant spent £15-20m per annum on advertising and consumer promotions for its HUGGIES products in the UK during the period 2005 - 2008¹.

26. Ms Findlay also provides information, which she says comes from the applicant's records² indicating that HUGGIES were the second largest seller in the UK market for nappies/diapers in 2008 with 18.3% of the market, and fourth largest seller in the market for baby wipes with 11.3% of the market.

27. According to Marketing magazine in 2004, HUGGIES was the second largest brand in the UK for nappies and was the 40th biggest UK supermarket brand for all products.³ The same magazine reported that HUGGIES was the 44th biggest supermarket brand in 2006.⁴ HUGGIES was recorded as the 46th biggest supermarket brand in 2007.⁵

28. Ms Findlay says that the information she submitted to the EU IPO in 2010 (a copy of which was originally filed in these proceedings) included a report by a research organisation called Millward Brown. The report recorded that Millward Brown had conducted a survey in the UK between July 2007 and December 2008 in which 200 customers were sampled each month. Ms Findlay says that, according to this report, 24% - 35% of such consumers had 'top-of-the-mind' recall of HUGGIES as a brand. When "questioned further" 92% - 96% 'spontaneously' recalled HUGGIES.

¹ As to the meaning of 'consumer promotions', I note that exhibit AF9 (page 186) contains an extract from Marketing magazine dated June 2004 which states that "*Huggies is ramping up its efforts to steal market share from arch rivals Pampers by offering a free packet of nappies to parents across the UK*".

² See exhibit AF4

³ See exhibit AF11 at pages 275, 281 & 284

⁴ See exhibit AF11 page 288.

⁵ See exhibit AF11 page 291

29. Ms Evans' evidence includes a screenshot from the website of Mintel's website which shows details of a report entitled 'Nappies and Baby Wipes – UK – August 2010'. Mintel is a UK based market research company. The report records that "... *Pampers and Huggies [sales of nappies] have held up well, achieving 79% [market] share because of their emphasis on performance, fit and comfort.*"

30. For the proprietor, Mr Gautam says that the HUNNIES baby wipes product was launched in 2008 and have since achieved worldwide sales of £500k. According to the data he provides in exhibit MG1, the proprietor sold 2608 cases of baby wipes in the UK in 2010 accounting for sales of just over £15k by value. Corresponding figures for 2011 to 2015 are:

2011 - 436 cases/£2.8k
2012 – 548 cases/£2.6k
2013 – 2472 cases/£13.3k
2014 – 608 cases/£3.8k
2015 – 712 cases/£5k

31. Mr Gautam also provides copies of 12 invoices to 7 UK customers dated between December 2008 and September 2015 showing sales of small volumes of HUNNIES baby wipes.⁶ Most of the customers appear to be wholesalers or cash and carry type businesses. He also provides shots from the hunnies.eu.com website and other internet sites showing that HUNNIES were advertised in 2011- 2013, although none of this appears to be specific to the UK.⁷ Mr Gautam cites an entry on Wikipedia from 2012, which he says recognises that HUNNIES are amongst the market leaders in the sector. In fact the article refers to HUNNIES as one of the "*local brands*" which "*have made their mark in the international market*".⁸

32. I pause at this point to note that this is a long way from showing that HUNNIES is a market leader in the UK.

⁶ See exhibit MG5

⁷ See MG3 and MG4

⁸ See MG7

33. Mr Gautam says that he is not aware of a single instance of confusion with HUGGIES. In support of this point he provides a copy of posts from Mumsnet.com from 2012 in which one person mentions HUGGIES and another HUNNIES. The writer says that she *“quite like the HUNNIES ones I got in that strange hamper”*.⁹ According to Mr Gautam, this shows that the public can distinguish between the marks. He also provides copies of pages from the websites of AMAZON, CIAO and MAGROSA, all of which offer HUNNIES for sale. One of these pages – from the Amazon.co.uk website is dated 2010. I cannot tell the dates of the others, although they appear to be more recent. Some are from Indian or Zimbabwean sites.¹⁰ Mr Gautam says that HUGGIES can also be bought through these websites, but the exhibit he provides does not show this.

34. In her second statement, Ms Frank recalls finding out the proprietor’s UK registration as a result of watching service notice she received relating to an international registration. She says that she then carried out some of her own research which revealed that the proprietor also had a US registration of HUNNIES.¹¹ The US application was filed in May 2005 and published for opposition in 2006. The mark is registered for baby wipes. According to the records in evidence, the proprietor claimed first use of the mark in commerce in the USA in 2003. Ms Frank says that she discussed this with a colleague who told her that the US application was spotted through a watching service, but that a decision was taken not to oppose the application. This was because it only covered baby wipes and at that time diapers/nappies were more important to the applicant in the US market.

35. Ms Frank reiterates that the applicant first became aware of the proprietor’s use of its mark in the UK in 2013. A major project to re-organise the applicant’s business then took priority until the beginning of 2015 when the application for invalidation was filed.

⁹ See exhibit MG6

¹⁰ See MG8

¹¹ See MF18

Application by the proprietor to file additional evidence

36. On the morning of the hearing I received an application from the proprietor to file additional evidence. The additional evidence took the form of a witness statement by Christopher Hoole, who is a trade mark attorney with Appleyard Lees IP. The statement explained that the proprietor's US application had been filed with a statement of intention to use as required by US law. The proprietor had subsequently filed a statement of use of the mark in the USA attesting to the fact that the mark had been in use there since 2003 in relation to baby wipes. The witness went on to opine that the applicant has therefore probably been aware of the use of the HUNNIES mark in the USA since 2006. And as the proprietor is a UK company, the applicant probably became aware at the same time of the proprietor's intention to use the HUNNIES mark in the UK.

37. The factual information in the statement had been known to the proprietor since at least July 2016 when it received the applicant's evidence in reply. Despite this, no real explanation was offered as to why the evidence was filed at the last minute.

38. I regarded the additional evidence as irrelevant. This is because it did not show that the applicant had knowledge of the proprietor's actual use of its mark in the UK prior to 2013. For the reasons given below, anything else is irrelevant to the proprietor's claim that the applicant has acquiesced for the purposes of s.48 of the Act.

39. I therefore rejected the application to admit the additional evidence.

Claim of acquiescence under s.48

40. Section 48(1) is set out below:

“48. - (1) Where the proprietor of an earlier trade mark or other earlier right has acquiesced for continuous period of five years in the use of a registered trade mark in the United Kingdom, being aware of that use, there shall cease

to be any entitlement on the basis of that earlier trade mark or other right-

- (a) to apply for a declaration that the registration of the later trade mark is invalid, or
- (b) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used,

unless the registration of the later trade mark was applied for in bad faith.”

41. The conditions required to show acquiescence under the equivalent of s.48(1) of the Act in the Trade Mark Directive were considered by the CJEU in *Budvar v. Budwieser*.¹² The court held that:

“Registration of the earlier trade mark in the Member State concerned does not constitute a prerequisite for the running of the period of limitation in consequence of acquiescence prescribed in Article 9(1) of Directive 89/104. The prerequisites for the running of that period of limitation, which it is for the national court to determine, are, first, registration of the later trade mark in the Member State concerned, second, the application for registration of that mark being made in good faith, third, use of the later trade mark by its proprietor in the Member State where it has been registered and, fourth, knowledge by the proprietor of the earlier trade mark that the later trade mark has been registered and used after its registration.”

42. It is clear that the four conditions set out in the judgment are cumulative. Therefore, knowledge of the registration of the contested mark is not enough without knowledge of use. Further, as the contested mark is registered in the UK, it follows that the applicant’s state of knowledge must relate to use of the mark in the UK.

43. Ms Frank’s unchallenged evidence is that she first became aware of the registration of the contested mark in 2011 and use of the contested mark in the UK in November 2013. This is around 16 months before the date of the application for

¹² Case C-482/09

invalidation. Consequently, if November 2013 is the operative starting date of the applicant's acquiescence to the use of the contested mark, the period of acquiescence is not long enough to enable the proprietor to invoke the defence set out in s.48(1).

44. Mr Harris submitted that the applicant's acknowledged use of watching services was sufficient for an inference to be drawn that the applicant was aware of the proprietor's UK trade mark application in 2008. Even if that were so, it is strictly irrelevant because the *Budweiser* judgment makes it clear that only knowledge after the registration of the later mark counts for the purpose of s.48. More importantly, knowledge of the registration is not enough without knowledge of use of the registered mark. Knowledge of the proprietor's statement of intention to use its mark does not count as knowledge of use. If it did, the applicant would, on the basis of Mr Harris's submissions, be taken as having knowledge of the use of the contested mark in the UK in relation to babies' nappies, even though the contested mark has never in fact been used in relation to such goods. This would be absurd. I therefore reject Mr Harris's submission that knowledge of an intention to use is sufficient for the purpose of s.48(1). That being so there is no need to decide when the applicant first became aware of the proprietor's intention to use the contested mark in the UK. If it had been necessary, I would have held that it was in 2011 when Ms Frank says that she first became aware of the UK registration of the contested mark.

45. Mr Harris submitted that Ms Frank's state of knowledge might not represent the applicant's whole state of knowledge about the use of the contested mark. He suggested that others within the applicant's business may have known more. The applicant had not therefore shown that it did not know about the registration and use of the contested mark from an earlier date than that set out in Ms Frank's evidence. However, as Ms Michaels pointed out, the onus is on the proprietor to show that the applicant acquiesced to the use of the contested mark. Mere speculation that others in the applicant's business may have known more about the contested mark than Ms Frank cannot possibly be sufficient to discharge the onus on the proprietor, or create an inference which it was for the applicant to displace.

46. In this connection, I note that the scale of the applicant's use of the contested mark in the UK in relation to baby wipes between 2009 and 2015 appears to have been extremely modest. So much so that the applicant had to commission two commercial investigations in order to find it. This is hardly a strong basis for an inference that the applicant must have known about the use of the contested mark in the UK prior to 2013.

47. For the reasons given above, I reject the proprietor's claim of acquiescence under s.48(1).

Non-statutory acquiescence

48. Mr Harris's skeleton argument identified an alternative defence based on the common law: estoppel through acquiescence. In support of this ground he relied on the judgment of the Court of Appeal in *Habib Bank Ltd v Habib Bank A.G. Zurich*.¹³ Mr Harris submitted that the court held that the test was simply whether the applicant's behaviour was unconscionable. According to Mr Harris, the applicant's application to invalidate the contested trade mark in 2015 was unconscionable because (1) the applicant had, or should have, known about the proprietor's intention to use its mark in the UK since 2006, and (2) the applicant had probably known about the application to register the UK mark since 2008.

49. No such defence was pleaded in the applicant's counterstatement, which plainly based the case of acquiescence on s.48(1) of the Act. When I pointed this out to him, Mr Harris asked me, if necessary, to permit an amendment of the counterstatement so as to introduce a defence of acquiescence based on the common law.

50. For the applicant, Ms Michaels submitted that the judgment of the CJEU in *Budweiser* had confirmed that the rules on acquiescence in the context of proceedings such as these, had been harmonised on the basis of EU law. Therefore, there was no longer any room to apply different national laws covering acquiescence

¹³ [1982] RPC 1

in trade mark proceedings. In support of this submission, Mr Michaels relied on the CJEU's answers to the following questions from the national court in *Budweiser*.

“(1) What is meant by “acquiesced” in Article 9(1) of Directive 89/104 and in particular:

(a) is “acquiesced” a Community law concept or is it open to the national court to apply national rules as to acquiescence (including delay or long-established honest concurrent use)?

(b) if “acquiesced” is a Community law concept can the proprietor of a trade mark be held to have acquiesced in a long and well-established honest use of an identical mark by another when he has long known of that use but has been unable to prevent it?”

51. The CJEU answered these questions as follows.

“27. By parts (a) and (b) of its first question, the referring court seeks to ascertain, in essence, whether ‘acquiescence’, within the meaning of Article 9(1) of Directive 89/104, is a concept of European Union law and, if it is, whether the proprietor of a trade mark can be held to have acquiesced, within the meaning of that provision, in the long and well-established honest use by a third party of a trade mark identical with that of the proprietor where that proprietor has long known of that use, but has been unable to prevent it.

28. It must be noted at the outset that Article 9(1) of Directive 89/104 contains no definition of the concept of ‘acquiescence’; nor is that concept defined in the other articles of that directive. Further, the directive contains no express reference to the law of the Member States in respect of that concept.

29. In accordance with settled case-law, the need for a uniform application of European Union law and the principle of equality require that the terms of a provision of European Union law which makes no express reference to the

law of the Member States for the purpose of determining its meaning and scope must normally be given an independent and uniform interpretation throughout the European Union; that interpretation must take into account the context of the provision and the objective of the relevant legislation (see, inter alia, Case 327/82 Ekro [1984] ECR 107, paragraph 11; Case C-287/98 Linster [2000] ECR I-6917, paragraph 43, and Case C-467/08 Padawan [2010] ECR I-0000, paragraph 32).

30. Although the third recital in the preamble to Directive 89/104 states that ‘it does not appear to be necessary at present to undertake full-scale approximation of the trade mark laws of the Member States’, the directive none the less provides for harmonisation in relation to substantive rules of central importance in this sphere, that is to say, according to the same recital, the rules concerning the provisions of national law which most directly affect the functioning of the internal market, and that recital does not preclude the harmonisation relating to those rules from being complete (Case C-355/96 Silhouette International Schmied [1998] ECR I-4799, paragraph 23, and Case C-40/01 Ansul [2003] ECR I-2439, paragraph 27).

31. Further, it is stated, in the seventh recital in the preamble to Directive 89/104, that the ‘attainment of the objectives at which this approximation [of the legislation of Member States] is aiming requires that the conditions for obtaining and continuing to hold a registered trade mark are, in general, identical in all Member States’. The ninth recital of the same directive states that ‘it is fundamental, in order to facilitate the free circulation of goods and services, to ensure that henceforth registered trade marks enjoy the same protection under the legal systems of all the Member States’. Lastly, the eleventh recital of that directive further states that ‘it is important, for reasons of legal certainty and without inequitably prejudicing the interests of a proprietor of an earlier trade mark, to provide that the latter may no longer request a declaration of invalidity nor may he oppose the use of a trade mark subsequent to his own of which he has knowingly tolerated the use for a

substantial length of time, unless the application for the subsequent trade mark was made in bad faith’.

32. In the light of the recitals in the preamble to Directive 89/104, the Court has held that Articles 5 to 7 of that directive effect a complete harmonisation of the rules relating to the rights conferred by a trade mark and accordingly define the rights of proprietors of trade marks in the European Union (Silhouette International Schmied, paragraph 25; Joined Cases C-414/99 to C-416/99 Zino Davidoff and Levi Strauss [2001] ECR I-8691, paragraph 39, and Case C-127/09 Coty Prestige Lancaster Group [2010] ECR I-0000, paragraph 27).

33. Similarly, it must be inferred from those recitals that Article 9 of Directive 89/104 effects a complete harmonisation of the conditions under which the proprietor of a later registered trade mark may, through the limitation in consequence of acquiescence, maintain his rights to that mark where the proprietor of an identical earlier trade mark seeks a declaration that the later trade mark is invalid or opposes its use.”

52. The CJEU’s judgment appears to exclude the application of alternative forms of acquiescence under national laws in trade mark invalidation proceedings. Ms Michaels also drew my attention to the recent case of *Marussia Communications Ireland Ltd v Manor Grand Prix Racing Ltd and others*¹⁴ in which Males J. held that estoppel by acquiescence was no longer available to the [trade mark] defendant as a matter of law.

53. Mr Harris told me that the judgment in *Marussia* was under appeal. Further, he pointed out that recital 7 to the Directive states that:

“This Directive should not exclude the application to trade marks of provisions of law of the Member States other than trade mark law, such as the provisions relating to unfair competition, civil liability or consumer protection.”

¹⁴ [2016] EWHC 809 (Ch)

54. I see nothing in this point. The Directive harmonises the concept of acquiescence for the purposes of trade mark law, so that it is an aspect of trade mark law. The judgment in *Marussia* confirms as much.

55. In any event, even if I were to accept the interpretation of the facts most favourable to the proprietor, I find the defence would be bound to fail on the facts before me. In particular, the proprietor's witness says nothing at all about the proprietor placing any reliance on the applicant's perceived position as a factor which affected its decision to apply to register the contested mark in the UK. Whether or not reliance remains an essential requirement to establish a common law defence based on acquiescence, without it there is no prospect of the current applicant's application for invalidation being classed as "*unconscionable*". This is because, even if the applicant knew about the proprietor's trade mark application in 2008, it was perfectly entitled to wait and see if the mark was actually used in the UK before deciding what action to take about the impending registration. If it were otherwise, businesses would be forced to oppose every apparently conflicting trade mark application before it was known whether there was any real problem in the marketplace. That would place an unacceptable burden on the owners of existing UK and EU trade marks. There is no reason to doubt the applicant's evidence that it did not know that the contested mark was in use until late 2013. It is true that the applicant delayed taking action for 16 months after finding out about the use of the contested mark. However, that delay is nowhere near sufficient to justify a finding that the application for invalidation is "*unconscionable*".

56. I therefore reject the proprietor's application to introduce a defence of acquiescence based on common law because the proposed defence is excluded by EU law and in any event, has no prospect of success.

Section 5(2)(b)

57. Section 5(2)(b) 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”.

Proof of use of the earlier marks

58. As I noted earlier. There is no longer any dispute that the earlier marks were put to genuine use in the relevant period. Consequently, the marks are entitled to protection in relation to the goods set out in paragraph 4 above.

Comparison of goods

59. The proprietor accepts that the goods covered by the registration are identical to the goods covered by the earlier marks, except for *paper products* in class 16. In *Gérard Meric v OHIM*¹⁵, the General Court stated that:

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

60. The applicant accepts that the goods are identical to the extent that the application covers *babies nappies* and *wipes of paper*. As these descriptions are included in the more general category *paper products* it follows that the latter are also identical to the nappies and wipes covered by the registrations of the earlier marks in class 16. Consequently, I find that all the goods are identical.

¹⁵ Case T- 133/05

Global comparison

61. The following principles are gleaned from the decisions of the EU courts 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 great degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

Distinctive character of earlier marks

62. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* 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)."

63. Although HUGGIES might be said to allude to the snug way that nappies fit a baby, it is no more than an allusion. The mark is not descriptive of any of the characteristics of nappies. And it is not even allusive of any characteristics of baby wipes. In my view, the earlier marks have a normal degree of inherent distinctiveness in relation babies' nappies, and at least a normal level of distinctiveness in relation to wipes.

64. There is a dispute as to the extent to which the distinctive character of the earlier marks had been enhanced through use at the relevant date in 2008. The applicant says that the earlier marks were highly distinctive in fact. The proprietor says the evidence does not support any enhancement of distinctiveness by 2008.

65. In support of the proprietor's case, Mr Harris pointed out that the applicant's evidence of use of its marks prior to 2009 had been tendered by the applicant's UK trade mark attorneys and was therefore to be treated as hearsay evidence. He reminded me of my own criticisms of such evidence in *Healey Sports Cars Switzerland Ltd v Jensen Cars Ltd*¹⁶ where I noted that the witness had no first-hand knowledge of the facts given in evidence and said:

¹⁶ [2014] EWHC 24 (Pats)

“I find that the narrative statements of facts in this case are of very little evidential value. Accordingly, except where the statements have persuasive documentary support, I will not be able to give the narrative evidence much weight.”

66. On appeal, Carr J. supported my criticism of the nature of the evidence and said:

“10. Some parties to Registry proceedings may consider that it is simpler, more efficient or more cost effective to have evidence of fact given by their legal representatives. This appears to have been adopted in the present case. I make no criticism of the solicitors who have carried out their clients' instructions in the present case. However, this view is plainly misconceived. It is likely to lead, as in the present case, to such evidence being given little weight, on the basis that the person giving it has no knowledge of the relevant facts. There is no reason that such evidence should carry more weight in the Registry than in Court proceedings.”

67. Ms Michaels sought to distinguish the evidence in this case from the evidence in *Healey* on the basis that (a) the witnesses in this case had indicated where the material had been obtained from, and (b) the evidence of use and reputation was supported by the documentary evidence.

68. Hearsay evidence is admissible by virtue of the Civil Evidence Act 1995. It is clear from s.4 of that Act that hearsay evidence should not be given zero weight simply because it is hearsay. Rather it must be evaluated for what it is worth in the context of any particular case. It plainly would have been better if the applicant had filed a statement of use covering the years leading up to the relevant date in 2008 from someone with direct access to the applicant's records. On the other hand, Ms Findlay at least made it clear that the figures she provided about the applicant's use and promotion of HUGGIES came from the applicant. Further, as I noted earlier, the figures she provided for 2009 (up to November) are consistent with the figures provided by Ms Frank for the year 2009 as a whole. And Ms Frank says that she has

access to the applicant's records. This makes it more likely that the figures provided by Ms Findlay for 2005 – 2008 are also correct.

69. This case is also distinguishable from *Healey* in that there is some documentary support for the applicant's claim to have made extensive use of HUGGIES prior to 2008. In particular, the extracts from Marketing magazine in evidence are entirely consistent with the applicant's claim that HUGGIES had the second largest share of the UK market for nappies in the period 2005 – 2008, and a significant share of the UK market for baby wipes. Ms Evans' evidence from the Mintel website showing that PAMPERS and HUGGIES were recorded as sharing 79% of the UK market for nappies in 2010 is also consistent with the data provided by Ms Findlay. Admittedly, that report relates to a time after the relevant date, but it is very unlikely that HUGGIES acquired a substantial share of the UK market for nappies in 2010 without having built up its market share over previous years.

70. There is also Ms Frank's evidence of a market research report by Millward Brown which recorded that a survey conducted in the UK between July 2007 and December 2008 in which 200 customers were sampled each month found that 24% - 35% of such consumers had 'top-of-the-mind' recall of HUGGIES as a brand. The report itself is not in evidence because it was jettisoned along with other parts of the applicant's originally excessive evidence. Mr Harris submitted that this evidence should be given little weight because the people who conducted the research could not be cross examined about the methodology used etc. At my request, he clarified that his criticism of this evidence would have been the same even if the report itself had been in evidence. Therefore, Mr Harris's criticism goes to the value of the Millward Brown report as evidence rather than the accuracy of Ms Findlay's description of what the report says. It is not surprising that Mr Harris put his point like this because the proprietor was served the original evidence, which included a copy of the report. Consequently, there was little room for the applicant to dispute what the report said (as opposed to the worth of what was said).

71. I see some force in Mr Harris's criticism of this particular piece of evidence. If the applicant's case depended on the Millward Brown findings, then a witness with first-

hand knowledge of the surveys should have been provided. However, I do not think that the applicant's case depends to an important extent on the Millward Brown report. When viewed as a whole, the other evidence is sufficient, in my judgement, to establish that HUGGIES was a highly distinctive mark for nappies in 2008. The Millward Brown report merely supports this conclusion. Further, although the mark was likely to have been relatively lesser known as a mark for baby wipes in 2008, I find that HUGGIES had also acquired an enhanced level of distinctiveness through use in relation to those goods too. Consequently, the earlier marks had, at least, an above average degree of distinctive character in relation to baby wipes.

Comparison of the marks

72. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the visual, aural and conceptual similarities between the marks must be assessed by reference to the overall impressions they create, bearing in mind their distinctive and dominant components. As the CJEU stated at paragraph 34 of its judgment in *Bimbo SA v OHIM*:

“.....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.”

73. The respective trade marks are shown below:

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HUGGIES	
Earlier trade mark	Contested trade mark

74. Ms Michaels submitted that the colour in which the earlier marks have been used and the stylisation of the lettering was a factor in the applicant's favour. Relying on the judgment of the CJEU in *Specsavers v Asda Stores Ltd*¹⁷ she submitted that the form in which the earlier marks have been used was part of the reputation of the earlier marks and could be taken into account in assessing the degree of similarity between the marks.

75. I accept that, as a matter of law, the colour in which the earlier marks have been used may be relevant, at least to the ultimate question of whether there is a likelihood of confusion. However, as a matter of fact I find that the colour and form in which the earlier marks have been used (see paragraph 8 above) does not make them any more similar to the contested mark than the registered mark. The earlier marks are used on the products in white letters against a blue outline. The contested mark is registered in blue letters. There is little overall similarity of colour. The stylisation of the letters used for the respective marks is, to my eye, not similar. When I asked her, Ms Michaels identified the use of capital letters for the first letter in the respective marks as a point of stylistic similarity, but this is plainly not a distinctive similarity. Therefore, I cannot see how the form in which the earlier marks have been used assists the applicant's case.

76. However, the earlier marks are not registered in colour. They are registered in standard characters. This means that normal and fair use of the earlier marks would include use in any colour or normal font.¹⁸ I cannot therefore see that the use of blue letters makes the respective marks any more or less similar. The stylisation of the letters of the contested mark is also fairly modest, although there is no evidence that

¹⁷ Case C-252/12

¹⁸ See paragraph 5 of the judgment of the Court of Appeal in *Specsavers* [2014] EWCA Civ 1294

it is a normal font. I find that the stylisation of the letters makes a relatively minor contribution to the overall impression that the contested mark will make on consumers. It is almost, but not quite, a negligible feature of that mark. I therefore accept that it is a point of visual distinction from the registered (and used) HUGGIES marks, but not much of one.

77. The other visual and aural similarities and differences between the marks are self evident. The beginning and ends of the marks are the same, but the middles are different.

78. I find that there is a medium degree of visual and aural similarity between the marks.

79. The proprietor says that the marks are conceptually dissimilar. According to Mr Harris, "*HUGGIES implies 'hugs'*" whereas "*HUNNIES implies 'honeys', which is a clear reference to a person who is loved or, allusively, to the silkiness of the goods*".

80. Ms Michaels submitted that the respective marks convey the concept of tenderness, and she pointed out that both the earlier marks and the contested mark use the diminutive/plural form. Therefore, the marks are conceptually similar to a degree.

81. I do not accept that HUNNIES will be understood by average consumers as alluding to the silkiness of the goods. I think it very unlikely that average consumers of the goods at issue will consider the meaning of the mark long or hard enough to see the tenuous link to 'silkiness'.

82. I accept that there is conceptual similarity at the general level of 'tenderness' between one of the meanings of '*hugs*' and '*a person who is loved*', which appears to be the proprietor's principal contention as to the concept conveyed by its mark. At a more specific level, the meanings of the marks differ. However, as neither HUGGIES nor HUNNIES is an ordinary English word, I should be careful about assuming that the average consumer will spend time analysing the specific meanings of the marks.

Therefore, to the extent that the marks convey a general idea of tenderness, there is, in my view, a material degree of conceptual similarity between HUGGIES and HUNNIES. Of course, HUG has several meanings, including in the context of nappies, to cling closely to [the body]. This meaning has no counterpart in the HUNNIES mark when it is used in relation to nappies. Therefore, to consumers who register this meaning, the marks will appear conceptually different. Overall, I find that some average consumers of nappies will see meanings in the marks that make them conceptually similar, others will see different meanings that make them less similar, others will see both similar and dissimilar meanings, and many others probably won't think about the matter long enough to register any meanings at all. Overall, I conclude that the conceptual similarities/differences do not pull strongly in either direction insofar as use of the marks in relation to nappies is concerned.

83. The position is slightly different when the marks are used in relation to wipes. In this case the meaning of clinging closely [to the body] is irrelevant in the context of the goods and is therefore less likely to strike consumers. This means that the general conceptual similarity between one of the meanings of 'hugs' and 'a person who is loved' is less likely to be diluted amongst other possible meanings when the marks are used in relation to wipes. Consequently, the conceptual similarity of 'tenderness' is more likely to register with average consumers. I therefore find that the marks share a low degree of conceptual similarity when used in relation to wipes.

Average consumer and the selection process

84. The average consumer in this case is a member of the general public in the market for nappies and/or (baby) wipes.

85. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer*.

86. Mr Harris submitted that the average consumer pays a high level of attention when selecting goods for babies. Ms Michaels submitted that the relevant consumer pays an average or normal level of attention. I prefer Ms Michaels' submission. I dare say that Ms Harris is correct in saying that, in general, consumers are particularly attentive when selecting products for babies. However, in the context of disposable wipes and paper nappies, I doubt that average consumers pay any more than a normal degree of attention.

87. The goods are likely to be selected primarily by eye, but word of mouth recommendations (or the opposite) may also play a part in the selection process. Therefore, the degree of visual similarity is more important than the degree of aural similarity.

Likelihood of confusion

88. I have found that the respective goods are identical and that the earlier marks were highly distinctive for nappies, and of above average distinctiveness for baby wipes, at the relevant date. In these circumstances, I find that the degree of similarity between the marks is sufficient to justify a finding of a likelihood of confusion. Firstly, I find that there is (and was at the relevant date) a likelihood of confusion through a significant proportion of average consumers imperfectly recollecting HUGGIES as HUNNIES, or vice versa. Secondly, I find that there is (and was) a likelihood that a significant proportion of average consumers who are (and were) very familiar with HUGGIES, and who were therefore expecting to see (or hear) that mark used in relation to nappies and wipes, registering HUNNIES as HUGGIES.¹⁹

89. It is true that there is no evidence of any confusion despite concurrent use of the marks since at least 2010. In *Roger Maier and Another v ASOS*,²⁰ Kitchen L.J. stated that:

¹⁹ As Arnold J. has noted in several trade mark cases, human beings have a tendency to see what they expect to see. He first noted this in *Muhammad Sarmad v Kentucky Fried Chicken (Great Britain) Ltd*, BL O/227/04, at paragraph 18 of his decision.

²⁰ [2015] EWCA Civ 220

“80.the likelihood of confusion must be assessed globally taking into account all relevant factors and having regard to the matters set out in *Specsavers* at paragraph [52] and repeated above. If the mark and the sign have both been used and there has been actual confusion between them, this may be powerful evidence that their similarity is such that there exists a likelihood of confusion. But conversely, the absence of actual confusion despite side by side use may be powerful evidence that they are not sufficiently similar to give rise to a likelihood of confusion. This may not always be so, however. The reason for the absence of confusion may be that the mark has only been used to a limited extent or in relation to only some of the goods or services for which it is registered, or in such a way that there has been no possibility of the one being taken for the other. So there may, in truth, have been limited opportunity for real confusion to occur.”

90. The reason why there has been little scope for confusion to come to light in this case is quite clear. Firstly, the proprietor’s mark has not been used in relation to any goods other than wipes. Secondly, the scale of the use of HUNNIES in relation to wipes in the UK has been tiny. Thirdly, the outlets through which HUNNIES wipes have sold in the UK are different to the outlets through which the applicant’s goods are sold. Additionally, it must be borne in mind that confusion will not usually come to light if the deception is complete and/or customers have no reason to complain about the goods. It cannot therefore be ruled out that there has been some low level of confusion.

91. In *O2 Holdings Limited, O2 (UK) Limited v Hutchison 3G UK Limited*,²¹ the CJEU stated that when assessing the likelihood of confusion under Section 5(2) it is necessary to consider all the circumstances in which the mark applied for might be used if it were registered. Therefore, in assessing the likelihood of confusion in the future it is necessary to consider the effect of HUNNIES nappies and wipes being sold on a more substantial scale in the UK and/or through the same outlets as the applicant’s HUGGIES products. In my view, such use of HUNNIES is likely to result in confusion.

²¹ Case C-533/06: see paragraph 66 of the judgment

92. Finally, I should deal with the proprietor's claim of peaceful co-existence. In my view, this is not a case of peaceful co-existence in the UK. In reality, the proprietor's use of HUNNIES in the UK went below the applicant's radar. That is not the same as peaceful co-existence. Trade mark rights [and defences] are territorially limited. Therefore, even if there has been peaceful co-existence of the marks in the US market, that is irrelevant to the exercise of the applicant's trade mark rights in the UK.

93. For the reasons given above, the application for invalidation based on s.5(2)(b) succeeds in full.

Section 5(3)

94. 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.”

95. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel*, [2009] ETMR 13, Case C-408/01, *Addidas-Salomon*, [2004] ETMR 10 and C-487/07, *L'Oreal v Bellure* [2009] ETMR 55 and Case C-323/09, *Marks and Spencer v Interflora*. 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*.

(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*).

Reputation

96. I find that the applicant has established that the HUGGIES marks had established a reputation at the relevant date amongst a substantial proportion of the relevant public in the UK. The reputation was first and foremost in relation to nappies (diapers) and training pants, but also extended to baby wipes.

97. This finding is sufficient to qualify the applicant's earlier UK trade marks for protection under s.5(3). So far as the applicant's earlier EU trade mark is concerned, I note that in *Pago International GmbH v Tirolmilch registrierte GmbH*²² the CJEU held that a reputation in a single member state may be sufficient to constitute the required reputation in "a substantial part of the territory of the Community". I find that the reputation of HUGGIES established in the UK by 2008 also qualified as a reputation in the Community (in current terminology, the EU).

²² Case C-301/07

Link

98. Ms Michaels reminded me that a lesser degree of similarity between the marks may be sufficient to cause the public to make a link between them compared to that which is necessary to create a likelihood of confusion.²³

99. Mr Harris submitted that the degree of similarity between the marks was so low that the public would not make a link between them.

100. I find that the:

- (a) degree of similarity between the marks;
- (b) strength of the reputation of HUGGIES;
- (c) identity between the respective goods;

- were sufficient for the relevant public to make a link between the marks at the relevant date.

101. The link would have been sufficient for consumers encountering the HUNNIES mark to have, at least, been reminded of the HUGGIES mark.

102. For the avoidance of doubt, I would have come to the same conclusion even if I had held that the reputation of HUGGIES was limited to nappies (diapers) and training pants, i.e. it did not extend to baby wipes. This is because baby wipes are obviously complementary goods to nappies and likely to be sold to the same customers. Therefore the use of HUNNIES in relation to baby wipes (and, by extension, paper wipes and paper products) would have brought to mind the HUGGIES mark with its reputation for nappies and training pants.

²³ *Intra-Press SAS v OHIM*, Joined cases C-581/13P & C-582/13P, CJEU

Unfair advantage

103. Ms Michaels submitted that the contested mark took unfair advantage of the HUGGIES marks, or there was a non-hypothetical risk of an unfair advantage being derived in the future. She reminded me that in *Jack Wills Limited v House of Fraser (Stores) Limited*,²⁴ Arnold J. held that it was not necessary to show that the user of the contested mark subjectively intended to take unfair advantage of the earlier marks. It is sufficient if, judged objectively, use of the contested mark would take unfair advantage of the earlier marks.

104. Mr Harris submitted that the applicant had offered no evidence of the proprietor obtaining an unfair advantage as a result of use of HUNNIES. He submitted that the evidence showed that the proprietor had developed an independent market for HUNNIES wipes. Consequently, it had due cause to use the mark.

105. In *Aktieselskabet af 21. november 2001 v OHIM*,²⁵ the CJEU stated that:

“22. With regard to the appellant’s argument concerning the standard of proof required of the existence of unfair advantage taken of the repute of the earlier mark, it must be noted that it is not necessary to demonstrate actual and present injury to an earlier mark; it is sufficient that evidence be produced enabling it to be concluded *prima facie* that there is a risk, which is not hypothetical, of unfair advantage or detriment in the future (see, by analogy, concerning the provisions of Article 4(4)(a) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), Case C-252/07 Intel Corporation [2008] ECR I-0000, paragraph 38).

23. In the present case, it is clear that the Court of First Instance, in paragraph 67 of the judgment under appeal, properly established the existence of an unfair advantage within the meaning of Article 8(5) of Regulation No 40/94 in

²⁴ [2014] EWHC 110 (Ch)

²⁵ Case C-197/07P

correctly considering that it had available to it evidence enabling it to conclude prima facie that there was a risk, which was not hypothetical, of unfair advantage in the future.”

106. Consequently, it is not necessary for the applicant to provide proof that use of the contested mark has taken unfair advantage of the HUGGIES marks, provided that the evidence enables me to conclude that “*prima facie that there was a risk, which was not hypothetical, of unfair advantage in the future*”. It is true that the level of sales of HUNNIES products in the UK do not suggest that the mark has benefitted from a link with HUGGIES. However, this can be explained by the proprietor’s apparently limited efforts to market HUNNIES wipes in the UK and/or the type of outlets through which the goods have been marketed. Consequently, I do not regard the (so far) limited sales of HUNNIES wipes in the UK as undermining my *prima facie* assessment that there is a non-hypothetical risk that normal commercial use of HUNNIES in relation to the goods for which it is registered would take unfair advantage of HUGGIES and its reputation for nappies (diapers), training pants and/or baby wipes.

107. In this connection, I accept Ms Michaels’ submission that there is a risk that the link that consumers will make between HUNNIES and HUGGIES will result in the characteristics associated with the earlier mark, particularly the marks’ reputation for good quality and reliable nappies, transferring to the HUNNIES mark. This will make it easier to sell such goods and therefore provide the proprietor with a commercial advantage. As the proprietor would be benefitting from the reputation of the earlier marks, without paying any compensation to the applicant, or expending the money necessary to create a market for its products in the UK, this constitutes an unfair advantage.

108. I reject Mr Harris’ submission that the proprietor has due cause to use the HUNNIES mark. Firstly, the scale and extent of the use of HUNNIES in the UK is so small that it cannot be fairly said that the proprietor has created an independent UK market for HUNNIES products. Use of HUNNIES elsewhere is not relevant.²⁶

²⁶ See *Thomas Pink Ltd v Victoria’s Secret UK Ltd* [2014] EWHC 2631 (Ch) at paragraphs 196 – 203.

Secondly, the matter must be assessed as at the relevant date in 2008. There is no evidence that the proprietor made any use of HUNNIES in the UK prior to the relevant date. Subsequent use of HUNNIES in the UK cannot provide the proprietor with retrospective due cause to use the mark at the relevant date. Thirdly, there has (so far) been no use of HUNNIES in relation to nappies. Consequently, the 'due cause' justification could not have run for these goods.

109. I therefore find that the registration of HUNNIES was contrary to s.5(3) of the Act because use of the mark would, without due cause, take unfair advantage of the reputation and distinctive character of the earlier HUGGIES marks.

110. Having decided that registration of the HUNNIES mark was likely to cause confusion with, and/or would take unfair advantage of, the earlier HUGGIES marks, I see no need to deal with the applicant's further grounds for invalidation based on allegations of dilution of the distinctive character of, and/or tarnishing of the reputation of, the earlier marks. It is sufficient to record that I do not regard either of these grounds as adding anything of substance to the applicant's case for invalidation.

Section 5(4)(a)

111. The applicant claims to have established a passing off right under the HUGGIES mark at the relevant date, including in the particular colours and style shown in paragraph 8 above. I have no doubt that the applicant had acquired the claimed goodwill under the mark at the relevant date, but I do not see how this adds or improves the case based on the earlier registrations of HUGGIES. Ms Michaels submitted that the similarities in colours and style might give the applicant a better case under s.5(4)(a). I disagree. For the reasons given in paragraph 75 above, I see nothing in this point. Consequently, there is no need to say anything further about the ground for invalidation based on s.5(4)(a).

Overall outcome

112. Subject to appeal, the registration of the contested mark will be declared invalid under s.47(2) of the Act because registration of the mark was contrary to s.5(2)(b) and s.5(3) of the Act.

Costs

113. Mr Harris asked for off scale costs on the basis that the applicant had filed an excessive volume of evidence. As I pointed out to him at the hearing, some of this was to meet his client's request that the applicant prove use of HUGGIES in the period 2009 to 2014.

114. Ms Michaels submitted that the costs awarded should take into account that the proprietor required proof of use of HUGGIES when, given that it is also in the market for baby wipes, it must have known that the applicant's mark was in use in the UK.

115. Mr Harris' response to this was that a party is entitled to ask for proof of use of any earlier mark relied on in invalidation proceedings.

116. I disagree. In my view, asking a party to spend time and money proving something you already know to be true is an example of unreasonable behaviour. However, I am not going to award off scale costs in this case because, firstly, the applicant's request for off scale was not signalled before the hearing. Therefore, I would now have to direct that evidence be filed going to the proprietor's state of knowledge about the use of the earlier marks in the UK. Secondly, the applicant appears to have largely re-filed evidence originally prepared for proceedings at the EU IPO. Therefore, the additional cost of preparing the applicant's evidence of use of HUGGIES for these proceedings is unlikely to have been high. I accept that the applicant probably incurred significant costs in slimming down its evidence of use and reputation. However, that was not as a result of the proprietor's request for proof of use.

117. The volume of the applicant's original evidence necessitated the CMC which led to directions that it should be reduced in volume and better focused. Ordinarily, the proprietor would be entitled to a contribution towards its costs for the CMC. However, given that the proprietor's request for proof of use was partly responsible for the volume of the applicant's evidence, and also taking into account that the proprietor was not willing to concede at the CMC that there had been genuine use of the earlier marks during the relevant period, despite having seen the applicant's evidence by then, which was conclusive on this matter, I will direct that each side should bear its own costs for the CMC.

118. The applicant is entitled to scale costs for the substantive proceedings. I assess these as follows:

£200 for the official fee for filling form TM26(I);

£450 for preparing the application for invalidation and considering the counterstatement;

£1000 for filing evidence;

£1000 for attending the hearing and preparing a skeleton argument.

119. I order Multibrands International Ltd to pay Kimberly-Clark Worldwide, Inc. the sum of £2650 within 14 days of the end of the period allowed for appeal or, if there is an appeal, within 14 days of the conclusion of the appeal proceedings.

Dated this 24th day of November 2016

**Allan James
For the Registrar**