

O/044/21

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NUMBER 3,213,230 BY ONTRO LIMITED

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF MARK BRYANT (O/192/20) DATED 26 MARCH 2020

DECISION

Introduction

1. This is an appeal from the decision of Mr Mark Bryant, for the Registrar, dated 26 March 2020 (O/192/20) where he partially upheld and partially rejected the opposition under section 5(2)(b) of the Trade Marks Act 1994 of Delta Air Lines, Inc to Ontro Limited's trade mark application (No. 3,213,230). Delta appeals.
2. On 16 February 2017, Ontro applied to register the following trade mark in relation to certain goods and services in Classes 16, 35, 39, 41 and 43:



3. The application was opposed by Delta based on its earlier mark (EUTM: 8,149,941):



4. This earlier mark is registered in relation to "Air transportation services featuring transit lounge facilities for passenger relaxation" in Class 39.
5. The Appellant appeals the dismissal of its opposition to the application in relation to the following goods and services only:
 - Class 16: in-flight magazines
 - Class 35: loyalty, incentive and bonus program services; loyalty scheme services; organisation, operation and supervision of customer loyalty schemes; management of customer loyalty, incentive or promotional schemes; customer loyalty services for commercial, promotional and/or advertising purposes; consumer loyalty card and loyalty scheme services

Class 39: chauffeur services; storage of luggage; collection of luggage; wrapping services for baggage protection during travel
Class 43: arranging and/or providing meals for travellers.

Renewed stay application

6. On 18 September 2020, I rejected the Respondent's application to stay the appeal pending the resolution of an application to revoke the trade mark at the European Intellectual Property Office (see *Skyclub* (O/462/20)). The stay application was renewed at the Hearing on 4 December 2020. The renewed application was based on a change of circumstance, namely the Respondent had filed an application at the EUIPO to invalidate the earlier trade mark. This application was made on 1 December 2020 and was based on the Respondent having been a prior user of the mark. There was no good reason put forward why this application was not made earlier.
7. I make no comment upon the merit of the invalidation application at the EUIPO. However, as I said in the Hearing, it would be quite wrong to delay the appeal by reason of an application to invalidate the earlier mark being filed a few days beforehand, and this is particularly the case where such an application could have been made on the same grounds since 2017 (if not earlier). Accordingly, I rejected the renewed application for a stay.

Standards of appeal

8. The standard of appeal is by way of review. Neither surprise at a Hearing Officer's conclusion nor a belief that he or she has reached the wrong decision will suffice to justify interference in this sort of appeal. Before that is warranted, it is necessary for me to be satisfied that there was a distinct and material error of principle in the decision in question or that the Hearing Officer was wrong. The relevant principles were set out in *TT Education Ltd v Pie Corbett Consultancy* [2017] RPC 17 by Daniel Alexander QC and more recently by the Supreme Court in *Actavis Group PTC EHF v ICOS Corporation* [2019] UKSC 15.
9. When considering this appeal, and applying these principles, it is important to remember the high bar set.

Grounds of appeal

10. The Appellant raises two grounds of appeal. The first ground is that the pleadings of the Applicant (now Respondent) had put in issue only the similarity of the marks (and not the similarity of the goods and services). Accordingly, the Appellant submits it was not open to the Hearing Officer to find the goods and services covered by the Appellant's mark to be dissimilar to those covered by the Respondent's mark. The second ground, in the alternative, was that the findings of fact as to the similarity of those goods and services were wrong and inconsistent.

Pleading point

11. A trade mark opposition is started by filing Form TM7. In addition to questions regarding the identification and details of the Opponent, the form includes various sections. Section A relates to oppositions under section 5(1) and section 5(2). This section includes: a box to be ticked indicating the sections of the Trade Mark Act 1994 upon which the opposition is based; details regarding the mark, including a representation; the goods and services upon which the opposition is based; a statement

of use; and an indication of which goods and services are being opposed. This is followed by a box for applicants to include further information.

12. The TM8 is a much shorter form. It requires the Applicant to provide information identifying the relevant mark and proceedings; the Applicant's name and details; any proof of use (if required); and then there is a box for the Applicant to set out its Counter-Statement.

13. The Counter-Statement in this case read as follows:

8. Counterstatement by defendant:

The Applicant admits that the Opponent is the registered proprietor of EUTM Registration No. 8149941 but denies that the mark applied for is similar to the Opponent's mark or that the user of the mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or repute of the Opponent's mark.

14. Mr Stobbs, for the Appellant, submits that this Counter-Statement put the similarity of the mark in issue, but not the similarity of the goods or services. Essentially, he argues that as the Counter-Statement does not deny or not admit that the goods and services are similar then that fact is admitted. Further, that where a fact is admitted neither party can lead evidence contrary to the admitted fact and, accordingly, a Hearing Officer cannot find a fact contrary to the admission. Mr Stobbs does not carry his submission home, however, he has not suggested that the failure of the Applicant to plead against the existence of a likelihood of confusion is an admission that there is such confusion.

15. Mr Engelman submits that the Appellant's TM7 was defective as it did not plead anything substantive and so there is nothing to "plead against".

16. This pleading argument was addressed by the Hearing Officer in his Decision, [24]:

Mr Stobbs pointed to the applicant's defence to the section 5(2)(b) ground which is limited to a denial that the respective marks are not similar and that I should proceed to decide the case only insofar that this is the applicant's defence. Certainly, there are circumstances when a deficient defence should not be open to a remedy at a late stage in the proceedings. However, in these proceedings I note that, in their skeleton arguments, both sides address other issues that contribute to the global appreciation required when assessing the likelihood of confusion. In the current circumstances, the opponent has not been disadvantaged and has opportunity to address the broader issues relating to the global appreciation test relevant to the assessment of likelihood of confusion and, further, has provided submissions on these points.

17. It is important to note that the Hearing Officer was *not* ruling on an application to amend the pleadings. No application to amend was made before him. The Hearing Officer simply proceeded on the basis that the pleadings alleged that the goods and services were not similar.

18. As the Court of Appeal made clear in *Magdeev v Tssvetkov* [2019] EWCA Civ 1802, [26 to 28] a court cannot proceed to consider something requiring an application without a formal application actually being made. Rule 62(1)(e) provides that the Hearing Officer may allow a statement of case to be amended, but such an amendment requires an application to be made first. While the Hearing Officer would have been perfectly entitled to invite a party to apply to amend its statement of case, it is not open to the Hearing Officer to amend it unilaterally.

19. Accordingly, the issue becomes whether the TM8, as filed, was sufficient to put the issue of the similarity of goods and services in issue. If the TM8 was sufficient then the Hearing Officer was entitled to make the findings he did (subject to the second ground of appeal) but if the TM8 was not sufficient then he would have to treat the goods as similar (this would raise an issue about *how* similar he must treat them as being).
20. Before considering the adequacy of the TM8, I will first address Mr Engelman's argument regarding the TM7. He alleges that the TM7 filed in this case was insufficient as it included no separately pleaded Statement of Grounds.
21. In *WILD CHILD TM* [1998] RPC 455, Mr Geoffrey Hobbs QC, sitting as the Appointed Person, spelt out what was required for an objection under section 5(4)(a):

The Scope of the Opposition

In the interests of justice and fairness it is plainly necessary for an objection to registration under section 5(4) to be framed in terms which: (i) specify whether the objection is raised under subsection (4)(a) or subsection (4)(b); (ii) identify the matters which are said to justify the conclusion that use of the relevant trade mark in the United Kingdom is liable to be prevented by virtue of an "earlier right" entitled to recognition and protection under the relevant subsection; and (iii) state whether the objection is raised in relation to all or only some (and, if so, which) of the goods or services specified in the registration or application for registration of the relevant trade mark...

22. In relation to each of these things, as adapted for objections under section 5(2)(b), it is possible to make the objection entirely by completing the boxes on TM7. There is no need to file a separate Statement of Grounds. Of course, where certain things are alleged a Statement of Grounds will be needed, for instance where enhanced distinctiveness is claimed. Nevertheless, an Opponent has a fully pleaded claim based on the completion of the boxes on Form TM7 alone.
23. The same cannot be said for Form TM8. Mr Engelman submits that filing Form TM8 should be treated as a general denial; that is, denying everything alleged by the Opponent that is not specifically addressed in the pleadings. In other words, if a blank Counter-Statement were filed then the similarity of marks, the similarity of goods and services, the likelihood of confusion, and anything else alleged by the Applicant would be in issue.
24. The position in the Civil Procedure Rules (CPR) is clear; namely, a defendant must state which allegations are denied, which allegations a defendant is unable to admit or deny, and which allegations the defendant admits (CPR, 16.5(1)). Where a defendant fails to deal with an allegation it is taken to be admitted (CPR 16.5(5)). This is subject to the rule that where an allegation is not dealt with, but the defence sets out the nature of his case in relation to the issue to which that allegation is relevant, then the allegation must be proved by the Claimant (CPR 16.5(3)). Thus, the filing of a "blank" defence would lead to the whole of the Claimant's case being admitted.
25. The procedure before neither the registrar nor the Appointed Person is governed by the CPR, but there is a Tribunal Practice Notice (TPN 4/2000) which deals with pleadings and provides a similar rule to the CPR:
 19. A defence should comment on the facts set out in the statement of case and should state which of the grounds are admitted or denied and those which the applicant is unable to admit or deny but which he requires the opponent to prove.

20. The counter-statement should set out the reasons for denying a particular allegation and if necessary the facts on which they will rely in their defence. For example, if the party filing the counter-statement wishes to refer to prior registrations in support of their application then, as above, full details of those registrations should be provided.

26. In the context of the CPR, the Court of Appeal has emphasised that there is a positive duty on a defendant to admit or deny matters unless the party is unable to do so: *SPI North Ltd v Swiss Post International (UK) Ltd* [2019] EWCA Civ 7 at [48]. As Lord Hoffmann opined in *Barclays Bank Plc v Boulter* [1999] 1 WLR 1919 at 1923:

The purpose of the pleadings is to define the issues and give the other party fair notice of the case which he has to meet.

27. In that case, their Lordships excused otherwise inadequate pleadings (under the old Rules of the Supreme Court) because the case the defendant would have to meet was made abundantly clear (from concealed and referential allegations) and the pleading point was said to be “technical in the highest degree” (*Barclays* at 1923). In that case, the defendant’s Counsel had made it clear that he would be able to deal with the point without the trial being adjourned. On the other hand, the plaintiff would merely have to make a formal request to amend. On balance it was concluded that no amendment was necessary.

28. In this case, it is clear from the Hearing Officer’s decision that the amendment would have been allowed if an application had been made and (as in fact occurred) the parties were ready to proceed on the basis that the similarity of goods and services, the global appreciation test and the likelihood of confusion was in issue. However, in contrast to *Barclays*, in this case there was no concealed or referential allegation. The defence appeared only to address the (now abandoned) section 5(3) ground and nothing (other than experience) would have put the Appellant on notice that the similarity of goods and services or confusion were in issue in relation to s 5(2)(b).

29. The Hearing Officer has the power to request clarifications from a party to proceedings under r 62(1)(a) of the Trade Marks Rules 2008. He also could have invited Mr Engelman to apply to amend his pleadings to put in issue the similarity of goods and services, confusion and so on. Neither of these things happened. Accordingly, the Hearing Officer was wrong to proceed on the basis that the similarity of goods and services, confusion and anything other than similarity of the marks was in issue.

30. On appeal, Mr Engelman applies to amend his pleadings to put each element of section 5(2)(b) in issue (this application is conditional on his pleadings being found to be inadequate).

31. There is no doubt that the appellate courts have the power to allow the amendment of particulars of claim after the trial has concluded (see *Coflexip v Stolt Comex Seaway* [2001] RPC 5, [7]; *Islington v UCKAC & Anor* [2006] EWCA Civ 340, [36-41]). Indeed, the Appointed Person is given the power to allow amendments to be made to the Statement of Case: Trade Marks Rules 2008, r 62(1)(e) as applied by r 73(4).

32. Having determined that the Hearing Officer should not have proceeded as he did, the next step would be for me to remit it back to him to consider the matter afresh (as his other conclusions might, for instance, have been tainted by the interdependency

between the similarity of mark and similarity of goods and services). In turn, this would lead to the Respondent applying to amend its pleadings.

33. Mr Stobbs argues that had such an amendment been allowed, he would have asked for an adjournment to file evidence. However, it is clear that the Appellant's case before the Hearing Officer had been prepared on the basis that the pleading point might fail. It is my view that, had an application to amend been made, the Hearing Officer would have allowed the amendment and required the hearing to proceed on the same day and concluded that the Opponent (now Appellant) would not suffer any unfair prejudice by reason of allowing that amendment.
34. Furthermore, the Hearing Officer's decision on the substantive trade mark issues would not have changed in any material way by reason of the pleadings being amended. This is because he proceeded as if the similarity of goods and services, the global appreciation test, and the likelihood of confusion were in issue. Accordingly, by granting Mr Engelman's application on appeal and allowing the necessary amendments to the Counter-Statement, the rest of his decision can stand subject to the second ground. It is to this ground I must now turn.

Ground 2: Similarity of goods and services

35. The Appellant submits that there were various flaws with the Hearing Officer's assessment of the similarity between the services covered by the earlier mark and the goods and services covered by the application.

Construction of "featuring"

36. A preliminary point relates to the construction of the specification for the earlier mark. It reads "Air transportation services featuring transit lounge facilities for passenger relaxation.". The Hearing Officer said little about the term "featuring", save at Decision, [36]; he suggested that the services are *limited* to services "featuring transit lounge facilities for passenger relaxation". However, in the same passage he indicates that transport services without qualification would be identical to those covered by the earlier mark because transport services might feature transit lounges.
37. Mr Stobbs submits that the specification covers "Air transportation services" and "featuring" should be read to mean "including" (so all air transportation services are covered). Conversely, Mr Engelman submits that the word "featuring" is limiting the scope of the specification so that all that is covered are transit lounge facilities (and not the remainder of air transportation services).
38. While not cited, Mr Stobbs's submission is supported by the EUIPO, *Guidelines for Examination, Part B, Section 3, Classification*, p 48 which suggests that "featuring" means "for example". In other words, the words are non-limiting. Even though the Hearing Officer referred to the Appellant's services being "limited" by the need to feature transit lounge facilities, the way he applied that limitation was essentially a reverse inclusion. Provided the service covered by the application could have included the lounges (even if it need not) then it was identical to the services covered by the earlier mark. I am content to adopt the Hearing Officer's approach as correct. For the avoidance of doubt, it is clear is that Mr Engelman's submission that the specification should be limited to transit lounges only is wrong.

The scope of air transportation services

39. Mr Stobbs's submissions as to the similarity of the goods and services are largely dependent on the fact that airlines provide more than simply air transportation to their customers. When considering the scope of services there were some words of warning from Jacob J in *Avnet v Isoact* [1998] FSR 16 and *Reed Executive Plc v Reed Business Information Ltd* [2004] EWCA Civ 159, [2004] RPC 40, which need considering. In *Avnet* Jacob J stated at page 19:

The answer I think depends on how widely one construes this expression "advertising and promotional services". It is not an unimportant question, because definitions of services, which I think cover six of the classifications in the respect of which trade marks can be registered, are inherently less precise than specifications of goods. The latter can be, and generally are, rather precise, such as "boots and shoes".

In my view, specifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities. They should be confined to the substance, as it were, the core of the possible meanings attributable to the rather general phrase.

40. In *Reed v Reed*, after setting out the second paragraph from *Avnet*, Jacob LJ stated:

44. Neither side dissented from this. The proposition follows from the inherent difficulty in specifying services with precision and from the fact that a service provider of one sort is apt to provide a range of particular services some of which will be common to those provided by a service provider of another sort. Here, for instance, both sides publish advertisements for jobs and have done so for years. No-one who has looked into a Reed Employment high street shop could have missed these. Nor could anyone have missed RBI's job advertisements in their various magazines.

45. Accordingly I think that principle applies here. What one must do here is to identify the core activities which make a service provider an "employment agency."

41. Accordingly, the similarity of goods and services must be assessed against the ordinary meaning of "air transportation services" and not against all the things that an air transportation service might also provide consumers. For example, long-haul flights usually provide on-demand films to passengers to keep them entertained. It would be quite wrong to suggest that the provision of on-demand films is similar to air transportation services just because these are commonly provided during flights.

42. In light of these points, I will consider the Appellant's arguments in respect of each of the goods and services.

Class 16: in-flight magazines

43. The Hearing Officer found that "in-flight magazines" had a low degree of similarity to the services covered by the Appellant's mark (Decision, [31]). Mr Stobbs suggests that this is inconsistent with the Hearing Officer's other finding "that consumers, upon encountering an in-flight magazine may associate its source with the provider of the aircraft" (Decision, [31]). I see no inconsistency. A finding that there would be no association would lead to the conclusion there was no similarity between the services covered by the earlier mark and in-flight magazines and, conversely, the finding that consumers *may* associate the source with the provider of the aircraft suggests some degree of similarity. The degree of similarity in the mind of consumers is a value judgment and there is no reason to disturb the Hearing Officer's findings in this regard. Accordingly, I reject the Appellant's contention that the assessment of similarity for these goods should be higher.

Class 35: Loyalty schemes & c

44. Mr Stobbs's submission below and before me is that air transportation services often include passenger loyalty schemes. The Hearing Officer accepted this submission so far as it was suggesting that the trade channels might overlap (Decision, [35]). However, he went on to say the services are different in nature, method of use and purpose and are not in competition and, finally, one is not indispensable to another. He concluded that the similarity of services was low.
45. The Appellant suggests that the Hearing Officer's findings were inconsistent with other findings he made. Essentially, the submission is that the Hearing Officer found travel agency services to be similar to air transportation service to a medium degree where that service was being used to arrange air transportation or involved transit as part and parcel of that service (Decision, [40]).
46. I must accept that airline loyalty schemes will usually allow the exchange of points for airline tickets and so loyalty scheme services *for airlines* will be used for booking air transportation services. But there does seem to be a difficulty with comparisons between goods and services and loyalty schemes in the way the Appellant proposes.
47. Loyalty schemes can relate to almost any business, from supermarkets to car rental companies, and from hotels to bookshops and banking. These schemes may even exist where trading is between businesses (and not between businesses and end consumers). Accordingly, loyalty schemes might be used for obtaining a broad spectrum of goods and services; indeed, in the case of supermarket loyalty schemes the "points" collected may be "spent" to obtain any goods sold on supermarket shelves. On the Appellant's submission this means, in essence, an application for loyalty schemes would be very similar to almost any goods and services included in an earlier application (essentially a variation of the "whole supermarket" argument). This cannot be right.
48. As I have already highlighted, the starting point for the assessment of similarity should be based on the core meaning of "air transportation services", namely transporting consumers from A to B by air, and *not* the extras (such as loyalty schemes) that might be provided to consumers of air transportation services as an incentive to trade with one airline over another. From that starting point, the Hearing Officer's reasoning is entirely logical, and I support it and agree the loyalty schemes only have a low degree of similarity.

Class 39: Chauffeur services

49. The Appellant submits that Chauffeur services are often provided as part of an air transportation package. The Hearing Officer was not able to accept this in the absence of evidence (Decision, [39]). He therefore based his assessment on his own experience. I accept, from personal experience, that some airlines do offer chauffeur services from a passenger's house to the airport and from the airport to a hotel (and back again). However, this does not mean the Hearing Officer's finding should be disturbed.
50. In *O2 Holdings Ltd's Trade Mark Application* [2011] RPC 22, [60], Mr Daniel Alexander QC, sitting as the Appointed Person, explained that:
...once an experienced hearing officer has made an evaluation, an appellate tribunal needs to have very sound reasons for substituting its own view and implicitly thereby saying that it is

better equipped with knowledge of the relevant field of commerce to evaluate the mark than the registrar.

51. Recently, in *Monster Munch* (O/521/20), [18], I emphasised that this statement is most apposite where the finding of fact is based on a Hearing Officer's *experience* relating to a particular good or service (while accepting that some findings of fact might be entitled to less appellate modesty). In this case, the Hearing Officer was (in the absence of evidence) basing his finding on his own experience and so even though my experience of the marketplace might be different, I should not simply substitute my experience for his. This means his findings of fact must stand. Therefore, his finding as to the similarity of the services (namely, there is a low degree of similarity) is also not open to challenge.

Class 39: Storage, collection and wrapping of luggage

52. Mr Stobbs submits that airline transportation normally includes the storage, collection and wrapping of luggage, and so these services must be highly similar and the Hearing Officer was wrong to find otherwise (see Decision, [43] and [44]). It is clearly right that airlines do collect luggage at check-in, store it in aircraft holds and then return it at a passenger's destination (at baggage reclaim). This would not, in normal usage, be considered to be a luggage collection and storage service. Indeed, in the normal meaning of the words, luggage collection and storage, even in the context of an airport, would be a service that is distinct from the flight itself. As wrapping luggage is not a requirement for most airlines or airports, it is even less associated with the transportation provider than storage and collection. I therefore agree with the Hearing Officer's conclusion that these services are different in nature, purpose, and methods of use, and are not in competition with the airlines and, despite common trade channels, have no more than a low level of similarity.

Class 43: Arranging meals for travellers

53. The Hearing Officer summarised his reasoning in relation to arranging meals for travellers at Decision, [49]:

49) Mr Stobbs submitted that it is common for passenger transit lounges to provide meals, cafes etc. I accept that this is the case and I conclude that there is the potential for overlap of trade channels and consequently there may be an element of competition where the consumer may make a choice of availing themselves to the food available in a transit lounge or using a food provider external to the lounge. However, the respective services are different in terms of nature, intended purpose and trade channels. Further, they are not complementary. I conclude that there is a level of similarity, but it reasonably low.

54. I entirely agree with this summary and conclusion.

Likelihood of confusion

55. The Appellant goes on to submit that there must have been some indirect confusion if both marks were used in relation to the goods and services discussed above. The Hearing Officer applied his mind to the concept of direct and indirect confusion (see Decision, [67]-[72]). He found that the goods and services subject to the appeal were simply not similar enough and so any link made would do no more than bring the earlier mark to mind. Thus, he focused his mind on the relevant issue and there was no error of principle or manifest error identified by the Appellant. I must therefore reject the second ground of appeal in respect of each and every good and service.

Conclusion

56. Accordingly, I allow the appeal in so far as it relates to the pleading point. However, I grant the Respondent's application to amend its pleadings which essentially regularises the position. I uphold the Hearing Officer's substantive conclusions so that the opposition so far as it relates to the goods and services which were the subject of the appeal (see paragraph 5) is successful.

Costs

57. The Respondent made an unsuccessful application for a stay (see paragraph 6). The Respondent must pay the Appellant a contribution towards the costs of that application in the sum of £750. The Appellant was successful in resisting the second application for a stay and in its pleading point. However, the Appellant was unsuccessful in relation to the rest of its appeal. On balance, the relative success of the parties suggests that a further £750 should be paid by the Respondent as a contribution towards the Appellant's costs.

58. As there was no order for costs before the Hearing Officer, the end result is that the Respondent must pay the Appellant £1,500 as a contribution towards its costs for this appeal. This sum should be paid within fourteen days of the date of this decision.

PHILLIP JOHNSON
THE APPOINTED PERSON
14 January 2020

Representation:

For the Appellant: Julius Stobbs of Stobbs IP

For the Respondent: Mr Mark Engelman instructed by Potter Clarkson LLP.