

**DECISION
of the Fifth Board of Appeal
of 16 October 2018**

In case R 1122/2018-5

TPF RETAIL (AUST) PTY. LTD.

25 St Edmonds Rd
Pahran Victoria 3181
Australia

Applicant / Appellant

represented by ABECSA PATENTES Y MARCAS, Alcalá, 117, 2 Izqda., 28009
Madrid, Spain

v

Peppy Pals AB

Herrgårdsvägen 31 B
SE-182 39 Danderyd
Sweden

Opponent / Defendant

represented by ROSCHIER ADVOKATBYRÅ AB, Brunkebergstorg 2, SE-111 51
Stockholm, Sweden

APPEAL relating to Opposition Proceedings No B 2 889 940 (European Union trade
mark application No 15 976 855)

THE FIFTH BOARD OF APPEAL

composed of G. Humphreys (Chairperson and Rapporteur), C. Govers (Member) and
A. Kralik (Member)

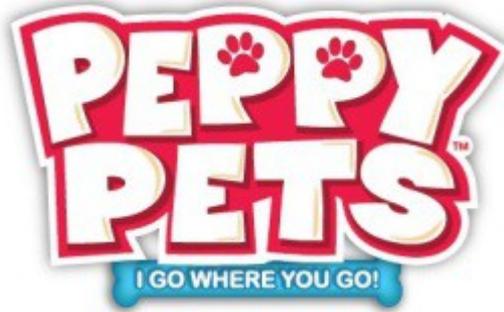
Registrar: H. Dijkema

gives the following

Decision

Summary of the facts

- 1 By an application filed on 7 February 2017, TPF RETAIL (AUST) PTY. LTD. ('the applicant') sought to register the figurative mark



for the following list of goods:

Class 28 - Games and playthings; toys.

- 2 The application was published on 14 February 2017.
- 3 On 4 May 2017, Peppy Pals AB ('the opponent') filed an opposition against the registration of the published trade mark application for all the above goods.
- 4 The grounds of opposition were those laid down in Article 8(1)(b) EUTMR.
- 5 The opposition was based on the earlier EUTM registration No 13 893 664 for the word mark

PEPPY PALS

filed on 29 March 2015 and registered on 27 July 2015 for the following goods:

Class 28 - Electronic games; hand held units for playing electronic games; non-electric hand-held action skill games; action skill games; action figures as toys; toys, games and playthings; board games; puzzles; card games; game cards; plush toys; equipment for playing board games and interactive board games.

- 6 By decision of 16 April 2018 ('the contested decision'), the Opposition Division allowed the opposition and refused the trade mark applied for all the contested goods on the grounds that there was a likelihood of confusion. It gave, in particular, the following grounds for its decision:
 - The contested goods are identical to those covered by the earlier mark;

- The goods at issue are directed at the public at large. The degree of attention is considered to be average;
- The earlier mark is a word mark, 'PEPPY PALS'. The verbal element 'PEPPY' is a meaningful word in English meaning 'lively', 'full of vitality' or 'energetic'. In other languages of the relevant territory, for example French and Spanish, it has no meaning. It has an average degree of distinctiveness because, even in those parts of the relevant territory where it is a meaningful word, it neither describes the goods in question nor alludes to the characteristics thereof. The verbal element 'PALS' in the earlier mark is used informally by the English-speaking part of the public to mean 'friends'. For the relevant goods, which may be dolls, fur toys or games involving cartoon characters and animals, it may be seen as attributing them a personal nature or human characteristics. Therefore, its distinctiveness is lower than average for the English-speaking part of the public. For other parts of the public, such as the French- and Spanish-speaking parts of the public, the word 'PALS' is meaningless and therefore distinctive;
- The verbal element 'PETS' of the contested sign will be perceived by the English-speaking public as referring to tame animals kept in a household for companionship. Bearing in mind that the relevant goods may be toys for pets, toys in the shape of pets or games based on pet-like characters, this element is non-distinctive. For other parts of the public, such as the French- and Spanish-speaking parts of the public, the word 'PETS' is meaningless and therefore distinctive;
- The expression 'I GO WHERE YOU GO!' will be perceived by the English-speaking part of the public as a slogan that merely conveys information about the relevant goods, namely that the toys and playthings are mobile, handheld items that can be in their owner's continual physical possession. It is therefore considered to have a low degree of distinctive character. For other parts of the public, such as the French- and Spanish-speaking parts of the public, the expression is meaningless and therefore distinctive;
- The figurative elements of the paw prints and the bone suggest that the games, toys and playthings involve dog-like characters or are cuddly dog toys. Furthermore, the stylisation of the verbal elements is mainly intended for decorative purposes and to bring the words themselves to the attention of the public;
- In general, it must be observed that in the case of signs that consist of both verbal and figurative components, in principle, the public will more easily refer to the signs in question by their verbal element than by describing their figurative elements (14/07/2005, T-312/03, Selenium-Ace, EU:T:2005:289, § 37) ;
- Visually, the signs coincide in their first verbal element, 'PEPPY', and in the fact that their second verbal elements are made up of four letters, of which the first and the last are identical, 'P**S'. The differences lie in the position of those elements in the contested sign, and in the middle letters 'AL' and 'ET' in 'PALS' and 'PETS'. The signs also differ in the figurative elements and the

slogan 'I GO WHERE YOU GO!' in the contested sign, which have no counterparts in the earlier mark. Furthermore, bearing in mind that the contested sign's additional element 'I GO WHERE YOU GO!' is small and has limited distinctive character and that the additional figurative elements have a limited impact for the reasons given above, the relevant public will not pay them much attention. Consequently, the signs are visually similar to an average degree;

- Aurally, it must be taken into account that the expression 'I GO WHERE YOU GO!' of the contested sign is not likely to be pronounced due to its secondary position within the mark (03/07/2013, T-206/12, LIBERTE american blend, EU:T:2013:342 and 03/06/2015, joined cases T-544/12, PENSA PHARMA, EU:T:2015:355 and T-546/12, pensa, EU:T:2015:355). Furthermore, the figurative elements have no impact on the pronunciation of the contested sign. As regards the remaining elements, irrespective of the different pronunciation rules in different parts of the relevant territory, the pronunciation of the signs coincides in the sound of the verbal element 'PEPPY' and, for the vast majority of the relevant public, in the sounds of the letters P**S'. They differ in the sound of the second and third letters of their second words, 'AL' and 'ET'. Despite these differences, the signs will still be pronounced with the same number of syllables, and therefore have the same rhythm and intonation. Therefore, the signs are aurally similar to between an average and a high degree;
- Conceptually, for the English-speaking part of the public, the signs are dominated by associations with pets or friends that are lively or full of energy. It is not unusual for pet owners to refer to their pets as 'pals', since pets are often animals kept as companions or friends. The concepts of 'pets' and 'pals' are therefore interrelated, and this increases the conceptual similarity. Furthermore, the concepts deriving from the bone and the paw prints in the contested sign do not introduce any significant difference because they are strongly connected to the word 'pets'. The remaining verbal elements in the contested sign, 'I GO WHERE YOU GO!' conveys the additional concept that the goods are mobile, which has no counterpart in the earlier mark. However, since the conceptual commonalities between the signs derive from the dominant and more distinctive part of the contested mark, the signs are conceptually highly similar. For the part of the public that does not speak English, the verbal elements in the signs will be perceived as meaningless. The figurative elements depicting a bone and of paw prints in the contested sign may give rise to an association with animals. However, these figurative elements have a limited impact for all the reasons previously given. In any case, since the opponent's mark will not be associated with any meaning, the signs are not conceptually similar for the non-English-speaking part of the public;
- The opponent did not explicitly claim that its mark is particularly distinctive by virtue of intensive use or reputation. Consequently, the assessment of the distinctiveness of the earlier mark will rest on its distinctiveness per se. In the present case, the earlier trade mark as a whole does not describe or suggest any obvious characteristic of the goods at issue. Therefore, the distinctiveness

of the earlier mark must be seen as normal despite the presence of an element with a lower than average degree of distinctiveness;

- In the present case, the goods are identical. The earlier mark enjoys an average degree of inherent distinctiveness. The signs are visually similar to an average degree and aurally similar to between an average and a high degree. Conceptually, the signs are similar to a high degree for the English-speaking part of the public, whereas, for the remaining part of the public, the contested sign evokes concepts that are not present in the earlier mark, but are nevertheless not particularly memorable and not sufficiently obvious to counteract the visual and aural similarities. Despite the differences, the Opposition Division finds that there is still a likelihood of confusion between the signs when used for identical goods, as the commonalities between the signs lie in the dominant and more distinctive parts of the signs. Furthermore, the coinciding verbal element, ‘PEPPY’, is the first element of both signs, which tends to be the part of the sign that generally catches the attention of consumers when they encounter a trade mark. It is therefore clear that the commonalities between the signs outweigh the differences.

- 7 On 15 June 2018, the applicant filed an appeal against the contested decision and on 19 July 2018 submitted the statement of grounds of the appeal.
- 8 On 6 September 2018 the opponent filed its observations in response to the appeal.

Submissions and arguments of the parties

- 9 The applicant requests the Board to annul the contested decision and to dismiss the opposition. Its arguments raised in the statement of grounds may be summarised as follows:
 - Considering the differences between the signs and the coexistence which has been proven, there can be no likelihood of confusion in the present case;
 - The contested mark has an undeniably distinctive and unmistakable character;
 - Considering that the goods in question are toys, the visual impression of the signs is of primary importance. The contested sign is colourful, funny, with characteristic shapes and stylised letters, some containing dog’s footprints;
 - Many other trade marks containing the word ‘PEPPY’ are registered in Class 28 (‘PEPPY PINGOS’, PEPPY CARDS’, LES TOUFOUS PEPPY PUPS’, ‘BOOGIE PSI ROZRABIAKA PEPPY PUPS’). The French company which is the owner of ‘LES TOUFOUS PEPPY PUPS’, containing also a stylisation which is similar to the one of the contested EUTMA, expressly authorised the applicant to register the mark at issue;
 - Contrary to the opponent’s assertions, the slogan ‘I GO WHERE YOU GO’ cannot be considered negligible. It is distinctive and noticeable;

- The average consumers are children who recognise the marks by their appearance and graphic representation. The difference will be noticed at first glance;
 - TMView shows eight other registered trade marks with the same beginning in Class 28. Thus, the protection that market offers has to be in accordance to the standard of protection up to date, and cannot increase the level of protection conferred without a due reason;
 - In view of clear visual differences between the signs and taking into account that the relevant consumers are children, there can be no likelihood of confusion;
 - The likelihood of confusion is further excluded by the peaceful co-existence of eight trade marks coinciding in the element ‘PEPPY’ and registered in Class 28 in the European Union.
- 10 The opponent requests the Board to dismiss the appeal and to confirm the contested decision. Its arguments raised in response to the appeal may be summarised as follows:
- The relevant public is obviously not limited to children but also encompasses adult consumers, in particular parents. Therefore, the Opposition Division correctly identified the relevant public as consisting of average consumers,
 - Where a trade mark is composed of verbal and figurative elements, the former are, in principle, more distinctive than the latter, because the average consumer will more readily refer to the goods in question by quoting their name rather than by describing the figurative element of the trade mark. Although the figurative elements of the contested mark cannot be considered negligible, they are clearly not of such a nature as to divert the consumers attention from the word element ‘PEPPY PETS’, which constitutes the part of the mark that the public will more easily remember and use to identify that sign. Colours and stylisation are essentially decorative;
 - Regarding the argument of co-existence, the applicant has not shown that the trade marks referred to co-exist on the market without any likelihood of confusion. There, the argument has to be rejected;
 - Given the visual and aural similarities between the conflicting signs and considering the identity of the conflicting goods, there is a likelihood of confusion in the present case.

Reasons

- 11 All references made in this decision should be seen as references to the EUTMR (EU) No 2017/1001 (OJ 2017 L 154, p. 1), codifying Regulation (EC) No 207/2009 as amended, unless specifically stated otherwise in this decision.
- 12 The appeal complies with Articles 66, 67 and Article 68(1) EUTMR. It is admissible.

Likelihood of confusion – Article 8(1)(b) EUTMR

- 13 Article 8(1)(b) EUTMR provides that, upon opposition by the proprietor of an earlier trade mark, the trade mark applied for must not be registered if, because of its identity with or similarity to an earlier trade mark and the identity or similarity of the goods or services covered by the trade marks, there exists a likelihood of confusion on the part of the public in the territory in which the earlier trade mark is protected.
- 14 The risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion within the meaning of that article (see 11/11/97, C-251/95, Sabèl, EU:C:1997:528, § 16-18; and 29/09/98, C-39/97, Canon, EU:C:1998:442, § 30). The likelihood of confusion is to include the likelihood of association with the earlier trade mark.

Comparison of the goods

- 15 The comparison of the goods has not been contested in the appeal proceedings. For the sake of completeness, the Board fully endorses and ratifies the Opposition Division's analysis and findings in this respect; the conflicting goods are identical.

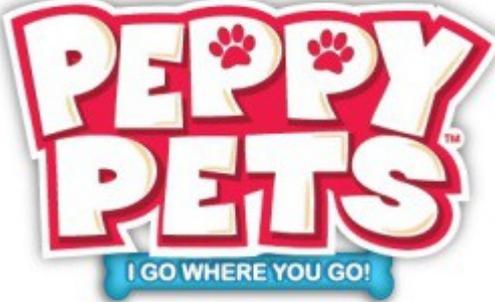
Relevant public

- 16 The relevant public for the assessment of the likelihood of confusion is composed of users likely to use both the goods and services covered by the earlier mark and those covered by the mark applied for that were found to be identical or similar (24/05/2011, T 408/09, ancotel, EU:T:2011:241, § 38 and the case-law cited and 01/07/2008, T-328/05, Quartz, EU:T:2008:238, § 23 confirmed by 10/07/2009, C-416/08 P, Quartz, EU:C:2009:450). Furthermore, the relevant public is identified by means of the nature of the goods covered by the conflicting marks.
- 17 For the purposes of the global appreciation, the average consumer of the category of services concerned is deemed to be reasonably well-informed and reasonably observant and circumspect (22/06/1999, C-342/97, Lloyd Schuhfabrik, EU:C:1999:323, § 17-26). It should, however, be recalled that the average consumer's level of attention is likely to vary according to the category of goods or services in question and that the average consumer only rarely has the chance to make a direct comparison between the different marks but must place trust in the imperfect picture of them that he has kept in his mind (22/06/1999, C-342/97, Lloyd Schuhfabrik, EU:C:1999:323, § 26).
- 18 In the case at hand, the Opposition Division considered that the goods at issue were directed at the public at average consumers. Even if, as argued by the applicant, the end consumers of the goods concerned are children, the relevant public is deemed to consist of public at large (21.04.2005, T-164/03, 'monBeBé', EU:T:2005:140, § 49). It will be normally children's parents and relatives who purchase the goods at issue.
- 19 The level of attention of the relevant public will be average.

- 20 As the earlier mark is protected in the European Union, the relevant territory is that of the European Union.

Comparison of the signs

- 21 The signs to be compared are:
22

<p style="text-align: center;">PEPPY PALS</p>	 <p>The logo features the words 'PEPPY PETS' in a large, bold, red-outlined font. The two middle 'P's in 'PEPPY' contain red paw prints. Below this, the slogan 'I GO WHERE YOU GO!' is written in a smaller, blue font on a blue background that resembles a bone.</p>
<p style="text-align: center;"><i>Earlier sign</i></p>	<p style="text-align: center;"><i>Contested sign</i></p>

The contested sign consists of the expressions 'PEPPY PETS' and 'I GO WHERE YOU GO', represented in a stylised manner. The expression 'PEPPY PETS' is represented in a visibly larger font against red background. The two middle letters 'P' of 'PEPPY' contain dog's footprints. The expression 'I GO WHERE YOU GO' is represented in a standard font below, against a blue background resembling a bone. The earlier sign is the word mark 'PEPPY PALS'.

- 23 Visually, the signs coincide in the word 'PEPPY'. The second element of the earlier mark 'PALS' also bears some similarity to the second element 'PETS' as they have identical first and last letters and the same length. The signs differ with the stylisation of the contested sign and its additional element 'I GO WHERE YOU GO!'. This element, although not negligible, it is clearly subordinate to the dominant element of 'PEPPY PETS' in view of its significantly small size and position below the words 'PEPPY PETS' and against a less bright background. Overall, the signs are visually similar to an average degree as the elements 'PEPPY PALS' and 'PEPPY PETS' are very similar.
- 24 Aurally, the contested sign is likely to be pronounced as 'PEPPY PETS' or 'PEPPY PETS. I GO WHERE YOU GO'. The earlier sign will be pronounced as 'PEPPY PALS'. The signs coincide aurally in the sound of 'PEPPY' while 'PETS' and 'PALS' are similar insofar as they have share the first and last letter and both are composed of only one syllable. The signs are aurally similar to an average degree to high degree, depending on whether consumers would pronounce the slogan 'I GO WHERE YOU GO' or not.

- 25 Conceptually, the expressions 'PEPPY PETS', 'PEPPY PALS' and 'I GO WHERE YOU GO' are all meaningful in English. 'PEPPY' means 'full of energy or vigour', 'PET' is a domestic animal, kept for pleasure or companionship and 'PAL' is a partner, friend. The expression 'PEPPY PETS' refers thus to an energetic pet and 'PEPPY PAL' to an energetic partner or friend. The expression 'I GO WHERE YOU GO' stresses constant company, possibility to take a toy everywhere. The signs are, therefore, conceptually similar for English-speaking public insofar as they both evoke an energetic companion.
- 26 Both signs are meaningless for the public which has no knowledge of English and the conceptual comparison is neutral for these consumers.

Distinctive character of the earlier mark

- 27 The earlier mark has no descriptive meaning in relation to the goods in question and there are no other reasons to consider it weak. Therefore, the distinctiveness of the earlier mark must be seen as normal.

Overall assessment of the likelihood of confusion

- 28 According to established case-law, the likelihood of confusion must be appreciated globally, taking into account all factors relevant to the circumstances of the case (11/11/1997, C-251/95, Sabèl, EU:C:1997:528, § 22; 29.09.1998, C-39/97, Canon, EU:C:1998:442, § 16; and 22/06/1999, C-342/97, Lloyd Schuhfabrik, EU:C:1999:323, § 18).
- 29 That global assessment implies some interdependence between the relevant factors, and in particular a similarity between the trade marks and between the goods or services covered. Accordingly, a lesser degree of similarity between those goods or services may be offset by a greater degree of similarity between the marks, and vice versa.
- 30 In the present case, the conflicting goods are identical. Consequently, a lesser degree of similarity of the signs is sufficient to find a likelihood of confusion.
- 31 The signs are visually and aurally similar insofar as they share an identical element 'PEPPY', which is the first element of both signs. Also the second elements ('PALS' and 'PETS' respectively) are visually and aurally similar to a certain degree. In addition, the signs are conceptually similar for the English-speaking public.
- 32 Insofar as the applicant stresses the importance of figurative elements of the contested sign, the Board recalls that, in case of signs composed of both verbal and figurative elements, components, it is the verbal element that usually has a stronger impact on the consumer than the figurative component. This is because the public does not tend to analyse signs and will more easily refer to the signs in question by their verbal element than by describing their figurative elements (14/07/2005, T-312/03, Selenium-Ace, EU:T:2005:289, § 37). Therefore, the stylisation of the earlier mark cannot offset the similarity due to the presence of the identical verbal element.

- 33 In addition, the signs coincide in the first verbal element. The coincidence in the beginning of the signs is particularly relevant as consumers generally tend to focus on the beginning of a sign when confronted with a trade mark.
- 34 It must also be emphasized that the relevant public rarely has a chance to make a direct comparison between the signs but must place their trust in the imperfect recollection of the marks in question (22/06/1999, C-342/97, Lloyd Schuhfabrik, EU:C:1999:323, § 25-26).
- 35 In view of the foregoing, it is concluded that the similarities between the signs are such that they give rise to a likelihood of confusion. It has to be recalled that likelihood of confusion covers situations where the consumer directly confuses the trade marks themselves, or where the consumer makes a connection between the conflicting signs and assumes that the goods/services covered are from the same or economically linked undertakings. It cannot be excluded that in view of the identical element 'PEPPY' and the element 'PETS' of the contested sign, the consumers may assume that the contested mark denotes a new line of 'PEPPY PALS' toys which imitate pets and originate from the same or economically linked enterprises (06/10/2004, T-117/03 - T-119/03 & T-171/03, NL, EU:T:2004:293, § 51). This applies in particular to the English-speaking public.
- 36 Insofar as the applicant claims peaceful co-existence of trade marks containing the element 'PEPPY', the Board recalls that coexistence on the market can be taken into account as a factor which can reduce the risk of confusion only if a number of specific conditions have been fulfilled: the co-existence must be on the market place, must be 'peaceful' and the applicant has to demonstrate that this peaceful co-existence was based upon the absence of any likelihood of confusion (11/05/2005, T-31/03, Grupo Sada, EU:T:2005:169, § 86). However, in the present case, the evidence supporting the co-existence argument is limited to eight examples of registration and does not allow to draw any conclusion as to the actual co-existence on the market. As a consequence, this argument must be dismissed.
- 37 In view of the foregoing, the appeal is dismissed.

Costs

- 38 Pursuant to Article 109(1) EUTMR and Article 18 EUTMIR, the applicant, as the losing party, must bear the opponent's costs of the opposition and appeal proceedings.
- 39 As to the appeal proceedings, these consist of the opponent's costs of professional representation of EUR 550.
- 40 As to the opposition proceedings, the Opposition Division ordered the applicant to bear the opposition fee of EUR 320 and the opponent's representation costs which were fixed at EUR 300. This decision remains unaffected. The total amount for both proceedings is therefore EUR 1 170.

Order

On those grounds,

THE BOARD

hereby:

1. **Dismisses the appeal;**
2. **Orders the applicant to bear the opponent's costs in the appeal proceedings, which are fixed at EUR 550. The total amount to be paid by the applicant in the opposition and appeal proceedings is EUR 1 170.**

Signed

G. Humphreys

Signed

C. Govers

Signed

A. Kralik

Registrar:

Signed

p.o. P. Nafz

