

O-059-04

**TRADE MARKS ACT 1994**

**APPLICATION No 2234347 BY HITACHI CREDIT (UK) PLC  
TO REGISTER THE TRADE MARK 'CREDIT MASTER'  
IN CLASSES 9, 16, 35, 36 & 42**

**OPPOSITION No 52604 BY MASTERCARD  
INTERNATIONAL, INC.**

## **BACKGROUND**

1. On 31 May 2000, Hitachi Credit (UK) Plc applied to register the trade mark CREDIT MASTER in Classes 9, 16, 35, 36 and 42. The application was accepted and proceeded to publication for opposition purposes in respect of the following goods and services.

**Class 09:**

Computer software; computer programs; electronic publications; computer software and programs and electronic publications relating to finance and banking, and to bonds; computer software and programs and electronic publications for the facilitation of Internet based and computer network based distribution of financial offerings.

**Class 16:**

Printed matter; printed publications; printed matter-magazines, stationery, instructional and teaching material; materials for packaging; publications (monthly, weekly magazines and newsletters, periodicals, journals, books etc), brochures and bulletins, printed advertising, leaflets, letters, posters and marketing and promotional material.

**Class 35:**

Advertising; business administration; business information relating to credit, financial risk management, regulatory issues, finance; financial research and information services.

**Class 36:**

Financial, banking, investment, broker and dealer services; services relating to the issue of bonds; provision of information on the global credit and financial markets; advisory and consultancy services relating to the aforesaid.

**Class 42:**

Provision of access to a database providing information relating to finance, banking, investment, dealing and brokerage; leasing and rental of access time to databases.

2. On 24 May 2001, MasterCard International, Inc filed Notice of Opposition. The opponent relies on the fact that it is the proprietors of 91 earlier trade marks consisting of, or containing, the word MASTER. It is sufficient if I record the five earlier trade marks on which the opponent relied at the hearing referred to below. These are:

- (a) UK Trade Mark No. 1564833 registered in Class 9;
- (b) UK Trade Mark No. 2178989 registered in Classes 9, 36 and 38;
- (c) UK Trade Mark No. 1275338 registered in Class 36;
- (d) UK Trade Mark No. 1305956 registered in Class 16;

- (e) Community Trade Mark No. 1013317 registered in Classes 9, 16, 18, 25, 28, 35, 36, 38, 39, 41 and 42.

3. Each of these marks consists of the word MASTERCARD alone. It is common ground that these marks are earlier trade marks.

4. The opponent claims that the trade mark MASTERCARD has acquired an enhanced level of distinctiveness as a result of the use made of it since prior to May 1995. It further claims that:

“In the case therefore the use of the trade mark of the Application in the United Kingdom is likely to cause confusion on the part of the relevant public such that the registration would be contrary to Section 5(2)(b) of the Trade Marks Act 1994.

In the alternative, should the Registrar consider any of the services of the Application to be dissimilar to the goods or services of the CTMs or UK Trade Marks, that by virtue of the reputation of the CTMs or UK Trade Marks in the United Kingdom or European Union respectively, use of the trade mark of the Application in the United Kingdom would take unfair advantage of or be detrimental to the distinctive character or repute of the Trade Marks such that the registration would be contrary to Section 5(3) of the Trade Marks Act 1994.”

and that:

“Further, that by virtue of the earlier mark MASTERCARD being well known in the United Kingdom, especially in relation to financial and credit services and goods for the provision of these services irrespective of the goodwill achieved in the territory, that as a consequence of the use of the trade mark of the Application in the United Kingdom on goods and services that are not similar to those of the registrations for the earlier well known mark MASTERCARD, the goods and services of the mark of the Application would be likely to be associated with the owner of the earlier well known mark and therefore registration would be contrary to Section 5(3) of the Trade Marks Act 1994.”

5. The opponent further claims that use of the applicant’s mark would amount to passing off and that registration would therefore also be contrary to Section 5(4)(a) of the Act.

6. The applicant filed a counterstatement in which it:

- (a) admitted the existence of entries on the UK and CTM registers corresponding to the earlier trader marks relied on by the opponent;

- (b) denied that there is any likelihood of confusion on the part of the public because, inter alia, the opponent’s goods and services are directed at the general public whereas those of the applicant are targeted at businesses;

- (c) denied the opponent's claim that its marks enjoy a reputation and put the opponent to strict proof thereof;
- (d) denied the other grounds of opposition

7. Both sides ask for an award of costs.

### **THE HEARING**

8. The matter came to be heard on 3 December 2003 when the applicant was represented by Mr Buehrlen of W H Beck Greener & Co, and the opponent was represented by Mr Brandreth of Counsel, instructed by Field Fisher Waterhouse.

### **APPLICATION TO AMEND GROUND OF OPPOSITION**

9. At the hearing, Mr Brandreth sought to rely upon the judgements of the European Court of Justice (ECJ) in *Davidoff and Others v Gofkid* [2003] FSR 28 and *Addidas Salomon AG v Fitnessworld Trading Ltd* (C408/01) in order to apply the objection taken under Section 5(3) of the Act to the goods/services in the application which are identical or similar to the services for which the opponent claims that its mark enjoys a reputation.

10. Section 5(3) of the Act is as follows:

“5.-(3) A trade mark which -

- (a) is identical with or similar to an earlier trade mark, and
- (b) is to be registered for goods or services which are not similar to those for which the earlier trade mark is protected,

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 Community trade mark, in the European Community) 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.”

11. The cases cited above resulted in requests for preliminary rulings from the ECJ about the scope of Articles 4(4)(a) and 5(2) of Directive 104/89. These are optional provisions which the UK has (like all other Member States) chosen to implement, in our case as Sections 5(3) and 10(3) of the Act. These sections are expressed in identical terms to the corresponding provisions of the Directive. The ECJ was asked whether, notwithstanding the reference in the relevant Articles to “goods or services which are **not** similar to those for which the earlier trade mark is protected” (emphasis added), a Member State which has implemented the provision was also required to provide protection where the respective goods or services are similar or identical. The ECJ has answered that question in the affirmative.

12. Mr Brandreth's skeleton argument recognised that these decisions of the ECJ had extended the scope of Section 5(3) of the Act from that which had previously been

understood. His client sought to take advantage of this by making submissions about the applicability of Section 5(3) in circumstances where the applicant's goods and services are identical or similar to those for which the earlier mark has a reputation.

13. National courts and tribunals are required, as far as possible, to interpret legislation based upon a European Directive in a way which is consistent with the Directive. If the ECJ is able to find that the words "not similar" in Article 4(4)(a) of the Directive mean "whether or not similar" it must be possible for this tribunal to stretch the same words in Section 5(3) of the Act, so that they have the same meaning. I therefore accept that Section 5(3) of the Act may apply whether or not the goods or services in the application are similar to those for which the earlier mark has a reputation and is protected.

14. The next question is whether an opponent who has relied on Section 5(3) of the Act in a Notice of Opposition, and repeated the wording of that provision in the objection to the proposed registration, should now be taken as having also raised an objection under that Section to the registration of the trade mark for goods or services which are similar or identical to those in respect of which the earlier mark is claimed to have a reputation.

15. I made a finding at the hearing to the effect that, in the circumstances described above, the objection should **not** be considered to have been taken in respect of goods or services to which, on a natural reading of the objection, it did not apply. My reasons for this finding are as follows. Firstly, the requirement to interpret the language of the national legislation as far as possible in line with the European Directive does not apply to the wording chosen by an opponent to express his objections to registration. Secondly, it is still possible, even after *Addidas v Fitnessworld*, for an opponent to rely upon Section 5(3) purely in relation to dissimilar goods or services. It is not therefore safe to assume that an objection taken under Section 5(3) and expressed in terms of dissimilar goods or services should be taken to cover identical or similar goods. And thirdly, and most importantly, an applicant for registration should not have to follow the case law of the ECJ in order to understand the extent of the objections actually taken against his application.

16. The proper course for an opponent who has previously taken an objection under Section 5(3) of the Act and directed it at dissimilar goods/services, and who now wishes to take the same objection in respect of goods/services which are identical or similar to those for which the earlier trade mark enjoys a reputation, is for the opponent to apply to amend the Notice of Opposition.

17. Following a ruling to this effect, Mr Brandreth applied to make such an amendment. Mr Buehrlen for the applicant resisted it on the grounds of lateness and prejudice. The prejudice was said to arise because, if it had been raised earlier, the extension of the Section 5(3) ground to cover identical and similar goods and services may have caused the applicant to file different evidence to rebut that objection.

18. I rejected the opponent's request to amend the grounds of opposition. My reasons for doing so are that:

- a) the request was made very late - half way through the hearing;

- b) the opponent's grounds of opposition raised the Section 5(3) objection in respect of dissimilar goods/services only as an alternative to a Section 5(2) objection in the event that the Registrar decided that any of the applicant's services were dissimilar to the goods/services for which the earlier mark was protected;
- c) the Section 5(3) ground of opposition was poorly particularised in the Notice of Opposition; it was not until the opponent's skeleton argument was filed that it was particularised further to a claim of damaging dilution of distinctiveness and/or an unfair advantage accruing to the applicant through the similarity of the respective marks resulting in an association (even if this did not result in confusion) between the opponent's reputation and the applicant's services;
- d) the potential significance of this claim could be different when considered in relation to services which are identical to those for which the opponent claims a reputation, eg financial services, as compared to the case where the services are claimed to be dissimilar;
- e) the applicant would be entitled to regard the amended claim as presenting a more extensive and potentially more significant objection under Section 5(3) than that foreshadowed in the Notice of Opposition;
- f) it was therefore possible that the applicant would have filed different evidence if it had been aware of the amended claim earlier;
- g) allowing the request would therefore have required me to adjourn the hearing in order to allow the applicant further time to file additional evidence in order to meet the case that was emerging against it;
- h) in all the circumstances, I did not believe that I was justified in exercising my discretion to allow the amendment at the time it was sought.

## **OPPONENT'S EVIDENCE**

19. The opponent's evidence includes a witness statement by John Bushby who was the General Manager of Europay International S.A. until January 2000. Europay International S.A. operated the opponent's business in Europe at the date of the application (the relevant date).

20. Mr Bushby explains that the opponent comprises an international organisation of financial institutions which provide credit facilities to individual and corporate customers under the MASTERCARD mark. The following extracts from Mr Bushby's evidence are sufficient to obtain an understanding of the scope of the opponent's business:

“Access to these credit facilities is essentially accessed by hand-held card technology. This technique can be used both as an access card to electronic terminals, including automated teller machines, (“ATM”), and point of sale terminals, as well as manual and other forms of payment including cheque payments.

In order to facilitate the provision of the core services provided, the opponent also has developed, and trades in, computer software and hardware and various other goods required to support remote access facilities. For this

reason, the opponent's trade mark MASTERCARD covers a wide range of goods and services relating to the provision of financial and credit services."

"The services have three different public faces. Firstly, a range of credit cards all bearing the MASTERCARD brand are issued to members of the public wishing to start up an account using the opponent's services. Secondly, a range of financial institutions, the members of the opponent's organisation, offer themselves as service providers of the MASTERCARD branded services. That is, accounts may be held by members of the public through any one of the opponent's members. Thirdly, retail and other businesses open to the public and private alike provide to their customers the availability of payment at their establishment by cards bearing the MASTERCARD mark."

"Payment services, which form the core of the opponent's business, are offered by retail and other businesses to any individual registered as a cardholder of the credit card branded as MASTERCARD. The business then pays a levy per transaction to the opponent.

The individual obtains registration of a MASTERCARD account through a particular financial institution, which is able to offer credit deals and structured payment and interest solutions to the individual who holds the account.

The opponent provides a central processing facility and thus electronic and manual networking solutions to the remote payment centres."

21. It hardly needs recording that the MASTERCARD credit card service is extremely popular in the UK. Along with the similar service provided by a competitor under the VISA brand, it is one of the two most popular credit card services in the UK. There are 15 million holders of the MASTERCARD credit card in the UK. The MASTERCARD mark (which is usually presented within a figurative device comprised of two overlapping circles) is very widely accepted by retailers who will usually acknowledge that on notices. Similar notices are posted on automatic telling machines through which cash may be obtained with a MASTERCARD.

22. The value of transactions under the MASTERCARD mark in the UK is enormous. In 1998 these transactions amounted to more than 43 billion dollars. As one would expect, a substantial amount is spent on promotion. In 1998, Europay spent £7 million on advertising (including TV and radio) and £1 million on promotion. A further £1 million was spent on sponsorship in the UK.

23. The opponent filed a witness statement by Adrian Lewis who is a legal advisor for Mondex International Limited, a subsidiary of the opponent. Mr Lewis explains that although the opponent is known for the provision of credit facilities it carries out other services in Europe, including risk management services. He explains that risk management is carried out through the implementation of computer chips on its smart cards. He says that the chips allow the opponent "to manage the risk parameters of individuals who use their cards in accordance with the profile of card holders". The opponent also offers the financial institutions which are its members a Risk

Assessment Management Programme (RAMP) to assist them in preventing credit card fraud.

24. Mr Lewis exhibits (as AL5) a brochure published by the applicant which, according to Mr Lewis, indicates that the applicant offers services which are similar to those of the opponent. He points out that, according to the brochure:

“Credit Master is a PC software package which has been designed to improve your customer service when offering finance. It makes quoting and processing applications for credit easier and more efficient than ever before.”

25. The opponent’s evidence also includes two witness statements from James Patrick Mitchiner, who is an Assistant Solicitor working for Field Fisher Waterhouse. Mr Mitchiner’s first witness statement introduces (without any real explanation) five investigation reports commissioned by the opponent. The reports are exhibited to the witness statement. The reports come from a firm called “The Investigators”. I have not been provided with the instructions given to the firm, but judging from the reports they appear to have been asked to investigate use of:

- a) MASTERCARD in business publications, including telephone directories;
- b) MASTERCARD specifically in relation to services in Classes 36 and 42;
- c) MASTERCARD without the double circle logo with which it is customarily used.

26. The results confirm that the MASTERCARD mark is very widely used in trade in the UK but, in my view, (despite occupying two ring binders) adds nothing to the evidence of Mr Busby in this respect.

27. The investigators’ efforts appear to have been somewhat indiscriminate. For example, the instruction to look, in particular, for use of MASTERCARD in relation to services in Classes 36 and 42 appears to have resulted in the investigators looking at the practices of a significant number of estate agents. Although estate agent’s services do fall within Class 42, this application does not cover those services. Two of the exhibits ( JPM2 and JPM3) were subsequently withdrawn on the grounds that they would not assist the tribunal.

28. Mr Mitchiner’s second witness statement introduces, again without any real explanation of its relevance or significance, the results of various searches apparently performed on the Internet against the word MASTERCARD. The results are exhibited as JPM1 – 9. Other than showing that there are a very large number of hits for MASTERCARD, the relevance of these exhibits (which occupy a further two ring binders) is unexplained.

29. The opponent’s evidence is completed by two witness statements by Kerry Andrew Lee, who is another Assistant Solicitor at Field Fisher Waterhouse. He exhibits (as KAL-1 to KAL-3) the results of another search carried out on the subject

of risk management services provided by credit card companies and the opponent. It is not clear what was searched and there is no analysis, interpretation or explanation of the results. I find this evidence to be equally unhelpful.

30. Mr Lee's second witness statement contains extracts from the opponent's web site which describes its risk management services. It adds nothing of substance to the evidence of Mr Lewis. He also provides evidence exhibits (KAL5 – 7) that other companies in the credit card industry provide risk management services to the institutions which issue their cards.

### **APPLICANT'S EVIDENCE**

31. The applicant's evidence consists of a witness statement by Mr Buehrlen, its Trade Mark Attorney. Mr Buehrlen exhibits two search reports the first of which shows that there are 243 registered (and one published) trade marks which include the word MASTER in Class 36 in the names of third parties covering financial services. In most cases the word appears as a suffix, or as a second word in a two word trade mark, e.g. CASHMASTER is registered for bank account services. In a few cases the word MASTER appears as the first word, e.g. MASTER ACCOUNT.

32. The second search report shows that the word MASTER also appears as an element of numerous trade marks registered in the other Classes of the application.

### **DECISION - Section 5(2)(b)**

33. Section 5(2) is as follows:

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

- (a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or
- (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.”

34. The relevant case law is set out in the following judgements of the European Court of Justice (ECJ) in *Sabel BV v Puma AG* [1998] E.T.M.R. 1, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] E.T.M.R. 1, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG* [2000] E.T.M.R. 723. It is clear from these cases that:

- (a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v Puma AG*, paragraph 22;
- (b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v. Puma*

AG, paragraph 23, 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; *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V.* paragraph 27;

- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v. Puma AG*, paragraph 23;
- (d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV v. Puma AG*, paragraph 23;
- (e) A lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc.*, paragraph 17;
- (f) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it; *Sabel BV v. Puma AG*, paragraph 24;
- (g) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v. Puma AG*, paragraph 26;
- (h) further, 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; *Marca Mode CV v. Adidas AG*, paragraph 41;
- (i) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc.*, paragraph 29.

35. It is therefore necessary for me to consider the net effect of any similarities between the respective trade marks and goods/services and to take account of any enhancement of the distinctive character of the earlier trade mark in assessing the likelihood of confusion on the part of an average consumer of the goods/services concerned.

### **Similarity of Goods and Services**

36. During the course of the hearing, Mr Beuhrlen indicated that the terms “financial” and “banking” services, which are included in the part of the application covered by Class 36, were not intended to cover credit card services. He explained that the applicant’s intention was limited to providing these services to businesses, and he proposed to amend his client’s application so as to qualify the terms “financial and banking” services with “for businesses”. I understood that to be an unconditional proposal which reflected the applicant’s actual trading intentions. I have therefore assumed that the proposal will be formalised by the filing of a Form TM21 and that there is therefore no need for me to consider the unamended specification.

37. The opponent relies upon the five earlier trade marks cited above. The mark in each case consists of the word MASTERCARD. I have been through the respective specifications of goods and services and find that the combination of UK registration No 1305956 and CTM 1013317 cover all the goods and services of the application except “electronic publications” in Class 9 and “provision of access to a database providing information relating to finance, banking, investment, dealing and brokerage; leasing and rental of access time to databases” in Class 42.

38. Electronic publications are plainly similar goods to “books” in Class 16 of earlier trade mark 1305956 and “computer software” in earlier trade mark CTM 1013317. I did not understand Mr Buehrlen to contend otherwise. He did contend that the opponent’s services in Class 42 were dissimilar to any of the goods and services in the specifications of the earlier trade marks. Mr Brandreth for the opponent submitted that the applicant’s Class 42 services were similar to certain services specified in Class 38 of the earlier trade marks, particularly “services for the transmission, provision or display of information from a computer-stored data bank or via the Internet”. Mr Buehrlen submitted that the services in Class 38 covered only the means of transmission of the data whereas the services covered the provision of the data itself. That submission accords with the classification system but the distinction may not be so apparent in the market place where a network provider or ISP could provide both aspects of the service. I therefore find that these services are similar.

### **Similarity of the Marks**

39. Mr Brandreth, for the opponent, submits that the words CREDIT and CARD are descriptive, at least in respect of financial services and related products, and therefore the dominant and distinctive feature of both marks is the word MASTER. He points out that the Registrar’s practice is generally to accept trade marks containing the word MASTER, which must therefore be judged to have some distinctive character. He submitted that the non-common words CREDIT and CARD, respectively, are to varying degrees descriptive of the goods/services described above, and do not adequately distinguish the marks. He says that the fact that both these words are connected to financial services introduce an element of conceptual similarity between the marks.

40. Mr Beuhrlen, for the applicant, submits that the marks are dissimilar. He points to the fact that MASTER appears as a prefix to the opponent’s single word mark whereas it is the second word of his client’s two word mark. He also points out that MASTER has a laudatory meaning and is therefore not very distinctive alone.

41. The respective marks share the word MASTER and I accept that the words CREDIT and CARD are descriptive and therefore, considered alone, have little or no capacity to distinguishing some of the goods and services. However, I do not believe that it follows that the word MASTER is therefore the “dominant and distinctive” element of the marks. In my judgement this approach pays too little attention to the tendency of consumers to regard trade marks as wholes. An average consumer does not analyse the individual words of a two word mark independently. He or she remembers the mark by reference to the overall impression created by the marks in his or her mind.

42. In this connection, I note that the idea created by the mark CREDIT MASTER is likely to be one of mastering (as in controlling) credit. By contrast, the mark MASTERCARD conjures up the idea of a superior or all purpose card. This distinction, together with the more obvious visual and aural differences between the marks, attracts me to Mr Beuhrlen’s submission that the overall impressions created by these marks are significantly different. The main point of similarity arises from the common use of the word MASTER. In this respect I note that, although capable of protection alone, the word MASTER does not have an inherently strong distinctive character.

43. I reject Mr Brandreth’s submission that the descriptive nature of the non-common words (CREDIT and CARD) creates any significant conceptual similarity between the marks. Only distinctive similarities are apt to support an objection under Section 5(2) of the Act, *Torremar Trade Mark* [2003] RPC 4, paragraphs 21-25. I find that, considered as wholes, the marks have a very low level of similarity.

### **The Opponent’s Reputation**

44. The opponent’s core business is plainly its credit card business. I have no difficulty in accepting that the MASTERCARD mark is extremely well known in the UK as one of the two leading brands of credit card. The opponent’s evidence seeks to demonstrate that its business also includes the provision of other goods and services, such as computer software, the provision of electronic links to its processing centres and risk management. I accept these claims as far as they go, but I do not believe that it is contended that these products are anything other than ancillary or complementary to the core services. The fact that a mark has been used to some extent in relation to several goods and services does not mean that the mark therefore has a reputation for all those goods and services. Despite the volume of evidence filed by the opponent there has been no attempt to quantify the extent of any trade in these ancillary or complementary products. In any event, I doubt whether even a substantial trade in, for example, the operation of processing centres would result in a reputation for the provision of such services as such if all they did was to process transactions made with the opponent’s credit cards. Rather such activity would be seen as part and parcel of the business of operating a major credit card business.

45. Mr Brandreth submitted that the evidence shows that the opponent’s core reputation is for financial services. Mr Beuhrlen appeared to accept (as I think he had to do) that the opponent’s mark had a reputation for credit card services. In my view, both are correct. At a general level the opponent’s reputation is for financial services,

but when the public think of MASTERCARD they will no doubt think, in particular, of the famous credit card.

### **Global Appreciation of the Likelihood of Confusion**

46. I bear in mind that the majority of the respective goods and services are identical but I find that the differences between the respective marks are such that even after I have allowed for the enhanced distinctive character of the opponent's trade mark as a result of the use made of it, and for the possibility of an average consumer imperfectly recollecting the earlier mark, there is no likelihood of direct confusion between the marks MASTERCARD and CREDIT MASTER. In reaching this conclusion I have taken the view that the average consumer of the goods and services listed in the application is likely to pay more than a minimal degree of attention when selecting these goods/services. This is not the proverbial "bag of sweets" case.

47. At the hearing, I asked Mr Brandreth for some examples of situations in which the opponent feared that there would be confusion. Both of the examples he came up with were examples of confusion through indirect confusion (or association as it called in the Act). In the first case, he cited the possibility of a consumer who was aware of the famous MASTERCARD credit card encountering a current account or some other type of credit facility being offered under the mark CREDIT MASTER and because of the similarities wrongly assuming that there is an economic connection between the operators of the respective services. His second example assumed the sale under the mark CREDIT MASTER of a computer program for managing debt and credit. Mr Brandreth submitted that the same factors would be likely to result in an average consumer assuming that there must be a commercial connection between the undertaking responsible for the software and the famous MASTERCARD credit card service provider.

48. It is well known that it is possible to take out a loan on a credit card account. I am not aware (and there is no evidence) that the public have been educated by past practice to expect credit card providers to sell software for managing credit and debt. Nevertheless, if the applicant's mark were also MASTERCARD or, in the case of loans, perhaps even MASTERCREDIT, these varying degrees of similarity between the respective services, or services and goods, would probably be enough to result in confusion. However, in my judgement, the similarity between the marks MASTERCARD and CREDIT MASTER is insufficient to result in the average consumer making an association between the respective marks. I therefore reject Mr Brandreth's examples of indirect confusion.

49. Although there is evidence that other credit card providers also provide risk management services, I believe that the differences between the marks are sufficient to avoid the consumer making an association between the marks in this situation too. There is no evidence of a practice whereby credit card providers offer risk management services under variant trade marks.

50. Because of the nature of the opponent's reputation, its best case is in relation to the applicant's services in Class 36. The opponent's mark has a reputation for financial services, particularly for credit card services. However, in my judgement, even allowing for the opponent's reputation, the use of the mark CREDIT MASTER

in respect of financial services of the kinds in the application, would not result in the public making a connection between this mark and MASTERCARD. There is therefore no likelihood of association and the Section 5(2) ground of opposition fails.

### **DECISION – Section 5(3)**

51. The purpose and scope of Section 5(3) of the Act has been considered in the judgements of the ECJ referred to above and in a number of earlier cases including *General Motors Corp. v Yplon SA* (Chevy) [1999] ETMR 122, *Premier Brands UK Limited v Typhoon Europe Limited* (Typhoon) [2000] FSR 767 and the *Daimler Chrysler v Alavi* (Merc) [2001] RPC 813, and *C.A. Sheimer (M) Sdn Bhd's TM Application* (Visa) [2000] RPC 484.

52. The points that come out of these cases are as follows:

- a) 'Reputation' for the purposes of Section 5(3) means that the earlier trade mark is known by a significant part of the public concerned by the products or services covered by that trade mark (paragraph 26 of the ECJ's judgement in *Chevy*);
- b) The similarity between a trade mark with a reputation and a later sign or mark does not have to be such as to give rise to a likelihood of confusion between them; the provision may be invoked where there is sufficient similarity to cause the relevant public to establish a link between the earlier mark and the later mark or sign, *Addidas Salomon AG v Fitnessworld Trading Ltd*;
- c) The link must be such as to cause actual detriment, or take unfair advantage, of the earlier mark or its repute, paragraph 88 of Pumfrey J.'s judgement in the *Merc* case);
- d) The provision is not aimed at every sign whose use may stimulate the relevant public to recall a trade mark which enjoys a reputation with them (per Neuberger J. in the *Typhoon* case);
- e) The stronger the earlier mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it (per Neuberger J. in the *Typhoon* case);
- f) Detriment can take the form of either making the earlier mark less attractive (tarnishing) or less distinctive - blurring (paragraph 88 of Pumfrey J.'s judgement in the *Merc* case);
- g) Unfair advantage can take the form of feeding on the fame of the earlier mark in order to substantially increase the marketability of the goods or services offered under the later trade mark (per G Hobbs QC in *Visa* at page 505, lines 10-17).

53. I have already found that the opponent's mark has a substantial reputation (see paragraph 44 above).

54. Mr Brandreth's skeleton argument put the opponent's case like this:

“Even where the connection created is not one in which the consumer is confused the effect will still be detrimental to the distinctive character of the (MasterCard) marks. The connection that MasterCard has sought to achieve and which it says it has achieved in the mind of the consumer between MasterCard and financial services will be diluted by the presence of another entity in the same area using a similar mark. Further, by creating an association in the consumers' minds between the services offered under the Application and the MasterCard business, even though there is no confusion, Hitachi will take advantage of the reputation that MasterCard has developed. Accordingly, the application is objectionable under section 5(3) of the Act.”

55. In the light of my findings at paragraphs 15-18 above, it is only necessary to consider this objection in respect to those goods and services which are dissimilar to those for which the opponent has a reputation. This would include 'computer software' in Class 9 and 'risk management services' in Class 42.

56. I find that the opponent's case fails because, considered in relation to these types of goods and services, I do not believe that the similarity of the respective marks to be sufficient for the average consumer of the products to make any link between them.

57. In this connection I note that, as with the case brought under Section 5(2), the opponent's case depends, in part, on the proposition that the word MASTER is the dominant and distinctive element in its mark, and that the appearance of this word in other marks will be sufficient (at least absent distinctive distinguishing matter) to trigger a link in the public's mind between its mark and marks such as CREDIT MASTER. However, as I have explained above in giving my reasons for rejecting the Section 5(2) ground of opposition, I believe that the suggestion attributes the average consumer with a propensity to mentally dissect two word marks such as these. I do not believe that consumers in fact pay that much attention.

58. In case I am found to be wrong about that, I further find that the evidence is insufficient to show that any link that was made between the marks would result in the applicant's mark taking unfair advantage of, or being detrimental to, the distinctive character or repute of the opponent's mark.

59. I regard the submission that the applicant's mark will take (unfair) advantage of the repute of the opponent's mark through a process of word association to be somewhat far fetched when considered in relation to goods/services which are dissimilar to those for which the opponent's mark enjoys a reputation.

60. The onus is on the opponent to make out its case under Section 5(3). I note that the provision refers to use which "will" be detrimental rather than simply a likelihood or risk of such damage. I therefore regard the opponent's claim of damaging dilution of the distinctive character of its mark (or more accurately the MASTER element of it) to be somewhat optimistic in the absence of evidence that its mark is unique (or at least one of a small number of marks) in utilising the word MASTER, even within the market for financial services. It is clear from the applicant's evidence that the

opponent is far from being able to claim a *de jure* monopoly in such marks which would be damaged by the proposed registration.

#### **DECISION – Section 5(4)(a)**

61. I have taken full account of the opponent's reputation in reaching the findings I have made under Sections 5(2)(b) and 5(3). Mr Brandreth was unable to say that his client could succeed under Section 5(4)(a) in circumstances where it has failed under Sections 5(2)(b) and/or 5(3). I reject the opposition under this Section for the same reasons as those given above.

#### **CONCLUSION**

62. The opposition has failed.

63. I direct the applicant to file a Form TM21 within one month of the date of this decision confirming the amendment of the specification in Class 36 proposed at the hearing.

#### **COSTS**

64. The opposition was directed at all the goods and services listed in the application but has failed. The limitation proposed at the hearing is very narrow and could only have affected the extent to which the opponent succeeded to a trivial extent. The applicant is therefore entitled to a contribution towards its costs

65. The applicant asks for an award of costs on a compensatory basis. The justification for this claim is that the opponent filed a large volume of irrelevant evidence, which it was forced to review, resulting in wasted time and unnecessary cost.

66. I have already indicated that I regard Mr Mitchiner's evidence, and the first part of Mr Lee's evidence, as being of no assistance. Further, the presentation of the evidence was such that this conclusion could not be reached without first trawling through the voluminous exhibits to three brief witness statements in order to establish whether they contained anything of relevance or significance. Mr Mitchiner's evidence originally included two exhibits which provided a significant amount of information about the use of the mark MASTERCLASS by a company called Elliott Group Limited. The opponent withdrew these two exhibits after the applicant complained that they appeared wholly irrelevant. However, the applicant's advisors would have had to review them to reach this conclusion.

67. Much of the rest of this evidence appears to be either irrelevant or its relevance has to be guessed at. The kindest description would be that the evidence is of unexplained relevance. At worst, this approach to the filing of evidence could be regarded as an oppressive tactic.

68. Mr Brandreth sought to excuse the opponent's approach to the filing of evidence by pointing out that the applicant initially denied the opponent's claim that its trade marks enjoyed a reputation with the public. He submitted that this forced the

opponent to file a large volume of evidence going to the reputation of the MASTERCARD mark.

69. Mr Beuhrlen pointed out that the opponent had originally relied upon 91 earlier trade marks, not all of which included the word MASTERCARD, and that the claim of a reputation was not particularised to any specific mark or to any particular goods or services.

70. In my view there is some justification in the applicant's point that the opponent's initial "kitchen sink" approach to the citation of its earlier trade marks left it without a clear view of what reputation was being claimed in respect of which goods and services. However, that did not prevent the applicant from admitting that the MASTERCARD marks has a reputation for credit card services and, in my view, this is so obvious that it should have been admitted from the outset. Further, the applicant first raised the fact that its services were only provided "business to business" in its counterstatement and it could have amended its application to limit some of the general claims much earlier than it did, although judging from Mr Brandreth's response to the proposed amendment, it was unlikely to have made much difference to the opponent if it had.

71. The fact a party has behaved unreasonably, to some extent, does not prevent that party seeking compensatory costs if the other party has behaved unreasonably to a significantly greater extent, *Bud Trade Mark* [2002] RPC 38. The question therefore is whether the opponent is open to such a criticism in respect of their approach to the filing of evidence.

72. In my judgement the opponent's behaviour in deluging the applicant with unexplained and indiscriminate search and investigation reports was unreasonable, and much more so than the applicant's behaviour.

73. There does not appear to be any dispute that Rule 60 of the Trade Mark Rules 2000 gives the Registrar a wide discretion when it comes to awards of costs. I intend to use that discretion to award costs above the usual scale in this case.

74. I will order the opponent to pay the applicant a sum of £500 to cover the cost of considering the Notice of Opposition and preparing a counterstatement. In addition I intend to award the applicant a further £1000 to cover the cost of the hearing, including the preparation of a skeleton argument. The applicant's own evidence was brief and I award only £100 to cover the cost of filing it. I intend to award the applicant £750 to cover the cost of reviewing the evidence of Mr Bushby, Mr Lewis and the second witness statement of Mr Lee, together with the exhibits to this evidence. The amount awarded to the applicant for reviewing the opponent's evidence is normally capped at £750, so I have stayed within the scale up until this point.

75. I further order the opponent to pay the applicant the reasonable cost of its review of each of Mr Mitchiner's four ring binders full of exhibits. I assess this as being £500 per ring binder of evidence. In addition, I will award a further £250 to cover the cost of reviewing the exhibits attached to Mr Lee's first witness statement and the cost of the correspondence necessitated by the opponent's evidence.

76. In total that amounts to £4600. However, as I have accepted the request to consider the extent to which the parties behaviour was unreasonable, it is necessary for me to consider both sides behaviour. I therefore intend to reduce that figure to £4000 in recognition of the fact that the applicant's own behaviour was unhelpful in one respect and late in another.

77. I order the opponent to pay the applicant the sum of £4000 in respect of these opposition proceedings. That sum to be paid within 7 days of the end of the period allowed for appeal.

**Dated this 10<sup>th</sup> Day of March 2004**

**Allan James  
For the Registrar  
The Comptroller General**