

O/074/12

TRADE MARKS ACT 1994

TRADE MARK REGISTRATION No. 2486099

IN THE NAME OF S.M. CELESTIAL CO. LIMITED OF TAIWAN

AND

TRADE MARK REGISTRATION No. 2501836

**IN THE NAME OF LOVING HUT INTERNATIONAL LIMITED OF THE BRITISH
VIRGIN ISLANDS**

AND

APPLICATIONS 83871 & 83786

BY LIPSY LIMITED

FOR THE ABOVE TRADE MARKS TO BE DECLARED INVALID

BACKGROUND AND ISSUES IN DISPUTE

1. On 28 April 2008, S.M. Celestial Co. Ltd of Taiwan, China (“Celestial”), applied to register the trade mark shown below.



2. The trade mark was registered on 18 September 2008 under number 2486099 (“099”) for the following goods and services:

Class 29:

Preserved, frozen, dried and cooked fruits and vegetables; jellies, jams, compotes, milk and milk products, edible oils and fats, vegetarian frozen foods, vegetarian sausages, vegetarian food; desserts made from vegetables; sauces made from vegetables.

Class 30:

Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice; sauces made for vegetarians; drinks made for vegetarians.

Class 31:

Fresh fruits and vegetables.

Class 43:

Services for providing food and drink, dining and restaurant services for the provision of vegetarian food, vegetarian restaurant and catering services

3. On 6 November 2008, Loving Hut International Limited of the British Virgin Islands (“Loving hut”) applied to register the following trade mark.



4. The mark was registered on 22 May 2009 under number 2501836 (“836”) for the following goods and services:

Class 18:

Leather; imitations of leather; animal skins; hides; trunks [luggage]; travelling bags; umbrellas; parasols; walking-sticks; whips; harness; saddlery.

Class 21:

Household utensils [not cutlery]; household containers; kitchen utensils; kitchen containers; combs; sponges; brushes (other than paint brushes); brush-making materials; articles for cleaning [non-electric]; steel wool for cleaning; unworked glass; semi-worked glass; glassware for kitchen purposes; porcelain; earthenware.

Class 29:

Preserved, frozen, dried and cooked fruits and vegetables; jellies, jams, compotes, milk and milk products, edible oils and fats, vegetarian frozen foods, vegetarian sausages, vegetarian food; desserts made from vegetables; sauces made from vegetables.

Class 30:

Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice; sauces made for vegetarians; drinks made for vegetarians.

Class 31:

Fresh fruits and vegetables.

Class 43:

Services for providing food and drink, dining and restaurant services for the provision of vegetarian food, vegetarian restaurant and catering services.

5. On 9 June and 17 September 2010, Lipsy Limited (“Lipsy”) applied under s.47 of the Act to have the registrations declared invalid. The grounds of invalidation still pursued are that:

- i) Lipsy is the proprietor of two earlier Community trade marks, 6239693 (“693”) and 6719744 (“744”) which cover the following mark:



- ii) The 693 CTM is registered for goods in Class 18 which Lipsy claims are the same or similar to the goods in Class 18 for which Loving hut's 836 mark is registered.
- iii) The 744 CTM is registered for goods in Classes 3 and retail services in Class 35, which Lipsy claims are similar to the goods in classes 18 and 21 for which Loving hut's 836 mark is registered.
- iv) Lipsy claims that the 836 mark is similar to its earlier mark and that there is a likelihood of confusion. Consequently, registration of Loving hut's mark in classes 18 and 21 was contrary to s.5(2) of the Act.
- v) Lipsy claims that the mark covered by its CTMs has a reputation for jewellery, costume jewellery, bags and handbags, clothing, footwear, headgear (in respect of the 693 CTM) and retail services relating to jewellery, bags, handbags, clothing, footwear and headgear (in respect of the 744 CTM).
- vi) Lipsy claims that for all the goods and services for which they are registered:

"...use of the [099 and 836] mark[s] by or with the consent of [Loving hut or Celestial] would exploit without due cause the reputation enjoyed by Lipsy Limited under its L and heart trade mark. Further, Lipsy Limited's reputation under its...mark and the positive connotations evoked by that trade mark would be transferred unfairly to the goods and services covered by [the 099 and 836 mark] with the result that the marketing of those goods and services by [Loving hut and Celestial] would be made easier by virtue of the association with Lipsy Limited and its trade mark. Registration [was] therefore contrary to s.5(3) of the Act."

- vii) Lipsy is the proprietor of the following registered Community design under number 691050-004



- viii) Lipsy claims that use of the 936 and 099 marks by Celestial or Loving hut, or with their consent, would be an infringement of the registered design. Registration was therefore contrary to s.5(4)(b) of the Act.
- ix) Lipsy further claims that it has used the sign registered as a design since March 2007 in the UK in relation to clothing, handbags, jewellery, accessories and retail services and that:

"Use of the [836 and 099] mark[s] amounts to a misrepresentation that the user is commercially connected to Lipsy Limited or otherwise"

associated with Lipsy and this representation is damaging to Lipsy Limited's business and amounts to an actionable passing off".

Consequently, registration of the 836 and 099 marks was contrary to s.5(4)(a) of the Act.

6. Loving hut and Celestial filed counterstatements denying the grounds for invalidation. I note the following points:

- i) That Loving hut and Celestial are members of the same business group.
- ii) That a "coincidence" of goods in Class 18 between the 836 mark and the 693 CTM is admitted.
- iii) That one or other of the proprietors have also registered the mark in 13 other countries around the world.

7. Given the similarity of the issues in the invalidation proceedings against the 836 and 099 marks, and given that the registered proprietors of the marks are members of the same business group, the proceedings were consolidated.

THE HEARING

8. The matter came to be heard on 11 January 2012 when Celestial and Loving hut were represented by Mr Wood of Briffa, solicitors, and Lipsy was represented by Mr Hugo Cuddigan of Counsel, instructed by Harrison Goddard Foote.

LIPSY'S EVIDENCE

9. Lipsy's evidence is set out in a witness statement of Sarah Noble, who is the Company Solicitor. Ms Noble says that:

"In March 2007 the company went through a major rebrand involving all the visual identity used in its business. Included in this was the design of the so-called "L with heart" logo" [as per paragraph 5(i) above]

10. Ms Noble says that the "L with heart" logo is used *"as part of the identity of the entire business of the company"* and she provides an example of the corporate branding which looks like this:



11. The public launch of the re-branding is said to have taken place *"in the summer of 2007"*. The re-brand launch party took place on 7 August 2007 and was attended by celebrity guests. In this connection, Ms Noble mentions [only] a Kimberly Stewart. Ms Noble says that exhibit SN3 consists of *"samples of the publicity received"*. In fact the first 32 pages of this exhibit consist of prospective designs for the pages of a website. They are marked *"Lipsy Christmas shoot product"* so they are plainly not

publicity from the launch party in August 2007. The remaining 13 pages appear to be promotional shots of celebrities associating themselves with Lipsy and its products. For example, there is a picture of Lady Gaga carrying a Lipsy carrier bag bearing the corporate branding with the message "*Lady Gaga wears [picture of L and heart logo] LIPSY London*". Some of the shots (including the shot of Lady Gaga) feature women apparently shopping rather than at a party. Others may have been taken at the launch party. One of the shots¹ shows a group of four (unnamed) celebrities wearing the same outfits in which they appear in exhibit SN4, which is supposed to show a later event (see below). There is no indication of where any of these promotional shots appeared, or whether they ever did. In my view, the content of this exhibit lacks credibility and coherence. It appears to have been thrown together without sufficient regard to the statement it was intended to support. I do not doubt that a launch party took place in August 2007 at which Kimberly Stewart was present. I doubt that all the celebrities shown in exhibit SN3 were present. And I am unable to establish what, if any, publicity the event attracted.

12. Ms Noble says that Lipsy gained further publicity with the opening of its store in the Brent Cross Shopping Centre and "*a celebrity filled launch party held at the Crystal Club in London*", photographs of which make up exhibit SN4. These show a number of young women mostly posing against a backdrop bearing the Lipsy corporate branding described above. Again there is no indication or explanation of whether or where any of these pictures were published.

13. Ms Noble says that Lipsy spent £350k on advertising and publicity for the Lipsy brand and its products in 2007, but she provides no further information about how this was spent. She claims that "*the media value of PR was significantly above this figure as the company generates most of its publicity through high profile PR such as regular features in fashion, celebrity and women's magazines*". However, the only instance of such promotion in evidence is a copy of a page from MailOnline dated 29 October 2008. Under the heading "*Lily Allen swears off drink as she enjoys a night on the D-list at fashion party*" the article records that Ms Allen is a "*huge fan*" of Lipsy clothing and that she performed a DJ set at the launch party for the first Lipsy store in Brent Cross Shopping Centre. The article appears to have been accompanied by a picture of Lily Allen carrying a Lipsy carrier bag which bears the corporate branding, including the name Lipsy and the L and heart logo.

14. According to Ms Noble, Lipsy sold £10.5m worth of "*goods*" branded with the L with heart logo in 2007 and £15m worth of "*goods*" in the period January to 15 September 2008. There are no invoices or other sales documents in evidence. There are no advertisements which show how the mark was being used in relation to any particular goods or services in 2007/2008². However, there is no suggestion that these sales occurred anywhere except in the UK.

15. I find that Lipsy's approach to its evidence of reputation is extremely casual. I am prepared to accept that Lipsy had a business in the UK in April and November 2008 when the 099 and 836 marks were filed. I accept that this business had a protectable goodwill and that this was identified, inter alia, by the L and heart logo. Looking at the evidence as a whole, I am prepared to find that this business was probably

¹ On page 84 of SN3 and 102 of SN4

² Exhibit SN1 includes some examples from 2010 but Ms Noble does not say that these represent the position in 2007/2008.

based on a trade in women's clothing. On the evidence before me it is not possible to say whether the goodwill extended to other goods in 2008.

16. As to the extent of the goodwill, it is plain from the sales figures that it was not trivial. However, the extent of the reputation is impossible to gauge without either of:

- i) Information about where, when or how often the L and heart logo mark was placed before the public prior to the relevant dates in 2008.
- ii) Market share at those dates.

17. In this connection I note that the only third party reference that Lipsy has been able to show in its evidence is an article from somewhere in the MailOnline in October 2008, after the 099 mark was filed and just a month before the 836 mark was filed. Lipsy is not even mentioned in the heading of this article. This is scant evidence to show that the L and heart logo, by itself, had a reputation amongst a significant proportion of the relevant public for clothing and fashion goods in April and November 2008, as Lipsy claims, even if one limits the relevant public to young women.

CELESTIAL AND LOVING HUT'S EVIDENCE

18. Celestial and Loving hut filed two witness statements by Tan Teng Cheong of Loving Hut and Li Hui Chu of Celestial. The statements are very similar. Mr Chu says that Celestial began operations in January 1997 in Taiwan and *"has been involved in the design of clothes in Taiwan as well as the production of the Loving Hut uniform"*.

19. Mr Chu says that Celestial applied to register the 099 mark in April 2008 because Loving hut had not yet been incorporated.

20. Mr Chu further says that the 099 mark was *"initially created in early 2008 by Miss Chu Mei-Hsui and has been used consistently since that point"*.

21. Mr Cheong says that Loving hut was incorporated in June 2008 and began operations in Taiwan at the same time. The company provides low cost vegan food. The 836 mark was a development of the 099 mark. Exhibit 1 to Mr Cheong's statement shows photographs of its restaurants, some of which are mobile takeaways, and of the staff and their uniforms. As well as traditional overalls, these "uniforms" include polo shirts and baseball type caps upon which the 836 mark appears.

22. Loving hut has registered trade marks corresponding to the 099 or 836 marks in 16 countries and territories, including the EU, and by 2011 had 232 restaurants in 23 countries. Mr Cheong says that it was decided to target the UK for expansion in 2008 and the first UK restaurant opened in 2009.

23. It is plain that 099 and 836 marks were created and first used by Loving hut after Lipsy first started to use its L and heart logo in the UK in 2007. Although it is implied that the marks were independently created, there is nothing in the evidence which expressly denies that the creator had seen Lipsy's L and heart logo at the time. The only real value of Celestial and Loving hut's evidence is that it shows that the UK was not the only or main target market for their goods and services. I find that this provides a measure of support for their denial that the 099 and 836 marks were

intended to take advantage of any reputation that Lipsy's L and heart mark had in 2008 in the UK.

24. With these findings in mind, I turn to the legal grounds for invalidation. I find it convenient to start with the s.5(4)(b) ground based on Lipsy's registered Community design rights.

THE EARLIER REGISTERED COMMUNITY DESIGN RIGHT

25. Section 5(4) is as follows:

(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented-

(a) rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an "earlier right" in relation to the trade mark.

26. The Community Designs Regulation 6/2002 has direct effect in the UK. The relevant articles of this Regulation are as follows:

Article 3 Definitions

For the purposes of this Regulation:

(a) "design" means the appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colours, shape, texture and/or materials of the product itself and/or its ornamentation;

(b) "product" means any industrial or handicraft item, including inter alia parts intended to be assembled into a complex product, packaging, get-up, graphic symbols and typographic typefaces, but excluding computer programs;

(c) - .

Article 10 Scope of protection

1. The scope of the protection conferred by a Community design shall include any design which does not produce on the informed user a different overall impression.

2. In assessing the scope of protection, the degree of freedom of the designer in developing his design shall be taken into consideration.

Article 19 Rights conferred by the Community design

1. A registered Community design shall confer on its holder the exclusive right to use it and to prevent any third party not having his consent from using it. The aforementioned use shall cover, in particular, the making, offering, putting on the market, importing, exporting or using of a product in which the design is incorporated or to which it is applied, or stocking such a product for those purposes.

27. There is no dispute that the above provisions mean that using the trade marks on, or in relation to, the goods and services specified in paragraphs 2 and 4 above is potentially capable of infringing the Community design.

28. In deciding whether the use of the marks does infringe the Community design there are three other points to be taken into account. Firstly, I must have regard to the characteristics of the “informed user”. The informed user has been described by the Court of Justice of the European Union (CJEU)³ like this:

“It should be noted, first, that Regulation No 6/2002 does not define the concept of the ‘informed user’. However, as the Advocate General correctly observed in points 43 and 44 of his Opinion, that concept must be understood as lying somewhere between that of the average consumer, applicable in trade mark matters, who need not have any specific knowledge and who, as a rule, makes no direct comparison between the trade marks in conflict, and the sectoral expert, who is an expert with detailed technical expertise. Thus, the concept of the informed user may be understood as referring, not to a user of average attention, but to a particularly observant one, either because of his personal experience or his extensive knowledge of the sector in question”.

29. Secondly, in deciding whether the marks create the same overall impression as Lipsy’s design it is necessary to take into account how different that design is compared to the prior art. The more the design differs from the prior art the more likely it is that later signs with similarities to the design will create the same overall impression on the informed user. Conversely, the closer the design is to the prior art, the smaller the differences required for later signs to create a different overall impression to the design⁴.

30. Thirdly, the 099 mark is also registered as a Community trade mark under number 7224041. The same Community design was used as the basis of an application to have that mark declared invalid. However, the Cancellation Division at OHIM rejected the application in a decision dated 22 September 2011 because the mark was considered to create a different overall impression to the earlier design. The reasoning of the OHIM decision makers was essentially that:

“The colours [of the design and the mark] are strikingly different. Even when leaving out the exact colour combinations, although the design and the contested CTM share the basic outline of a swirly letter L followed by an outlined heart, the specific design of these elements as well as the numerous other figurative elements of the contested CTM and the verbal elements reduces the impact of similarity significantly. This in turn means that the informed user will be left with different overall impressions when being confronted with the darker and simpler earlier design and the brighter and more complex and flourished contested CTM”.

31. I understand that the OHIM decision is subject to an appeal. I will take the OHIM decision into account, but I will make my own decision.

³ See paragraph 53 of the judgment in *PepsiCo Inc. v Grupo Promer Mon Graphics and OHIM*, Case C-281/10.

⁴ See, for example, paragraph 27 of the judgment of the Court of Appeal in *Dyson v Vax* [2011] EWCA Civ 1206

32. Mr Cuddigan pointed out that the Community design, being a graphic symbol, was not affected by any design constraints. Accordingly, according to article 10(2) of the Regulation it is entitled to a wide scope of protection.

33. I accept that there are no design constraints. There is therefore no reason to limit the protection afforded to the Community design. However, as the design is a two dimensional graphic symbol, essentially of a kind that may be used as ornamentation on any article, there is no real scope for design constraints of the kind that may be relevant to designs for the shape and configuration of particular articles⁵. Accordingly, although I intend to give some weight to this factor, I do not regard it as a major one.

34. There is no evidence, either way, as to the difference between the Community design and the prior art. However, I take judicial notice that the letter L and the outline of a heart are not new symbols. Consequently, the overall impression created by the design must be the result of combining the letter L with the outline of a heart shape, and the particular presentation of the composite symbol.

35. As the design is a graphic symbol, which may be applied to any article, it is not straightforward to identify the informed user. Mr Cuddigan submitted that it was a member of the general public with an interest in design *per se* or an interest in graphic symbols. OHIM considered that the informed user was a person with “*some knowledge about graphic symbols in general, which also includes those used in the food and restaurant industry*”. That may suggest a user of graphic symbols rather than someone who uses the products and services to which they are applied. This apparent difficulty may, however, be less of a problem than first appears. This is because the CJEU in *PepsiCo Inc. v Grupo Promer Mon Graphics and OHIM*⁶ considered whether the General Court had been correct to accept that the informed user of pogs (a promotional plaything aimed at children) was either a 5-10 year child or a marketing manager and appears to have accepted that both types of user were relevant. The court attributed both types of user with the same characteristic of being particularly observant when it comes to the relevant design field. Therefore provided I keep this attribute in mind, it does not seem to matter whether it has been acquired through personal experience of using graphic symbols, or because of knowledge of the use of graphic symbols by others in the sector or sectors concerned.

36. Not surprisingly, Mr Wood essentially invited me to reach the same conclusion as OHIM for the same reasons. The OHIM decision relates to a CTM which is the same as the 099 mark, but not the 836 mark. I will therefore first address the relevance of the design to the 099 mark. The OHIM decision places some weight on the elements in the 099 mark which are absent from the earlier design, including the words ‘Loving hut’ and ‘Be Veg’ ‘Go Green’. However, it should not be possible to avoid design infringement simply by superimposing additional elements onto someone else’s design. This is because in such a scenario the infringer has still taken the design. So the mere fact that there are additional elements in the marks, compared to the design, cannot be decisive.

⁵ See, for example, *Dyson v Vax* [2010] RPC 39

⁶ Case C-281/10P, paragraphs 53-59

37. The Community design is registered in the colours grey and pink. The marks are also registered in colours, the principal colour being yellow. In these circumstances I agree with OHIM that the colours should be taken into account in the assessment of whether the marks create the same overall impression as the design. Although there is some pink in the marks, I find that the overall colour schemes are very different. This would register with a particularly observant user.

38. The L in the design is stylised. Mr Cuddigan described it as a regency style L. The L in the marks has even more of a flourish. So much so that it has three complete loops (one of which appears to 'run behind' the heart symbol) compared to the single complete loop in the stylised L in the design. Further, unlike the design, the top loop in the L in the marks almost forms a fourth complete loop behind the letter. The heart symbol in the design has a central division, like a real heart, which is missing from the outline of the heart symbol in the marks. Both heart symbols have 'tails', but the one in the marks is joined to the bottom of the L symbol, whereas the tail in the design continues well below the bottom of the L symbol (perhaps because it is intended to make the heart design also remind people of the letter Y, reflecting the last letter of Lipsy). The cumulative effect of these differences is that the marks do not look like the design with superimposed elements.

39. Even allowing for some imperfect recollection of the design, which the CJEU considered may be appropriate in some circumstances⁷, I find that the cumulative effect of the design differences described above is that the 099 mark will create a different overall impression on the informed user compared to the design. The 836 mark lacks the 'halo' or crown design element present in the 099 mark. However, I do not consider that this omission has a material effect on my conclusion. I find that the 836 mark will also create a different overall impression on the informed user compared to the design. I therefore reject the s.5(4)(b) ground for invalidation.

THE SECTION 5(2)(b) GROUND OF OPPOSITION

40. Section 5(2)(b) is as follows:

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

(a) -

(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.

41. The 099 mark is registered with effect from 28 April 2008. The 836 mark is registered with effect from 6 November 2008. Lipsy's 693 and 744 CTMs were registered in 2007. They are therefore 'earlier trade marks' for the purposes of s.5. Neither CTM had been registered for 5 years as at the date of the applications for invalidation. Consequently, the proof of use requirements in s.47(2A) of the Act do not apply.

42. In my consideration of whether there is a likelihood of confusion between the earlier CTMs and the 099 and 836 marks, I take into account the guidance from the

⁷ See paragraph 57 of the judgment in Case C-281/10P, cited above.

settled case law of the CJEU in *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77, *Marca Mode CV v Adidas AG & Adidas Benelux BV* [2000] E.T.M.R. 723, and *Shaker di L. Laudato & C. Sas v OHIM C-334/05 P (Limoncello)*. 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*.

(b) the matter must be judged through the eyes (and ears) of the average consumer of the services in question; *Sabel BV v Puma AG*, 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.*

(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*.

(d) the visual, aural and conceptual similarities of the marks must 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*.

(e) it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements: *Limoncello*.

(f) 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*.

(g) 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*.

(h) 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*.

Comparison of goods and services

43. Lipsy relies on the following goods in class 18 of its 693 CTM:

Bags and handbags; articles made from leather or from imitations of leather, and goods made of these materials and not included in other classes; cases, holdalls, tote bags, rucksacks, backpacks, bags for sport and recreational purposes; shoe and boot bags; vanity cases; wallets, purses; belts and straps; harnesses; key cases;

umbrellas; parasols; toiletry bags and cases; toilet bags and cases; cosmetic bags and cases; beauty cases.

44. It claims that these goods are identical or similar to the following goods in class 18 of the 836 mark:

Leather; imitations of leather; animal skins; hides; trunks [luggage]; travelling bags; umbrellas; parasols; walking-sticks; whips; harness; saddlery.

45. In comparing the respective goods, I take account of the judgment of the CJEU in *Canon* where the court stated at paragraph 23 of its judgment that:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary”.

46. I find that ‘trunks’, ‘travelling bags’, ‘whips’, ‘harness’ and ‘saddlery’ covered by the 836 mark may be made from leather or imitations of leather and are therefore identical to ‘articles made from leather or imitations of leather’ covered by the 693 CTM. Further, ‘travelling bags’ and ‘harness’ are plainly identical to ‘bags’ and ‘harnesses’ covered by the 693 CTM. ‘Umbrellas’ and ‘parasols’ are expressly listed in both lists of goods, so these goods are self evidently identical.

47. Mr Cuddigan submitted that ‘walking sticks’ covered by the 836 mark are similar to ‘umbrellas’ covered by the 693 CTM. He accepted that the goods did not have the same purpose and were not in competition. However, he emphasised that they tended to be sold through the same outlets (or parts of larger outlets). There is no evidence of this. A walking stick is a simple wooden or hard plastic product whereas an umbrella is a more complex product with a textile or soft plastic covering raised by metal ribs or arms. However, they both have a handle and a long solid pole-like core, so I accept that there is a modest degree of similarity about the nature of the products. They may be used by the same consumer. Overall, I find that there is a low degree of similarity between these products.

48. Mr Cuddigan further submitted that ‘leather; imitations of leather; animal skins; hides’ covered by the 836 mark were similar to goods made from these materials and covered by the 693 CTM. By way of example, he submitted that someone who buys a leather bag would think of themselves as having bought the leather that is used to make it. I do not accept this. The goods are not in competition. Leather, skins and hides etc. are materials from which goods may be made. The consumer of such materials would normally be someone, usually a trader, who wishes to use the materials to make a product. Thus the consumer of those goods is likely to be a different person from the person who wishes to buy a finished product, such as a bag. The channels of trade are therefore also likely to be different. At least that would be my expectation, and there is no evidence to contradict it. So I do not see much force in the argument that a person who buys a leather bag would think of themselves as buying the leather in it. Unless such a person is then, or on another occasion, likely to come across leather, hides etc. being sold under a similar mark, the perception of the bag-buying consumer about the source of the leather in the bag

will not lead to any confusion. I therefore find that the respective goods are dissimilar, or similar to only a low degree.

49. In the application to invalidate the 836 mark, Lipsy also claimed that the goods in Class 21 of the registration were similar to goods and services covered by classes 3 and 35 of the 744 CTM. The relevant goods and services are:

Class 03:

Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices; perfumes; colognes; body sprays; toiletries; cosmetics; body and beauty care cosmetics; toiletry products; toiletry preparations; toiletries in the form of creams and lotions; cleansing products; preparations for body care; preparations for care of hair; preparations for care of nails; nail varnish; preparations for care of skin; preparations for the eyes; preparations for the face; preparations for the feet; preparations for the hands; preparations for the nails; colouring substances for cosmetic purposes; cosmetic kits; cosmetic masks; deodorants; soaps; sponges impregnated with soaps/toiletries; talc; bath and shower oils, gels, creams, lotions, milks and foams; bath beads; bath crystals; bath salts.

Class 35:

The bringing together, for the benefit of others, of a variety of items of clothing, headwear, footwear, bags, leather goods, jewellery, stationary, toiletries and cosmetics, enabling customers to conveniently view, order and purchase those goods through an Internet web site, other means of telecommunication, a television channel, catalogue or physical store.

50. Mr Cuddigan said nothing about this in his skeleton argument or at the hearing. However, so far as I can see the point has not been expressly abandoned. In the circumstances I will deal with it briefly. I cannot see any similarity between the respective goods and services, except that 'articles for cleaning [non-electric]' in class 21 of the 836 mark has a medium degree of similarity to 'Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations' in class 3 of the 744 CTM. This is because even though the products are different in nature and are not in competition, they may be sold through the same outlets to the same consumer, and could be complementary in the sense that one is indispensable or important for the use of the other.

Distinctive Character of earlier CTMs

51. In my judgment, the earlier CTMs have a slightly above average degree of inherent distinctive character. This is because although the elements making up the mark are not original (and so the mark does not qualify for the highest level of distinctiveness in the way that an invented word like LIPSY might), the way the elements have been stylised and combined creates a memorable impression. Further, the L and heart elements are not descriptive or otherwise non-distinctive for the goods and services for which they are registered.

52. I do not consider that Lipsy's evidence of its reputation is sufficiently cogent or complete to enable me to find that the CTMs had acquired an enhanced level of distinctiveness at the relevant dates in 2008 as a result of use since August 2007.

Similarity between the Marks and the CTMs

53. I summarised the differences between the 099 mark and the Community design at paragraph 38 above. As I later noted, the 836 mark does not have the halo or crown element present in the 099 mark. Instead the device at the centre of the halo or crown in the 099 mark has been integrated into the top of the L and heart device in the 836 mark. I do not regard the halo or crown to be a dominant and distinctive element of the 099 mark. However, because it is not negligible it must be taken into account and this means that its absence from the 836 mark makes that mark a little closer to the CTMs from a visual perspective than the 099 mark. Taking that into account and subject to the point below, my earlier comparison of Lipsy's Community design and the marks may also serve for the purposes of a visual comparison between the CTMs and the marks.

54. The additional point is that the 693 and 744 CTMs are registered in black and white, whereas Lipsy's Community design was registered in colour. This means that colour has no part to play in the comparison of the marks under trade mark law⁸, whereas colour was a visual distinguishing factor when it came to a comparison of the marks with the earlier Community design.

55. In terms of aural similarity, I do not think that consumers are likely to try to articulate the CTMs in words or letters. It is a visual mark. By comparison, the 836 and 099 marks are likely to be verbalised by the distinctive words "Loving hut".

56. The letter L and a heart device are recognisable in both marks. The concept that combination represents is not entirely clear, but to the extent that the respective marks project a concept at all, it is similar.

57. Overall, I consider that the 836 mark has a medium degree of similarity to Lipsy's CTMs. The 099 mark is slightly less similar, but not materially so.

Likelihood of Confusion

58. Apart from leather, imitations of leather, hides and animal skins in class 18 of the 836 mark, which I have covered above, the goods and services of Celestial and Loving hut are likely to be bought by ordinary members of the public. There is nothing about the goods and services which suggest that consumers will pay anything other than an average degree of care and attention when selecting them.

59. I remind myself that the average consumer in trade mark law is deemed to be reasonably observant and circumspect. That is to say that he or she is deemed to be less knowledgeable and observant than the 'informed user' under registered design law⁹. This means that imperfect recollection has a bigger role to play under trade mark law than under the law governing registered designs.

⁸ See *Specsavers v ASDA* [2010] EWHC 2035 (Ch). I am aware that the Court of Appeal has recently referred a question to the CJEU on a related point in connection with an appeal in the *Specsavers* case. However, that reference concerns the specific question of whether colour which forms part of the reputation of a mark should be factored into the analysis. If the answer to that is 'yes' it will not assist Lipsy here because the colours used in Lipsy's earlier marks are very different to the colours used in the later marks. If the answer is 'no' then the law remains as stated at first instance in the *Specsavers* case.

⁹ See paragraph 53 of the judgment in *PepsiCo Inc. v Grupo Promer Mon Graphics and OHIM*, Case C-281/10.

60. Taking all of the above into account, I find that the above average distinctive character of the earlier CTMs combined with the identity of some of the goods in class 18, and the medium degree of similarity between the respective marks, creates a likelihood of confusion on the part of the relevant public through imperfect recollection of the respective marks.

61. Where the respective goods have only a medium degree of similarity, or less, I find that it unlikely that an average consumer would be confused. This would involve confusion between the marks leading to false expectations as to the source of different, albeit somewhat similar, goods. The marks are not similar enough to have this effect. Nor are they similar enough to lead an average consumer to wrongly expect that the users of the marks are economically connected.

62. The opposition under s.5(2)(b) therefore succeeds for:

Trunks [luggage]; travelling bags; umbrellas; parasols; whips; harness; saddlery.

63. Otherwise the opposition under s.5(2)(b) fails.

THE PASSING OFF RIGHT CLAIM

64. The requirements to succeed in a passing off action are well established and are summarised in *Halsbury's Laws of England* 4th Ed. as being that:

i) the claimant's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

ii) there is a misrepresentation by the defendant (whether or not intentional) which is likely to deceive the public into believing that the defendant's goods or services are those of the claimant; and

iii) the claimant has suffered or is likely to suffer damage as a result of the erroneous belief created by the defendant's misrepresentation.

65. I have already found that Lipsy had sufficient goodwill under the sign in relation to a business in women's clothing to found a passing off action as at April 2008. However, because misrepresentation is also an essential component of the tort of passing off, and this depends upon deception, my findings under s.5(2)(b) would usually be sufficient to also dispose of the s.5(4)(a) ground in relation to the goods and services that have survived the s.5(2) ground. However, it is an important part of Lipsy's case that the use of the 099 and 836 marks on clothing used in association with restaurant services would amount to passing off.

66. The factual basis for this claim can be seen by comparing Lipsy's use of the sign covered by the CTMs in relation to polo shirts¹⁰ with the uses of the 836 mark on clothing shown in Loving hut's evidence¹¹.

¹⁰ See pages 13 and 14 of exhibit 1 to Sarah Noble's statement. I note that these uses are not claimed to have occurred before the filing dates of the 099 or 836 marks

¹¹ See pages 13-18 of exhibit 1 to Tan Teng Cheong's statement

67. The use of the 836 mark on clothing is said to be use on uniforms for restaurant staff. I did not understand Mr Cuddigan to disagree with my suggestion that the use of the 836 mark by Loving hut was use on clothing, but “*in relation to*” restaurant services. He nevertheless submitted that such use of a similar sign might be understood by the public as indicating that Lipsy had branched out into restaurant services or had sponsored the clothing worn by Loving hut’s restaurant staff.

68. Mr Wood pointed out that moving from women’s clothing into restaurant services was not a natural progression in trade. I am aware that some large clothing retailers, such as Marks and Spencer, have introduced in-store restaurant services, but I accept that this is not the norm. At least there is no evidence that it is. Further, in April and November 2008 when the 099 and 836 marks were applied for, Lipsy and the L and heart device were relatively new brands. The goodwill established under those brands by the relevant dates in 2008 is not comparable to a household name, such as Marks and Spencer. I also note that although there are similarities between the parties’ marks, there are also differences, including the use of the words ‘Loving hut’ in 836 and 099 marks. Taking all of this into consideration, I do not accept that the similarities between the parties’ marks will have caused the public to believe that Lipsy had branched out into restaurant services. Indeed I find the submission farfetched.

69. There is more plausibility about Mr Cuddigan’s alternative submission that the similarities between the marks may have caused the public to believe that Lipsy was sponsoring Loving hut. Mr Cuddigan submitted that the result of such a belief would be damaging to Lipsy because it would lead to the foreclosure of other such sponsorship opportunities and/or dilute the distinctiveness of the L and heart device mark.

70. For his part, Mr Wood pointed out there was no evidence that Lipsy had engaged in other such sponsorship arrangements so as to increase the likelihood that the public would expect such connections with Lipsy¹².

71. I bear in mind that a misrepresentation occurs when the offending sign causes the public, or a substantial number of them, to believe that the claimant is in some way taking responsibility for the quality of the defendant’s goods or services¹³. Bearing in mind the unexceptional extent and length of Lipsy’s goodwill at the relevant dates in 2008, the differing fields of economic activity (which is relevant as a matter of fact even though not decisive as a matter of law), the differences between the 099 and 836 marks and Lipsy’s earlier device mark, and the fact that the 099 and 836 marks include the name of Loving hut’s restaurant services, but not the word ‘Lipsy’, I find that there is no likelihood of deception or confusion about sponsorship. This makes it unnecessary to decide the question of damage.

72. I therefore find that the s.5(4)(a) ground of opposition fails.

THE UNFAIR ADVANTAGE CLAIM

73. Section 5(3) is as follows:

5(3) A trade mark which -

¹² Contrast with the position in *Beko* BL 0/307/10, Appointed Person, a case decided under s.5(3) of the Act.

¹³ See *Harrods v Harrodian School*, Court of Appeal, [1996] RPC 697

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom 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.

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

(a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered: *General Motors*, paragraph 24.

(b) The trade mark for which protection is sought must be known by a significant part of that relevant public: *General Motors*, paragraph 26: The reputation of the earlier mark may extend beyond the market for the goods and services for which it is registered: *Intel*, paragraph 51.

(c) It is necessary, but not sufficient, for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind: *Adidas Saloman*, paragraph 29 and *Intel*, paragraph 63.

(d) Whether such a link exists must be assessed globally taking account all relevant factors, including the degree of similarity between the respective marks and between the respective goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark's reputation and distinctiveness: *Intel*, paragraph 42

(e) Although it is not a necessary factor, a link between the trade marks is necessarily established where the similarity between the marks causes the relevant public to believe that the goods/services marketed under the later mark come from the owner of the earlier mark, or from an economically connected undertaking: *Intel*, paragraph 57.

(f) Where a link is established, the owner of the earlier mark must also establish that it has resulted in the existence of one or more of the types of injury set out in the section, or there a serious likelihood that such an injury will occur in the future: *Intel*, paragraph 68: Whether this is the case must also be assessed globally, taking account of all the relevant factors; *Intel*, paragraph 79.

(g) Unfair advantage covers, in particular, cases where a third party seeks to ride on the coat-tails of the senior mark in order to benefit from a transfer of the image of the earlier mark, or of the characteristics it projects to the goods/services identified by the later mark: *L'Oreal*, paragraph 41.

75. Lipsy claims a reputation under its L and heart shape mark for jewellery, costume jewellery, bags and handbags, clothing, footwear, headgear (in respect of the 693 CTM) and retail services relating to jewellery, bags, handbags, clothing, footwear and headgear (in respect of the 744 CTM). As I have already noted, the evidence filed by Lipsy is not up to the job of showing the breadth of its trade or the extent of its reputation at the relevant dates. I have accepted that the evidence shows that Lipsy probably had a protectable goodwill in 2008 as a trader in women's clothing. The evidence does not allow me to conclude that the goodwill extended to other goods and services. In this connection I note that Lipsy appears to have opened its first retail store in the UK in October 2008, just a month before the 836 mark was filed and after the 099 mark was filed. Mr Cuddigan suggested that prior to that Lipsy may have provided retail services through concessions in the stores of others. However, again there is no evidence of this.

76. As noted above, in order to bring a claim under s.5(3) of the Act the trade mark must be known by a significant part of the relevant public. This is a higher hurdle than simply showing non-trivial trading under a mark with resultant goodwill. Lipsy's evidence is insufficient to show that its L and heart device was known to a significant part of the market for women's clothes at the relevant dates in 2008. Consequently, the s.5(3) claim falls at the first hurdle.

77. If I am wrong about this, then Lipsy's reputation in 2008 is likely to have been at the modest end of the spectrum of qualifying reputations. Further, other than for the goods in class 18 for which I have already found that the s.5(2)(b) objection succeeds, there is no similarity between women's clothing and the goods and services covered by the 099 and 836 marks. Further, the degree of similarity between the CTMs and 099 and 836 marks is not particularly high. On the other hand, I accept that the consumers for the respective goods and services will, in most cases, overlap because they comprise the general public. Taking all these factors into account, I find that even if Lipsy's L and heart device mark had a qualifying reputation at the relevant dates in 2008, a global assessment of the relevant factors leads to the conclusion that the relevant public would not make the required link between the parties' marks.

78. Further, even if I am also wrong about that, I am not persuaded that Celestial or Loving hut would gain any advantage from such a link (again leaving aside the use of the mark for the goods in class 18 for which the s.5(2)(b) objection succeeded). For the reasons given in the previous paragraph, I find that there the use 099 and 836 marks in relation to the other goods and services covered by the registrations will not create a likelihood of confusion. Absent any likelihood of confusion, it is not obvious, at least to me, how any reputation the CTM marks may have had in 2008 for women's clothing would have benefited a provider of household utensils, foodstuffs, or restaurant services. Mr Cuddigan suggested at the hearing that the contested marks might have benefited from the fashionable/trendy reputation of the earlier marks in the minds of young women. However, Lipsy's evidence does not establish a reputation with those particular characteristics, let alone how they would transfer to a mark used for household utensils, foodstuffs, or restaurant services.

79. Further still, even if there was a qualifying reputation, a link and an advantage, there is no additional factor here¹⁴ which would justify a finding that the advantage was unfair.

80. For all these reasons I reject the unfair advantage claim.

COSTS

81. Mr Wood submitted that I should take into account that Ms Noble's statement included innuendo that Celestial/Loving hut had applied to register similar marks shortly after Lipsy adopted its new branding. According to Ms Wood, this made it necessary for Celestial/Loving hut to file a witness statement in response. I see nothing unreasonable or exceptional in Ms Noble's statement or in the witness statements filed in response. I will therefore award contributory on-scale costs.

82. The invalidation proceedings were consolidated, but only after Lipsy had filed (essentially identical) evidence in support of the two applications. Mr Wood suggested that Celestial/Loving hut had to consider the evidence twice because of the different relevant dates involved. However, there was little difference between the two statements filed in response to Lipsy's evidence. I will therefore award one and a half the usual scale costs for considering and responding to Lipsy's evidence. I will apply the same approach to the costs for considering the two applications and filing counterstatements. The hearing lasted only half a day, so I will award just the usual costs for that.

83. I order Lipsy limited to pay S.M. Celestial Co. Ltd of Taiwan, China and Loving Hut International Limited of the British Virgin Islands the total sum of £2700. Unless a different arrangement is agreed between the parties, this should be made by two equal payments of £1350 to both of the aforementioned parties.

84. This is made up of:

£750 for considering two applications for invalidation and filing counterstatements.

£1500 for considering Lipsy's evidence and written submissions and filing evidence in response to the former.

£750 for the hearing.

-£300 to reflect the partial success of one of Lipsy's applications to invalidate some of the goods covered by class 18 of the 836 mark.

¹⁴ See *Whirlpool v Kenwood* [2010] RPC 2 at paragraph 136. I note that the learned authors of Kerly's Law of Trade Marks and Trade Names, 14th ed., consider that the Court of Appeal was incorrect to require more than an advantage without due cause. I respectfully agree, but feel compelled to follow the judgment of the Court of Appeal. It makes no difference here because of other defects in Lipsy's case.

85. Subject to any appeal, this sum to be paid within 42 days of the date of this decision.

Dated this 20th Day of February 2012

Allan James

For the Registrar