BLO/078/22

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATIONS NOS. 3436609, 3443582 AND 3462432 IN THE NAME OF NICK ROBINSON FOR THE TRADE MARKS

Incognito,

Incognito Cocktail Company

AND

IN CLASSES 43, 33 AND 33, RESPECTIVELY

AND THE OPPOSITIONS THERETO UNDER NOS. 419224, 419548 AND 420851 BY AZUMI LIMITED

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF N.R. MORRIS (O/574/21) DATED 2 AUGUST 2021.

DECISION

Introduction

1. This is an appeal by Nick Robinson ("**Mr Robinson**") from decision O/574/21 of Mx N.R. Morris ("**Decision**") concerning the opposition to the following applications by Azumi Limited ("**Azumi**"):

Mark	Number	Filing date	Class	Specification
Incognito	3436609	15/10/19	43	Bar and restaurant services; Bar services; Bars; Beer bar services; Beer garden services; Food and drink catering; Food

				and drink catering for banquets; Food and drink catering for cocktail parties; Food and drink catering for institutions; Food preparation; Hookah bar services; Hookah lounge services; Hotel accommodation reservation services; Hotel accommodation services; Hotel catering services; Hotel services; Hotels; Hotels and motels; Hotels, hostels and boarding houses, holiday and tourist accommodation; Restaurant and bar services; Restaurant information services; Restaurant services; Restaurant services incorporating licensed bar facilities; Restaurant services provided by hotels; Restaurants; Services for the preparation of food and drink; Services for the provision of food and drink; Serving food and drink for guests; Serving food and drink for guests in restaurants; Serving food and drink in restaurants and bars; Serving food and drinks; Serving of alcoholic beverages; Sommelier services; Wine bar services; Wine bars; Provision of food and beverages; Provision of food and drink; Provision of food and drink in restaurants; Provision of information relating to bars; Provision of information relating to restaurants; Provision of information relating to the preparation of food and drink; Public house services; Pubs; Rental of bar equipment; Lounge services (Cocktail -); Night club services [provision of food]; Private members dining club services; Private members drinking club services; Providing drink services; Providing food and beverages; Providing food and drink; Providing food and drink catering services for convention facilities; Providing food and drink catering services for exhibition facilities; Providing food and drink catering services for fair and exhibition facilities; Providing food and drink for guests; Providing food and drink in bistros; Providing information about bar services; Providing information about bartending; Providing information about restaurant services; Providing of food and drink; Providing restaurant services;

				Providing reviews of restaurants and bars; Cafe services; Café services; Cafés; Cafeterias; Carry-out restaurants; Cocktail lounge buffets; Cocktail lounge services; Cocktail lounges; Coffee bar services; Coffee shop services; Coffee shops.
Incognito Cocktail Company	3443582	12/11/19	33	Absinthe; Aguardiente [sugarcane spirits]; Akvavit; Alcohol (Rice -); Alcoholic aperitif bitters; Alcoholic aperitifs; Alcoholic beverages containing fruit; Alcoholic beverages, except beer; Alcoholic beverages (except beer); Alcoholic beverages except beers; Alcoholic beverages (except beers); Alcoholic beverages [except beers]; Alcoholic beverages of fruit; Alcoholic bitters; Alcoholic carbonated beverages, except beer; Alcoholic cocktail mixes; Alcoholic cocktails; Alcoholic cocktails containing milk; Alcoholic cocktails in the form of chilled gelatins; Alcoholic coffee-based beverage; Alcoholic cordials; Alcoholic egg nog; Alcoholic energy drinks; Alcoholic essences; Alcoholic extracts; Alcoholic fruit beverages; Alcoholic fruit cocktail drinks; Alcoholic fruit extracts; Alcoholic jellies; Alcoholic preparations for making beverages; Alcoholic punches; Alcoholic tea-based beverage; Alcopops; Amontillado; Anise [liqueur]; Anisette; Anisette [liqueur]; Aperitifs; Aperitifs with a distilled alcoholic liquor base; Aquavit; Arak; Arak [arrack]; Arrack; Arrack [arak]; Baijiu [Chinese distilled alcoholic beverage]; Beverages (Alcoholic -), except beer; Beverages containing wine [spritzers]; Beverages (Distilled -); Bitters; Black raspberry wine (Bokbunjaju); Blackcurrant liqueur; Blended whisky; Bourbon whiskey; Brandy; Cachaca; Calvados; Canadian whisky; Cherry brandy; Chinese brewed liquor (laojiou); Chinese mixed liquor (wujiapie-jiou); Chinese spirit of sorghum (gaolian-jiou); Chinese white liquor (baiganr); Chinese white liquor [baiganr]; Cider; Ciders; Cocktails; Coffee-based liqueurs; Cooking brandy; Cordials [alcoholic beverages]; Cream liqueurs; Curacao; Digesters

				[liqueurs and spirits]; Distilled beverages; Distilled rice spirits [awamori]; Distilled spirits; Distilled spirits of rice (awamori); Dry cider; Extracts of spiritous liquors; Fermented spirit; Flavored tonic liquors; Fortified wines; Fruit (Alcoholic beverages containing -); Fruit extracts, alcoholic; Gaolian-jiou [sorghum-based Chinese spirits]; Gin; Ginseng liquor; Grain-based distilled alcoholic beverages; Grappa; Herb liqueurs; Hulless barley liquor; Hydromel [mead]; Japanese liquor containing herb extracts; Japanese liquor containing mamushi-snake extracts; Japanese liquor flavored with Japanese plum extracts; Japanese liquor flavored with pine needle extracts; Japanese regenerated liquors (naoshi); Japanese sweet grape wine containing extracts of ginseng and cinchona bark; Japanese sweet rice-based mixed liquor (shiro-zake); Japanese sweet rice-based mixed liquor [shiro-zake]; Japanese white liquor (shochu); Japanese white liquor [shochu]; Kirsch; Korean distilled spirits (soju); Liqueurs; Liqueurs containing cream; Liquor-based aperitifs; Low alcoholic drinks; Malt whisky; Mead [hydromel]; Nira [sugarcane-based alcoholic beverage]; Peppermint liqueurs; Perry; Piquette; Potable spirits; Pre-mixed alcoholic beverages; Pre-mixed alcoholic beverages, other than beer-based; Preparations for making alcoholic beverages; Prepared alcoholic cocktails; Prepared wine cocktails; Red ginseng liquor; Rice alcohol; Rum; Rum [alcoholic beverage]; Rum infused with vitamins; Rum punch; Rum-based beverages; Sake; Sake substitutes; Sangria; Schnapps; Scotch whisky; Scotch whisky based liqueurs; Sherry; Shochu (spirits); Sorghum-based Chinese spirits; Spirits; Spirits and liquors; Spirits [beverages]; Sugar cane juice rum; Sugarcane-based alcoholic beverages; Sweet cider; Tonic liquor containing herb extracts (homeishu); Tonic liquor containing mamushi-snake extracts (mamushi-zake); Tonic liquor flavored

				with japanese plum extracts (umeshu); Tonic liquor flavored with pine needle extracts (matsuba-zake); Vermouth; Vodka; Whiskey; Whiskey [whisky]; Whisky; Wine coolers [drinks];Wine-based aperitifs.
	3462432	30/01/20	33	Alcoholic beverages, except beer; Alcoholic beverages (except beer); Alcoholic beverages except beers; Alcoholic beverages (except beers); Alcoholic bitters; Alcoholic cocktail mixes; Alcoholic cocktails; Cocktails; Pre-mixed alcoholic beverages; Pre-mixed alcoholic beverages, other than beer-based; Preparations for making alcoholic beverages; Prepared alcoholic cocktails; Prepared wine cocktails; Rum punch; Spirits; Vermouth; Vodka.

2. Azumi relied upon the following mark ("**Earlier Mark**"):

Mark	**Number**	**Filing & registration date**	**Class**	**Specification relied upon**
INKO NITO	3180080	12/08/16, 11/11/16	33, 43	Class 33: Alcoholic beverages (except beers). Class 43: Restaurant services; bar services; café services; catering services; provision of food and drink.

3. In the Decision, N.R. Morris for the Registrar held that the opposition was largely successful.

4. On 2 September 2021 Mr Robinson filed a Notice to Appeal to the Appointed Person against the Decision under Section 76 of the Trade Marks Act 1994. Azumi filed a Respondent's Notice on 27 September 2021 requesting that the Decision be maintained for different or additional reasons.

The Hearing Officer's decision

5. The Hearing Officer held as follows (in summary, and insofar as is relevant to this appeal):

   a. The average consumer for class 43 services will comprise both ordinary members of the public and professional consumers. The services will be booked online, via telephone or in person at the service-provider's premises. The purchasing act will be primarily visual, although it will also involve an aural aspect. The professional consumers will pay a high level of attention, whereas the attention level of a member of the general public will be average.

   b. Class 33 goods will be purchased from stores (physical or online) or from bars/restaurants. Purchases from stores will be visual in nature, whereas purchases from

bars/restaurants will be primarily aural, but with a visual component. A medium level of attention will be paid when purchasing the goods.

c. The Earlier Mark is inherently distinctive to a high degree.

d. Incognito is visually similar to the Earlier Mark at least to a medium degree, and highly aurally similar. As for conceptual similarity, the Hearing Officer divided the average consumer into two categories: those who are familiar with the meaning of the word "incognito", and those who are not. For the former, the marks are conceptually dissimilar, whereas for the latter the marks are conceptually neutral.

e. Incognito Cocktail Company is visually similar to the Earlier Mark to a medium degree. The vast majority of average consumers will omit to articulate the 'Cocktail Company' component; in which case the respective marks will be highly aurally similar. If 'Cocktail Company' is articulated, then the respective marks will be aurally similar to a low degree. The same analysis of conceptual similarity as for the Incognito mark is equally applicable.

f. Application number 3462432 ("**Figurative Mark**") has only a low level of visual similarity to the Earlier Mark. The vast majority of average consumers will omit to articulate the 'Cocktail Company' component; in which case the respective marks will be highly aurally similar. If 'Cocktail Company' is articulated, then the respective marks will be aurally similar to a low degree. Irrespective of whether the average consumer appreciates the meaning of 'incognito', the marks are conceptually dissimilar.

g. The Hearing Officer divided the Applicant's goods and services into categories, some of which are identical, some of which are similar to a medium-high or medium degree, and some of which are dissimilar.

h. There is a likelihood of direct confusion between Incognito and the Earlier Mark in respect of the services which are identical or similar to a medium degree.

i. There is no likelihood of direct confusion between Incognito Cocktail Company or the Figurative Mark and the Earlier Mark. However, there is a likelihood of indirect confusion in respect of the goods which are identical or similar to a medium-high degree, insofar as a significant proportion of average consumers would conclude that the marks relate to economically-linked undertakings e.g. that the Applicant's mark relates to a 'cocktail bar' outlet related to Azumi.

Grounds of Appeal

6. In the Statement of Grounds of Appeal, the Appellant made three distinct criticisms of the Decision:

a) First, the Hearing Officer was wrong to decide that there were two groups of average consumers: those who are familiar with the meaning of the word "incognito", and those who are not. The average consumer is taken to be reasonably well informed, and consequently there is no good reason why the Hearing Officer should have made a finding that a "significant proportion will not appreciate its precise meaning". The Hearing Officer should have proceeded on the basis that the average consumer would have understood the meaning of the word "incognito", with the result that the average consumer would regard "Incognito" and the Earlier Mark as conceptually dissimilar.

b) Secondly, with regard to the mark Incognito Cocktail Company and the Figurative Mark, the Hearing Officer erred by failing to take proper account and give proper weight to any other elements of the marks than the word "Incognito".

c) Thirdly, the Hearing Officer identified no proper basis for the finding of a likelihood of indirect confusion in respect of the mark Incognito Cocktail Company and the Figurative Mark.

7. Azumi's Respondent's Notice sought to maintain the Decision on the following grounds:

a) The decision in respect of the mark Incognito should be maintained for the additional reason that consumers who understand the meaning of the word "incognito" would directly and/or indirectly confuse the INCOGNITO word mark with the earlier mark.

b) The decision in respect of Incognito Cocktail Company and the Figurative Mark should be maintained for the additional reason that consumers who understand the meaning of the word "incognito" would indirectly confuse the INCOGNITO COCKTAIL COMPANY word and figurative mark with the Earlier Mark.

8. The parties' Counsel, Ms Reid and Ms Messenger, expanded upon the above at the hearing, and I set out below further details as are necessary to understand my overall conclusions. I am grateful to both Counsel for their clear and helpful written and oral submissions.

Standard of review

9. The approach to be adopted in an appeal hearing has been laid down a number of times in case law, both in general terms (e.g. by the Supreme Court in *Actavis Group PTC v. ICOS Corporation* [2019] UKSC 1671) and specifically in relation to appeals before the Appointed Person (Daniel Alexander Q.C. sitting as the Appointed Person in *TT Education Ltd v Pie Corbett Consultancy Ltd* (O/017/17), approved by Arnold J in *Apple Inc. v Arcadia Trading Limited* [2017] EWHC 440 (Ch)). These cases establish the following principles:

- Appeals to the appointed person are by way of review, not re-hearing;
- It is necessary for the appellant to satisfy the appeal tribunal that there was a distinct and material error of principle in the Hearing Officer's decision, or that the Hearing Officer was wrong;
- In the case of conclusions on primary facts it is only in a rare case, such as where that conclusion was one for which there was no evidence in support, which was based on a misunderstanding of the evidence, or which no reasonable judge could have reached, that the Appointed Person should interfere with it;
- In the case of a multifactorial assessment or evaluation, the Appointed Person should show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle. Special caution is required before overturning such decisions. In particular, where an Appointed Person has doubts as to whether the Registrar was right, he or she should consider with particular care whether the decision really was wrong or whether it is just not one which the appellate court would have made in a situation where reasonable people may differ as to the outcome of such a multifactorial evaluation;

- Situations where the Registrar's decision will be treated as wrong encompass those in which a decision is (a) unsupportable, (b) simply wrong (c) where the view expressed by the Registrar is one about which the Appointed Person is doubtful but, on balance, concludes was wrong. It is not necessary for the degree of error to be 'clearly' or 'plainly' wrong to warrant appellate interference but mere doubt about the decision will not suffice;

- The Appointed Person should not treat a decision as containing an error of principle simply because of a belief that the decision could have been better expressed. Appellate courts should not rush to find misdirections warranting reversal simply because they might have reached a different conclusion on the facts or expressed themselves differently. Moreover, in evaluating the evidence the Appointed Person is entitled to assume, absent good reason to the contrary, that the Registrar has taken all of the evidence into account.

10. In addition to the above, Mr Iain Purvis QC sitting as the Appointed Person in *ROCHESTER Trade Mark*, BL O/049/17, made the following observations at paragraph 33:

> "… the reluctance of the Appointed Person to interfere with a decision of a Hearing Officer on likelihood of confusion is quite high for at least the following reasons:
>
> (i) The decision involves the consideration of a large number of factors, whose relative weight is not laid down by law but is a matter of judgment for the tribunal on the particular facts of each case
>
> (ii) The legal test 'likely to cause confusion amongst the average consumer' is inherently imprecise, not least because the average consumer is not a real person
>
> (iii) The Hearing Officer is an experienced and well-trained tribunal, who deals with far more cases on a day-to-day basis than the Appellate tribunal
>
> (iv) The legal test involves a prediction as to how the public might react to the presence of two trade marks in ordinary use in trade. Any wise person who has practised in this field will have come to recognize that it is often very difficult to make such a prediction with confidence ….
>
> Any sensible Appellate tribunal will therefore apply a healthy degree of self-doubt to its own opinion on the result of the legal test in any particular case."

11. I shall bear all the above in mind when reviewing the Decision.

Discussion

12. Looking at the various alleged errors of principle in turn, my analysis is as follows.

(1) <u>First Ground of Appeal</u>

13. The Hearing Officer held "a large proportion of average consumers would not ascribe a meaning to 'INKO NITO' but would perceive it as a made-up phrase or, at best, 'Japanese-sounding' words".

14. As for the Applicant's Marks, the Hearing Officer said:

> "In my view, although 'incognito' appears in the English dictionary, it is not a word often used. I recognise, however, that some web browsers use the term 'incognito' for the private browsing mode and that some consumers will therefore have encountered the term in this way. I consider that, although many consumers will be familiar with the word, a significant proportion will not appreciate its precise meaning. I must be mindful of the extent to which certain knowledge may be ascribed to the average consumer. To my mind, a significant number of average consumers will perceive 'incognito' as a word in the English language but without knowing its meaning; some may ascribe an Italianate character to it. For the group of average consumers who know the meaning of 'incognito', the Applicant's mark will conjure notions of mystery and clandestine encounters; it would create the impression of an edgy and exclusive venue, perhaps reminiscent of a 'speakeasy'."

15. In my view, there is nothing wrong in principle with a hearing officer deciding to divide the average consumer into two groups: those who do have a particular understanding of a term or a relevant piece of knowledge, and those who do not. In *Interflora v Marks & Spencer* [2014] EWCA Civ 1403, Kitchin LJ reviewed the authorities at paragraphs 107-130 and agreed with Arnold J that the average consumer test did not embody a "single meaning" rule, and that it can be sufficient for a finding of infringement that only a substantial proportion of relevant consumers are considered to be confused:

> "129. …we do not accept that a finding of infringement is precluded by a finding that many consumers, of whom the average consumer is representative, would not be confused. To the contrary, if, having regard to the perceptions and expectations of the average consumer, the court concludes that a significant proportion of the relevant public is likely to be confused such as to warrant the intervention of the court then we believe it may properly find infringement.
>
> 130. In answering this question we consider the judge was entitled to have regard to the effect of the advertisements upon a significant section of the relevant class of consumers, and he was not barred from finding infringement by a determination that the majority of consumers were not confused."

16. It is implicit from the above that, in a scenario where only a "significant proportion" of the relevant public is confused, a proportion, potentially a significant proportion, will not be confused. It is legitimate to seek to explain why some people may be confused and others not, and in doing so the average consumer is divided into two groups.

17. However, any such division of the average consumer into groups must be done on a proper and defensible basis. I shall therefore assess the basis on which the Hearing Officer came to the conclusion that "a significant proportion will not appreciate [the] precise meaning [of incognito]".

18. Azumi, in its written submissions to the Hearing Officer, said "Conceptually, the Applicant's mark has a clear meaning in the English language whereas the Opponent's mark has no meaning in the English language". Azumi did not contend, therefore, that any group of average consumers would not appreciate the precise meaning of "incognito", which was accordingly an issue raised of the Hearing Officer's own volition. A hearing officer is of course entitled to raise issues of their own volition, but any conclusions thereby reached must be arrived at in a proper manner, based on the evidence available to them.

19. The Hearing Officer apparently carried out some independent research into the meaning of the word "incognito", noting at paragraph 92 that the word appears in the English dictionary, and providing links to https://www.merriam-webster.com/dictionary/incognito and https://www.collinsdictionary.com/dictionary/english/incognito.

20. Merriam-Webster is a US dictionary, and is accordingly of limited assistance to determining whether UK consumers are familiar with a particular word. However, it is noteworthy that amongst the examples of usage of "incognito" in the Merriam-Webster entry, five examples refer to its use in relation to web browsers, e.g. "Go *incognito* Every major web browser — Chrome, Edge, Firefox, Internet Explorer, Safari, and Opera — has private, or incognito, browsing" (Kim Komando, USA TODAY, 6 Oct. 2017). Web browsers are of course used by consumers all over the world, including the UK. The Hearing Officer acknowledged this in the Decision, saying "I recognise, however, that some web browsers use the term 'incognito' for the private browsing mode and that some consumers will therefore have encountered the term in this way".

21. The Collins dictionary is a UK dictionary, and provides six examples of the use of "incognito" in a sentence, taken from the UK newspapers The Sun, The Times and The Sunday Times. As I see it, those newspapers cover the spectrum of the different types of national newspapers in the UK, ranging from a best-selling tabloid to a long-established broadsheet. The Appellant submitted, and I agree, that "These show usage of the word incognito in newspapers with high levels of distribution in the UK ... It is unlikely that the word would be used there if it was not expected to be understood by the majority of the readers of these papers, who are the general public, and therefore fall within the less well-educated class of average consumer as found by the HO".

22. Accordingly, the sources of evidence relied upon by the Hearing Officer can be summarised as:

    a) An admission by Azumi that incognito "has a clear meaning in the English language";

    b) A recognition, supported by a dictionary entry, that the word is used in relation to web browsers used by consumers in the UK and elsewhere; and

    c) Examples of the use of the word taken from a range of UK newspapers with a wide range of readership.

23. At paragraph 92, the Hearing Officer said "I must be mindful of the extent to which certain knowledge may be ascribed to the average consumer", and cited the decision of Ms Anna Carboni, as the Appointed Person, in *Chorkee Ltd v Cherokee Inc Case* BL O/048/08 in which she urged caution '*not to assume that one's personal experience, knowledge and assumptions are more widespread than they are'*. In my view, that decision, with which I respectfully agree, is not applicable to this scenario. The word in question – Cherokee – has a particular technical meaning, and as with all such words it will be the case that some average consumers are aware of the technical meaning, and others are not.

24. With an ordinary (non-technical) word such as "incognito", however, the above principle does not apply, and whether or not a significant proportion of the average consumer understands its meaning is a matter of fact. As with all disputed matters of fact, it is to be determined on the evidence before the Hearing Officer - both that submitted by the parties, and that obtained through the Hearing Officer's own investigations. All the sources cited by the Hearing Officer point only one way – that the meaning of the word "incognito" is recognised by the average UK

consumer. The Decision refers to no evidence at all to support the Hearing Officer's assertion that "it is not a word often used".

25. I consider that it is a clear error of principle for a hearing officer to make a factual finding where there is no evidence in support of that finding, and the available evidence all points the other way. On the specific evidence cited in the Decision, the Hearing Officer's division of the average consumer into two groups cannot therefore stand.

26. The Hearing Officer, whilst concluding that the group of consumers who do not understand the meaning of "incognito" will be confused, did not reach a conclusion as to the position regarding the group of consumers who do understand its meaning. I am therefore required to re-assess for myself the likelihood of confusion amongst those consumers (who, given my rejection of the Hearing Officer's approach, will comprise all, or substantially all, of the average consumer).

27. Before doing that, I deal first with four further points raised by the Appellant. First, the Appellant made a number of criticisms of the Hearing Officer's assessments of the similarities of the marks. For example, the Hearing Officer assessed the visual similarity as "at least medium", and assessed the mark and sign as "highly aurally similar". The Appellant contended that the visual similarity was no more than medium, and the assessment of aural similarity "seems to me to be putting it a little high".

28. I do not accept these criticisms. Iain Purvis QC, sitting as the Appointed Person in *GREYBOX* O/106/20, addressing a similar contention by the appellant in that case, said:

> "This takes issue with the Hearing Officer's view that the conceptual similarities between the marks were at a 'fairly low level'. It is said that the conceptual similarity should have been found to be at least at a 'medium' level. I do not consider there is any great value in debating differences between 'fairly low' and 'medium' degrees of similarity in the context of the overall assessment of likelihood of confusion. Certainly, I do not consider that such fine distinctions can properly be characterized as errors of principle. They are at best simply disagreements about the precise 'weight' to be given to a factor in the overall assessment, something which the Courts have consistently rejected as a proper ground of Appeal. Furthermore, given the lack of clarity and subjectivity of the terms in question, it is impossible to have any sensible debate on Appeal about whether the Hearing Officer was right".

29. I accordingly will not interfere with the Hearing Officer's assessment of the various factors to be taken into account when re-assessing the likelihood of confusion (save, of course, for the degree of conceptual similarity, where I have already concluded that the Hearing Officer's assessment cannot be supported).

30. Secondly, it was contended that the Hearing Officer's statement at paragraph 108 - "the distinctive character of the Applicant's mark derives from the perception that 'Incognito' is a made-up word" – is irreconcilable with her earlier statement at paragraph 92 – "a significant number of average consumers will perceive 'incognito' as a word in the English language but without knowing its meaning". I agree with this Appellant in this regard. I believe that the Hearing Officer's statement at paragraph 108 must be an error, as it is inconsistent with the Hearing Officer's detailed analysis of the conceptual meaning of the mark at paragraph 92. In the event, however, this error does not matter, given that I have rejected the notion that there is a significant group of average consumers who do not know the meaning of the word "incognito".

31. Thirdly, it was submitted by the Appellant that even for the group of average consumers who do not know the meaning of "incognito", there is "a clear conceptual distinction between a familiar English word and a word to which is unrecognisable and to which no meaning or concept can be given".

32. On behalf of the Respondent, Ms Messenger contended that "a concept for this purpose is a principle or an idea of a particular subject matter. In that respect, being a word in the English language is not, in my submission, subject matter, nor does it confer the idea of any subject matter". In support of that, Ms Messenger directed me to the decision of Phillip Harris, as the Appointed Person, in *Retail Royalty Company v Harringtons Clothing Limited*, where he said at paragraph 75:

> "In contrast conceptual meaning is, in simple terms, something akin to recognition in dictionaries (beyond a mere trademark acknowledgement) or a level of immediately perceptible notoriety/independent meaning, outside the confines of a purely trade mark context, of which judicial notice can be taken."

33. I agree with the Respondent on this point – the mere fact that a word would be recognised as a word in the English language does not give rise to any "concept" for the purposes of assessing likelihood of confusion.

34. Fourthly, it was submitted that the Hearing Officer had failed to take into account that the Applicant had used the INCOGNITO sign in trade for an extended period of time, during which no confusion between it and the Earlier Mark had come to light. At paragraph 14 of the Decision, the Hearing Officer rejected as wrong in law the Applicant's contention that ''it is imperative that, for the Oppositions to succeed, the Opponent evidences a likelihood of confusion". The Hearing Officer was right to do so – evidence of actual confusion, whilst helpful, is not a requirement of a successful opposition. However, it is also the case that a lack of actual confusion over an extended period of use may point towards there being no likelihood of confusion. This submission was made in the Appellant's written submission dated 30 June 2021, but does not appear to have been addressed by the Hearing Officer.

35. The Applicant's unchallenged evidence was that its use of the sign INCOGNITO commenced in 2018, i.e. some 3 years before the date of the Decision. Neither party has submitted any evidence of actual confusion, and I infer that neither are aware of any. In my view, the lack of actual confusion over this three year period is a relevant, albeit certainly not conclusive, factor to be taken into account in assessing the likelihood of confusion.

36. Turning now to the assessment of likelihood of confusion, the various factors are as follows:

- The average consumer will pay at least an average degree of attention.
- The Earlier Mark is inherently distinctive to a high degree.
- The marks are visually similar at least to a medium degree.
- The marks are highly aurally similar.
- The marks are conceptually dissimilar.
- The Goods are identical or similar to a medium degree.

- The Applicant has used the sign for around three years without any instances of actual confusion coming to light.

37. In the circumstances, it is easy to see why the Hearing Officer found a likelihood of confusion, and if the marks were conceptually neutral, as found by the Hearing Officer, I would reach the same conclusion. However, I bear in mind i) that the marks are conceptually dissimilar, ii) the Hearing Officer's finding at paragraph 108 that "The distinctiveness of the earlier mark derives from the fact that 'INKO NITO' will be perceived by a significant number of average consumers as made up words"; and iii) the absence of any instances of actual confusion. In my assessment, on the specific facts of this dispute, the conceptual dissimilarity offsets the visual and aural similarity. I do not accept, on balance, that the average consumer would be likely to be confused between a mark comprising two made-up words, and a sign comprising a single word with "a clear meaning in the English language" (as admitted by the Respondent).

38. I therefore overturn the Hearing Officer's assessment of a likelihood of direct confusion. I shall address the Respondent's alternative contention as to indirect confusion in the section below dealing with the Respondent's Notice.

(2) Second Ground of Appeal

39. The basis of this ground was put as follows by Ms Reid in her skeleton argument:

> "In assessing visual similarity for the INCOGNITO COCKTAIL COMPANY mark, the HO decided to ignore all but the first word. The HO's basis for this was that the last 2 words were descriptive. Plainly, the mark is not descriptive of the goods and the words COCKTAIL COMPANY are not descriptive of any goods in class 33. Those words may be descriptive of a business providing bar services, but they are not descriptive of goods in class 33".

40. The Hearing Officer's assessment of visual and aural similarity (paragraphs 87 and 88 respectively) were as follows:

> "The 'Incognito' element of the mark has been dealt with. The respective marks differ in length; the Applicant's three words as compared to the Opponent's two-word mark. Other points of difference are the presence of the words 'Cocktail Company' in the Applicant's mark, and their absence from the earlier mark. Although the 'Cocktail Company' element will be seen by the average consumer, it will have a lesser visual impact than 'Incognito' because it is descriptive. Consequently, I find that the level of visual similarity between the respective marks is medium.
>
> For both of the above marks, I consider that the vast majority of average consumers will omit to articulate the 'Cocktail Company' component; in which case the respective marks will be highly aurally similar. If 'Cocktail Company' is articulated, then the respective marks will be aurally similar to a low degree".

41. Whereas I agree with the Appellant to the extent that the words COCKTAIL COMPANY are not entirely descriptive of goods in class 33 (in contrast, say, to bar services in class 43), a mark can be partially descriptive, even if not entirely descriptive, of the goods for which it is used. The average consumer will recognise that the ingredients of cocktails are alcoholic beverages, and will accordingly regard the use of the words COCKTAIL COMPANY on a bottle as at least allusive to its purpose. Furthermore, I consider that the Appellant goes too far in contending that the

Hearing Officer "ignored" all but the first word. The Hearing Officer chose to give less weight to the words "COCKTAIL COMPANY" than to the word "INCOGNITO". I consider that the Hearing Officer was entitled to do that, given the partial descriptive character of the words. I accordingly reject this second ground of appeal.

(3) Third Ground of Appeal

42. Turning now to indirect confusion, the Hearing Officer rejected a likelihood of direct confusion for INCOGNITO COCKTAIL COMPANY, but at paragraph 113 said:

> "However, the following observations lead me to conclude that there is a likelihood of indirect confusion:
> - As noted above, the group of average consumers who do not know the meaning of either 'INKO NITO' or 'Incognito' will constitute a significant proportion. The absence of a conceptual aspect for the mind to fix upon when recalling the marks from memory would, in my view, cause perception of the difference in spelling to be diminished, thus leading to imperfect recollection.
> - The presence of 'Cocktail Company' in the Applicant's mark (and its absence in the Opponent's mark) would nevertheless be noticed.
> - The marks have a high degree of aural similarity if the 'Cocktail Company' element of the mark is not articulated.
> - I find that the culmination of these factors will result in a significant proportion of average consumers concluding that the marks relate to economically-linked undertakings e.g. that the Applicant's mark relates to a 'cocktail bar' outlet related to the Opponent."

43. For the Figurative Mark, the Hearing Officer also rejected a likelihood of direct confusion, but at paragraph 117 said:

> "However, the following observations lead me to conclude that there is a likelihood of *indirect* confusion:
> - The similarity of the respective goods ranges from a medium-high degree of similarity to identity;
> - As already noted, a significant proportion of average consumers will not know the meaning of either 'INKO NITO' or 'Incognito'. Therefore, for this group, there will be no concept attached to either 'inko nito' or the 'incognito' aspect of the Applicant's mark. The concept conveyed by the Applicant's mark will derive from the figurative elements and the words 'Cocktail Company'. Where figurative marks are concerned, the average consumer usually 'fixes' upon the verbal elements of a mark because they can be articulated. In my view, the absence of a conceptual nexus between the *incognito* and *inko nito* components of the marks will lead to imperfect recollection in the way that I have described above at [108].
> - The visual differences between the respective marks, i.e. the figurative elements and 'Cocktail Company' wording present in the Applicant's mark, absent from the Opponent's mark, will be discerned by the average consumer.
> - The marks have a high degree of aural similarity if the 'Cocktail Company' element of the mark is not articulated.
> - I find that the culmination of these factors will result in a significant proportion of the average consumer concluding that the marks relate to economically-linked

undertakings e.g. that the Applicant's mark relates to a 'cocktail bar' outlet related to the Opponent".

44. Given that I have overturned the Hearing Officer's finding that a significant proportion of average consumers will not appreciate the precise meaning of incognito, it would be necessary for me to re-assess the likelihood of indirect confusion in any event, given that the finding was taken into account in the Hearing Officer's assessment. There are, however, three further reasons why the Hearing Officer's assessment may be flawed.

45. First, the Hearing Officer's suggestion, by way of example, that the average consumer might conclude that the Applicant's mark relates to a 'cocktail bar' outlet related to the Opponent cannot be correct, because the two marks in question are for goods in class 33 and not for the services in class 43. It is apparent, therefore, that the Hearing Officer has become confused as to the goods and services for which the marks were applied for.

46. Secondly, the Hearing Officer's assessment of visual and aural similarity is self-contradictory. For both INCOGNITO COCKTAIL COMPANY and the Figurative Mark, the Hearing Officer held that there is a high level of aural similarity, ignoring the words COCKTAIL COMPANY, but nonetheless held that those same words will be noticed as a point of distinction by the average consumer. I find it difficult to reconcile these viewpoints – either the words will be noticed and articulated, or they will not, but I can see no good reason why a consumer would notice the words but nonetheless ignore them when articulating the mark.

47. Thirdly, on 5 August 2021, which was three days after the date of the Decision, the Court of Appeal handed down its judgment in *Liverpool Gin Distillery Limited v Sazerac Brands LLC*, [2021] EWCA Civ 1207, in which Arnold LJ provided a detailed exposition of the law relating to indirect confusion. Arnold LJ gave approval to Iain Purvis QC's (sitting as the Appointed Person) approach in *LA Sugar Ltd v Back Beat Inc.* (O/375/10), in which he set out a non-exhaustive list of instances in which indirect confusion can be made out. Arnold LJ further approved James Mellor QC's (sitting as the Appointed Person) statement in *Cheeky Italian Ltd v Sutari*a (O/219/16) at [16] that "a finding of a likelihood of indirect confusion is not a consolation prize for those who fail to establish a likelihood of direct confusion".

48. Overall, Arnold LJ held that "there must be a proper basis for concluding that there is a likelihood of indirect confusion given that there is no likelihood of direct confusion". Whereas *Liverpool Gin* probably does not represent any change in the applicable law insofar as it is relevant to this dispute, it emphasises that a finding of indirect confusion is not a given, and that to make such a finding a Hearing Officer needs to provide sufficient rationale to establish the "proper basis" required by Arnold LJ.

49. The Hearing Officer mentioned the *LA Sugar decision*, but did not enumerate the examples set out by Iain Purvis QC in his judgment. Nor was any reason given as to why the Hearing Officer considered there was a likelihood of indirect confusion, notwithstanding the lack of direct confusion. The same factors that had been considered (and rejected) in relation to direct confusion were cited in relation to indirect confusion, but with no explanation as to why they nonetheless give rise to a likelihood of indirect confusion. In my view, the Hearing Officer has not established a "proper basis" for the finding of indirect confusion, which is an error of principle in itself. I shall therefore have to re-assess the likelihood of indirect confusion.

50. Iain Purvis QC said in *LA Sugar*:

> "16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning - it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: 'The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark'.
>
> 17. Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:
>
> (a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right ("26 RED TESCO" would no doubt be such a case).
>
> (b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as "LITE", "EXPRESS", "WORLDWIDE", "MINI" etc.).
>
> (c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension ("FAT FACE" to "BRAT FACE" for example)."

51. Comparing the sign INCOGNITO COCKTAIL COMPANY to INKO NITO, it is immediately clear that none of the categories listed above are applicable. That is not necessarily fatal to a finding of indirect infringement – Arnold LJ, whilst approving *LA Sugar*, said in *Liverpool Gin* at [12]:

> "This is a helpful explanation of the concept of indirect confusion, which has frequently been cited subsequently, but as Mr Purvis made clear it was not intended to be an exhaustive definition. For example, one category of indirect confusion which is not mentioned is where the sign complained of incorporates the trade mark (or a similar sign) in such a way as to lead consumers to believe that the goods or services have been co-branded and thus that there is an economic link between the proprietor of the sign and the proprietor of the trade mark (such as through merger, acquisition or licensing)."

52. Nonetheless, there is nothing in the Hearing Officer's various findings which would lead me to conclude that the average consumer, whilst recognising that INCOGNITO COCKTAIL COMPANY is different from INKO NITO, would nonetheless conclude that it is another brand of the owner of INKO NITO. Specifically, the conceptual differences between the components INKO NITO and INCOGNITO COCKTAIL COMPANY are such that the latter would not be viewed by the average consumer as a brand extension exercise by Azumi. I accordingly overturn the Hearing Officer's assessment of a likelihood of indirect confusion in respect of INCOGNITO COCKTAIL COMPANY and the Figurative Mark.

(4) Respondent's Notice

53. In respect of the INCOGNITO word mark, the Respondent submitted that the Decision should be maintained for the additional reasons that:

    a) insofar as they are not directly confused, consumers would be indirectly confused;
    b) consumers who understand the meaning of the word "incognito" would directly and/or indirectly confuse the INCOGNITO word mark with the earlier mark.

54. I have already concluded that the Hearing Officer's division of the average consumer into two categories is unsustainable, and accordingly the Respondent's additional reason can only be that the average consumer, who understands the meaning of the word "incognito", would indirectly confuse it with the Earlier Mark.

55. I reiterate what I say at paragraphs 48-49 with regard to the applicable law. In my view, none of the categories in *LA Sugar* are applicable. Nor can I see any other good reason why any average consumers, upon seeing INCOGNITO used in relation to the class 43 services, would assume that the brand is owned by the owner of the INKO NITO mark. The word "incognito" is sufficiently conceptually dissimilar that it simply would not be regarded as a brand extension or similar by the average consumer. I therefore dismiss this alternative ground for upholding the Decision.

56. In respect of the INCOGNITO COCKTAIL COMPANY mark and the Figurative Marks the Respondent submitted that the Decision should be maintained for the additional reason that consumers who understand the meaning of the word "incognito" would indirectly confuse the INCOGNITO COCKTAIL COMPANY word and figurative mark with the earlier mark.

57. Given my rejection of the contention that some average consumers do not understand the meaning of the word "incognito", this additional reason has already been dealt with and rejected at paragraphs 40-50 above.

Costs

c) The Hearing Officer ordered Mr Robinson to pay Azumi the sum of £1,340 (inclusive of a £60 discount to reflect the issues on which Mr Robinson had succeeded. Clearly, Mr Robinson has been the successful party in this appeal. I cancel the original costs order, and order that Azumi should pay Mr Robinson the sum of £1,400 for the costs before the Hearing Officer.

d) I further order that Azumi should pay Mr Robinson a further £1,200 by way of costs, comprising:

- Preparation of Appellant's Notice: £600
- Attendance at hearing: £600.

Dr. Brian Whitehead

28 January 2022

Representation

Ms Jacqueline Reid of Counsel for the Applicant / Appellant, instructed by Paris Smith LLP

Ms Georgina Messenger of Counsel for the Opponent / Respondent, instructed by Boult Wade Tennant LLP