

O-079-05

IN THE MATTER OF APPLICATION NO. 2248567 IN THE NAME OF JULIAN JAMES

AND IN THE MATTER OF OPPOSITION NO. 91200 THERETO BY SMART GMBH

DECISION

Introduction

1. On 13 October 2000 Julian James applied to register the trade mark CARSMART in respect of the following goods and services:

Class 12: Motor vehicles; parts and fittings for the aforesaid goods.

Class 35: The bringing together, for the benefit of others, of a variety of pictorial images and details of goods, enabling customers to conveniently view and purchase those goods from an Internet web site specialising in the sale of motor vehicles and motor vehicle parts and accessories; advertising services; compilation of advertisements for use as web pages on the Internet.

2. The application was subsequently opposed by Smart GmbH (formerly Micro Compact Car smart GmbH and a wholly-owned subsidiary of DaimlerChrysler AG following the latter's acquisition of Swatch AG's interest) on grounds raised under section 5(2)(b) and 5(4)(a) of the Trade Marks Act 1994.
3. The ground of opposition under section 5(2)(b) was ultimately based solely upon the opponent's earlier Community Trade Mark No. 140236 registered in respect of *inter alia* "vehicles and parts therefore (included in Class 12)" which consists of the following trade mark:

smart

4. The ground of opposition under section 5(4)(b) was based upon the goodwill owned by the opponent in the trade mark SMART in connection with its business of manufacturing and selling small cars. Although SMART cars were first sold by the opponent or its distributors in the United Kingdom on 17 October 2000, just after the date on which the application was filed, they had been sold in mainland Europe since 1998 and had been imported into the United Kingdom both by private individuals and by a number of dealers since then. Furthermore, they had attracted considerable press coverage.
5. In a decision dated 16 August 2004 (BL O/251/04) Mr George Salthouse acting for the Registrar dismissed both grounds of opposition. The opponent now appeals against this decision. On the appeal counsel for the opponent accepted that the two grounds of opposition stood or fell together, and therefore it is only necessary to consider the section 5(2)(b) ground.
6. Section 5(2)(b) provides:

A trade mark shall not be registered if because ... 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 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.

The hearing officer's decision

7. The hearing officer began by directing himself in accordance with the Registrar's standard summary of the jurisprudence of the Court of Justice of the European Communities in Case C-251/95 *Sabel BV v Puma AG* [1997] ECR I-6191, Case C-39/97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer Inc* [1998] ECR I-5507, Case C-342/97 *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [1999] ECR I-3819 and Case C-425/98 *Marca Moda CV*

v Adidas AG [2000] ECR I-4881. This summary is very well known and it is unnecessary to repeat it here.

8. The hearing officer then compared the respective goods and services. He concluded that goods covered by the respective Class 12 specifications were identical. With regard to the applicant's Class 35 specification, he stated:

25. The opponent seems to be suggesting that even though its mark is only registered, and therefore protected, for 'Vehicles and parts therefore (included in Class 12)' that if the relevant public expects a manufacturer to offer a service as well then that service is also protected.

26. However, under section 5(2)(b) the protection afforded to the parties is bounded by the limits of their specification of goods, not by what they may actually be trading in at a given time: the Registrar will compare mark against mark and specification against specification, and that is what I must consider here.

27. Even if I were to accept the opponent's contention, and I do not, then the opponent would have to show that the relevant public had indeed come to expect vehicle manufacturers to offer on-line services similar to those in Class 35 sought to be registered by the applicant. The opponent's evidence, in my opinion, does not demonstrate that the reasonably well informed consumer would expect such services. In my view the opponent's goods in Class 12 are not similar to the applicant's services in Class 35.

9. The hearing officer next compared the respective marks and said:

27.¹ Whilst I accept that the opponent's mark is contained within the applicant's mark there are clear visual and phonetic differences. Mr Moore contended that the applicant's mark would be viewed as two words 'Car' and 'smart', and that the initial word would be ignored as a descriptor leaving the word 'smart' as the only distinctive aspect of the mark.

28. To my mind this is a case where it can be suggested that the two components 'car' and 'smart' can convey a different meaning together to that which they do separately. To my mind the applicant's mark will convey the message of being knowledgeable about cards, even when applied to vehicles. This is not grammatically correct, but regrettably, is indicative of the misuse of English which is becoming commonplace. The unusual juxtaposition combined with the various meanings of the word 'smart' will, in my opinion, lead the average

¹ The decision contains two sets of paragraphs numbered 26 and 27.

well-informed consumer to see the combination as conveying a different meaning to that of the individual components. It is also accepted that the average consumer views trade marks as wholes and does not analyse its various details. Overall, I believe that the differences outweigh the similarities.

10. The hearing officer next considered the distinctiveness of the opponent's mark. Somewhat curiously, he considered its acquired distinctiveness before considering its inherent distinctiveness. His conclusions were as follows:

30. ... Taking all of the above into account I therefore consider it reasonable to infer that at the relevant date, the trade mark 'smart' would have been known by a considerable number of the car buying public and so can claim an enhanced distinctive character based on use as a car manufacturer.

31. In my view, the opponent's mark has a degree of inherent distinctiveness, but not such that warrants a wide penumbra of protection.

11. The hearing officer expressed his overall conclusion as follows:

32. Taking account of all of the above when considering the marks globally, I do not believe that there is a likelihood of consumers being confused into believing that the goods or services provided by the applicant are those of the opponent or provided by some undertaking linked to them, even allowing for the concept of imperfect recollection. The opposition under section 5(2)(b) therefore fails.

Standard of review

12. This appeal is a review of the hearing officer's decision. Counsel for the opponent accepted that the hearing officer's decision with regard to section 5(2)(b) involved a multi-factorial assessment of the kind to which the approach set out by Robert Walker LJ in *REEF TM* [2002] EWCA Civ 763, [2003] RPC 5 at [28] applied:

In such circumstances an appellate court should in my view 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.

Grounds of appeal

13. The opponent contends that the hearing officer erred in principle in four main respects. First, he failed to consider the likelihood of confusion with regard to the applicant's Class 12 and Class 35 specifications separately but rolled them up together. Secondly, he erred in his comparison between the opponent's Class 12 goods and the applicant's Class 35 services in certain ways. Thirdly, he erred in his comparison of the respective marks in certain ways. Fourthly, he failed to give effect to the interdependency principle enunciated by the Court of Justice.

Failure to consider Class 12 and Class 35 separately

14. In my judgment the opponent's first point is well founded. The hearing officer's assessment was that the applicant's Class 12 specification covered identical goods to the opponent's mark, but that the applicant's Class 35 specification covered services which were not similar to the opponent's Class 12 specification. Despite this, when it came to assessing the likelihood of confusion, he treated the two together and made no distinction between them. I consider that this is an error of principle, since the hearing officer's approach failed to allow for the possibility of a different conclusion in the two cases. Furthermore, this links in with the opponent's fourth point.

Failure to give effect to the interdependency principle

15. I consider that the opponent's fourth point is also well founded. The ECJ stated in *Canon*:

17. A global assessment of the likelihood of confusion implies some interdependence between the relevant factors, and in particular a similarity between the trade marks and between these goods or services. Accordingly, a lesser degree of similarity between these goods or services may be offset by a greater degree of similarity between the marks, and vice versa....

18. Furthermore, according to the case-law of the Court, the more distinctive the earlier mark, the greater the risk of confusion (*Sabel*, paragraph 24). Since protection of a trade mark depends, in accordance with Article 4(1)(b) of the Directive, on there being a likelihood of confusion, marks with a highly distinctive character, either per se or because of the reputation they possess on the market, enjoy broader protection than marks with a less distinctive character.
19. It follows that, for the purposes of Article 4(1)(b) of the Directive, registration of a trade mark may have to be refused, despite a lesser degree of similarity between the goods or services covered, where the marks are very similar and the earlier, in particular its reputation, is highly distinctive.
- ...
24. In the light of the foregoing, the answer to be given to the first part of the question must be that, on a proper construction of Article 4(1)(b) of the Directive, the distinctive character of the earlier trade mark, and in particular its reputation, must be taken into account when determining whether the similarity between the goods or services covered by the two trade marks is sufficient to give rise to the likelihood of confusion.
16. I consider that the case-law of the ECJ, and in particular *Canon*, establishes that the test under section 5(2) is a single composite question. Answering this single composite question involves (*inter alia*) making an assessment of the degree of distinctiveness of the earlier mark and an assessment of the degree of similarity of the respective goods or services in order to arrive at an overall assessment of the likelihood of confusion.
17. In the present case, however, the hearing officer first considered whether the applicant's goods and services were identical or similar to the opponent's goods and made a decision yes or no. He did not consider this aspect of the matter in terms of degrees of similarity. He then considered as a separate matter whether or not there was a likelihood of confusion taking into account the distinctiveness of the opponent's mark. This approach did not admit of the possibility that the distinctiveness of the mark could mean that there was a likelihood of confusion for less similar services than if the mark had not been distinctive. Furthermore, the hearing officer did not consider the possibility that the identity of goods in Class 12 could lead to a likelihood of confusion

even if there was no likelihood of confusion with regard to the applicant's Class 35 services.

Reconsideration

18. In *Saint-Gobain PAM SA v Fusion Provida Ltd* [2005] EWCA Civ 177 at [37] Jacob LJ (with whom Scott Baker and Peter Gibson LJJ agreed) pointed out that if an error of principle in a judge's reasoning with respect to obviousness was identified, then the whole question of obviousness was open for reconsideration by the Court of Appeal and not merely the aspect of the matter that was subject to the error of principle. In my judgment the same applies in the present context. Since I am satisfied that the hearing officer did make the errors of principle discussed above, I must reconsider the section 5(2)(b) objection and it is unnecessary to consider whether the hearing officer also made errors of principle in the other respects contended for by the opponent.

Class 12

19. The hearing officer was plainly right to conclude that the applicant's Class 12 goods are identical to goods covered by the opponent's registration. I see no reason to differ from the hearing officer's assessment of the inherent distinctiveness of the opponent's mark (which is consistent with the decision of the Second Board of Appeal of OHIM in Case R 618/1999-2 allowing an appeal by the opponent against the examiner's decision to refuse the application), although this is academic in view of his assessment of acquired distinctiveness. As for the hearing officer's assessment of acquired distinctiveness, this is not challenged by the opponent and I see no reason to differ from it. Accordingly, so far as Class 12 is concerned, the likelihood of confusion falls to be assessed on the basis that (a) the goods are identical and (b) the opponent's mark had a reputation amongst a considerable number of members of the car buying public, which I take to mean a significant proportion.

20. The average consumer is a purchaser of motor vehicles and parts therefor. While this means that a fair degree of care will be exercised, I bear in mind that the opponent's vehicles are relatively inexpensive by the standards of cars and that motor vehicles are bought and sold second-hand as well as new.
21. So far as the respective marks are concerned, the degree of stylisation of the opponent's mark is so slight that it can be ignored (as it was by the Second Board of Appeal). As for the applicant's mark, the hearing officer was correct to consider this as a whole. Viewed as a whole, he was plainly right to observe that there are visual and phonetic differences between the applicant's mark and the opponent's mark since, although the former includes the latter, it also includes the additional element CAR at the beginning.
22. Nevertheless it remains necessary, according to the ECJ's jurisprudence, to bear in mind the distinctive and dominant components of the applicant's mark. The hearing officer's assessment in paragraph 28 of his decision assumes that the average consumer would perceive that CARSMART was a compound word formed by combining CAR and SMART. As I shall explain below I am not convinced that this would be so regardless of context, but in the context of use in relation to motor vehicles I agree with this assessment. When applied to a car, I consider that the distinctive and dominant element of CARSMART is SMART since CAR is purely descriptive.
23. Furthermore, the hearing officer's assessment was that CARSMART would convey the message "knowledgeable about cars". In my view it follows that there is a degree of conceptual similarity between the respective marks, since "knowledgeable" (or "clever") is amongst the possible connotations of SMART when applied to vehicles.
24. The key question, therefore, is how average consumers who were familiar with the reputation of SMART cars would react when presented with CARSMART. This question falls to be considered on the basis of normal and fair use of the applicant's mark which would include use as a sole brand name for a car (cf. SMART itself and the current incarnation of the MINI). While this is not an

easy question, taking into account the points mentioned above and imperfect recollection (which might lead some to misremember “SMART car” as CARSMART or CARSMART as “SMART car”), I consider that there is a likelihood that some consumers would be confused into believing that vehicles bearing the two marks emanated from the same or economically-linked sources.

Class 35

25. The applicant’s Class 35 specification divides into two parts. The first part is essentially for retail services in relation to motor vehicles and parts and accessories over the Internet. The second part is for advertising services generally.
26. I am puzzled by the hearing officer’s reasoning that I have quoted in paragraph 8 above since section 5(2)(b) expressly confers protection which extends beyond the specification of goods of the earlier trade mark. In any event, so far as the first part of the specification is concerned, I am unable to agree with the hearing officer that such services are not similar to vehicles in Class 12. They have the same consumers, the goods are the subject matter of the services and the services are provided in connection with a channel by which the goods reach the consumer. Thus the services are complementary to the goods. Furthermore, the evidence summarised in paragraph 12 of the hearing officer’s decision shows that by the relevant date a number of well-known manufacturers of motor vehicles had established websites retailing second-hand vehicles to UK consumers. In my view there is a considerable degree of similarity (cf. the comparison between wine and bar services in *BALMORAL Trade Mark* [1999] RPC 297).
27. With regard to the second part, however, it seems to me that the degree of similarity is much less. The only connection between advertising services and vehicles is that vehicles may be advertised, but then so may any other goods.

28. In the context of use in relation to the services in the first part of the specification, I consider that there is force in the applicant's contention that the mark applied for might well be viewed by the average consumer not as CAR-SMART but rather as CARS-MART. The reason I say this is that an Internet website retailing cars might well be regarded as a mart or market place for cars. If the mark were perceived as CARS-MART, there would then be not only visual and phonetic differences between the respective marks but also a significant conceptual difference.
29. Even if the mark were perceived as CAR-SMART, I consider that this is less significant in relation to the services than in relation to the goods. When applied to a website retailing cars, it seems to me that the hearing officer's conceptual analysis has more force than it does when applied to the cars themselves. Thus, even if it is perceived as CAR-SMART, I regard the applicant's mark as being more descriptive or allusive in relation to such a website than it is in relation to a car.
30. Drawing these threads together, in my judgment there is no likelihood of confusion in relation to the second part of the specification. The position in relation to the first part of the specification is more finely balanced. Taking into account that there is no identity of goods but only a similarity between the services and the opponent's goods and the likely differences in perception of the applicant's mark in the context of such services compared to the goods, I am not satisfied that the opponent has demonstrated that there is a likelihood of confusion.

Conclusion

31. The appeal is allowed with respect to the Class 12 specification but dismissed with respect to the Class 35 specification.

Costs

32. The hearing officer awarded the applicant the sum of £1400 as a contribution to its costs. The effect of my decision is that the overall result of the proceedings is a draw between the parties. Accordingly I shall set aside the hearing officer's order and make no order as to costs.

22 March 2005

RICHARD ARNOLD QC

Benet Brandreth, instructed by Jensen & Son, appeared for the opponent.

The applicant did not appear and was not represented.