O/0852/23

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO. UK00003647209

BY AILEEN MUSIC CO.,LTD.

TO REGISTER THE TRADE MARK:

IN CLASS 15

AND

IN THE MATTER OF OPPOSITION THERETO

UNDER NO. 427593

BY ADAM AUDIO GMBH

BACKGROUND AND PLEADINGS

1. On 26 May 2021, Aileen Music Co.,Ltd. ("the applicant") applied to register the trade mark shown on the cover page of this decision in the UK. The application was published for opposition purposes on 30 July 2021. The applicant seeks registration for the following goods:

Class 15 Accordions; Pianos; Clarinets; Guitars; Musical instruments; Drums [musical instrument]; Mandolins; Ukuleles; Violins; Saxophones; Banjos; Wind instruments; Percussion instruments; Bows for musical instruments; Stringed musical instruments; Cases for musical instruments; Music stands; Stands for musical instruments; Electronic organs.

2. The application was opposed by Adam Audio GmbH ("the opponent") on 18 October 2021. The opposition is based upon sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 ("the Act").

3. Under sections 5(2)(b) and 5(3), the opponent relies upon the following trade marks:

ADAM Audio

Comparable UK trade mark (EU) registration no. UK00913570619
Filing date 13 December 2014.
Registration date 30 March 2015.
("The First Earlier Mark")

ADAM AUDIO

Comparable UK trade mark (EU) registration no. UK00918233959
Filing date 4 May 2020.
Registration date 28 August 2020.
("The Second Earlier Mark")

4. I note that both the First and Second Earlier marks are comparable UK trade marks (EU).[1] The opponent relies upon some of its class 9 goods for which its First Earlier Mark is registered, as underlined in the Annex to this decision, and all of its class 9 goods for which its Second Earlier Mark is registered.

5. Under section 5(2)(b), the opponent claims there is a likelihood of confusion because the marks and the goods are similar.

6. Under section 5(3), the opponent claims that the earlier marks enjoy a reputation in the UK, and that use of the applicant's mark, without due cause, would result in the applicant enjoying an unfair advantage by virtue of free-riding on the reputation of the opponent's mark, thereby potentially increasing sales of its goods leading to a decrease in the sales of the opponent's goods. The opponent also claims that use of the applicant's mark would lead to a "detrimental dilution and blurring of the distinctive character" of the opponent's mark, which would alter the economic behaviour of the average consumer.

7. Under section 5(4)(a), the opponent relies upon the signs **ADAM AUDIO** and **ADAM** which it claims to have used both throughout the UK since as early as April 2000 for loudspeakers, speaker enclosures, public address systems, loudspeaker systems, speakers [audio equipment], horns for loudspeakers, loudspeakers with built in amplifiers, digital amplifiers, electroacoustic amplifiers, sound transmitting apparatus, sound processing and sound recording equipment, cabinets for loudspeakers, acoustic conduits, acoustic couplers, audio interface, electric effector for musical instrument, delayed sound reverberator, equalizer [audio device], speed regulators for record players, headphones, amplifiers and subwoofers.

8. The applicant filed a counterstatement denying the claims made and putting the opponent's First Earlier Mark to proof of use.

[1] Following the end of the transition period of the UK's withdrawal from the EU, all EU trade marks ("EUTM") registered before 1 January 2021 were recorded as comparable trade marks in the UK trade mark register (and as a consequence, have the same legal status as if they had been applied for and registered under UK law). A 'comparable trade mark (EU)' retains the same filing date, priority date (if applicable) and registration date of the EUTM from which it derives.

9. The opponent is represented by Gill Jennings & Every LLP and the applicant is represented by AXIS PROFESSIONALS LTD. Neither party requested a hearing, however, both parties filed evidence in chief, and the opponent filed submissions in lieu of a hearing. I make this decision having taken full account of all the papers, referring to them as necessary.

RELEVANCE OF EU LAW

10. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Act relied on in these proceedings are derived from an EU Directive. This is why this decision continues to make reference to the trade mark case-law of EU courts.

EVIDENCE

11. The opponent's evidence consists of the witness statement of Christian Hellinger dated 6 October 2022. Mr Hellinger is the Chief Executive Officer of the opponent, a position which he has held since 2017. Mr Hellinger's statement was accompanied by 9 exhibits (CH1-CH9).

12. The applicant's evidence consists of the witness statement of Lei Tong dated 20 October 2022. Mr Tong is the Director of the applicant, a position he has held since 2005. Mr Tong's statement was accompanied by 3 exhibits (JS1-JS3).

13. In his witness statement, Mr Tong states that his company has used its "ADM" trade mark since January 2013 in the US, and that after 8 years of online sales, it has gained "brand awareness on the Amazon platform" in the US. His exhibits show the applicant's goods for sale, its mark on its product labels and its "order details".

14. However, my comparison must be of the marks as registered, and I have to carry out a notional assessment based upon all the ways in which the goods covered by the respective specifications could be used and sold. The way in which they are marks

and the goods are used and sold in practice is not relevant to my assessment. Therefore Mr Tong's evidence does not assist the applicant.

15. I have taken the remaining evidence and the parties' submissions into consideration in reaching my decision and will refer to them where necessary below.

DECISION

Section 5(2)(b)

16. Section 5(2)(b) reads 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."

17. The First Earlier Mark qualifies as an earlier mark in accordance with section 6(1)(a) and 6(1)(ab) as its filing date is an earlier date than the filing date of the applicant's mark. As the First Earlier Mark had completed its registration process more than five years before the relevant date (the filing date of the mark in issue), it is subject to proof of use pursuant to section 6A of the Act.

18. The Second Earlier Mark has not completed its registration process more than five years before the relevant date. Accordingly, the use provisions at s.6A of the Act do not apply. The opponent may rely on all of the goods it has identified without demonstrating that it has used the Second Earlier Mark. As the opponent's marks both

consist of the words ADAM AUDIO, and the specification of the Second Earlier Mark is broader, I will only be proceeding with the rest of the 5(2)(b) section on the basis of the Second Earlier Mark only, as it is the opponent's best case. If the opposition fails by relying on the Second Earlier Mark only, it follows that the opposition will also fail relying upon the First Earlier Mark.

Section 5(2)(b) case law

19. In making this decision, I bear in mind the following principles gleaned from the decisions of the EU courts in *Sabel BV v Puma AG,* Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc,* Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV,* Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH,* Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM,* Case C-334/05P and *Bimbo SA v OHIM,* Case C-591/12P:

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, 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, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but 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;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

Distinctive character of the earlier trade mark

20. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 the CJEU stated that:

"22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C108/97 and C-109/97 Windsurfing Chiemsee v Huber and Attenberger [1999] ECR 1-2779, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promotion of the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see Windsurfing Chiemsee, paragraph 51)."

21. Registered trade marks possess varying degrees of inherent distinctive character, ranging from the very low, because they are suggestive or allusive of a characteristic of the goods, to those with high inherent distinctive character, such as invented words which have no allusive qualities. The distinctiveness of a mark can be enhanced by virtue of the use that has been made of it.

22. I will begin by assessing the inherent distinctive character of the Second Earlier Mark. The mark consists of the words ADAM AUDIO. I note that ADAM is a forename which would be typically assigned to a boy. This meaning would be assigned by the average consumer. The word AUDIO is also allusive of the opponent's goods which are types of audio equipment which are used for recording and reproducing sound. Therefore, as a whole, I consider that the Second Earlier Mark is inherently distinctive to no more than a medium degree.

23. The opponent has also filed evidence to demonstrate that the Second Earlier Mark has acquired enhanced distinctive character through use. The relevant market for assessing this is the UK market and the relevant date is the application date, this being 26 May 2021. I note the following from the opponent's evidence:

a) Mr Hellinger has provided the following sales figures for products sold under its ADAM AUDIO mark in the EU and UK:

Company	YEAR	EU (Euros)	UK (Euros)
ADAM Audio GmbH	2021	13,060,745	1,423,049
ADAM Audio GmbH	2020	5,936,630	653,029
ADAM Audio GmbH	2019	5,202,266	1,725,438
ADAM Audio GmbH	2018	4,672,367	1,325,532
ADAM Audio GmbH	2017	3,618,069	973,397
ADAM Audio GmbH	2016	3,551,588	1,003,705
ADAM Audio GmbH	2015	3,951,546	434,670

b) Mr Hellinger has also provided the following marketing figures, which he states "can be split as approximately 15% spend in the UK and 85% spend in the EU":

Year	Total expenses in EU and UK (Euros)
2021	304,828.93
2020	199,545.38
2019	246,335.40
2018	270,996.10
2017	213,495.31
2016	175,893.81
2015	174,393.08

c) **Exhibit CH1** contains 25 UK publication examples which are dated from June 2003 to December 2020. I note the following information from this exhibit:

a. The goods which are mainly referred to throughout the evidence are the opponent's loudspeakers and studio monitors.
b. The opponent is described as a "speaker company", "speaker manufacturer" , "market-leading manufacturer of professional monitoring and loudspeaker solutions" and "one of the most prestigious monitor manufacturers around".
c. ADAM Audio is also "best known for its studio monitors" including the ADAM Audio TV8, T10S, T7V, S3V, F7, S3A, F5, A3X, S2X, P33A, and S2.5A.
d. The ADAM S3V is described as an "extremely high-quality monitor designed primarily for the truly professional end of the recording, broadcast and film industries". It is also priced as £3,998 per pair including VAT.
e. The ADAM F5 monitor has been given a 9/10 rating by MusicTech, priced at £349 a pair, or £155 each.
f. The Adam F7 monitor is priced at £499-£509 per pair.
g. The "F series" of monitors is a part of a new low-cost range designed to provide an alternative to the ADAM AX-series speakers.
h. ADAM A3X is priced at £398 to £429 each and are "ADAM's smallest monitor ever".
i. ADAM S2X is priced at £2,450 per pair.
j. ADAM P33A is priced at £1,649
k. The opponent also sells ADAM subwoofers (including the Sub F), which is priced at £259.
l. The opponent also sells ADAM headphones (including the ADAM Audio SP-5 headphones) which are priced at £499. These are referred to in an article dated 25 January 2019 which states that "a company more renowned for its incredible loudspeakers is heading into the more intimate industry of headphones".
m. The ADAM's advanced ribbon technology tweeters and hexacone woofers are priced at £795 per pair.
n. The ADAM AUDIO T8V is priced at £259 per speaker.
o. The ADAM AUDIO T5V is priced at £338 a pair (monitors).
p. This exhibit also includes the following photos of the opponent's goods:

ADAM's S Control app allows you to tweak an ADAM S Series speaker from your computer (and listening sweet spot), via USB.

d) The opponent also provides evidence in **exhibit CH3** of its attendance of exhibitions and conferences, including the 2008 Bristol Sound and Vision conferred which is the "UK's largest and longest running Hi-Fi Show". In the "Martin Colloms Show Blog", it lists the opponent's attendance and describes them as a "new brand to the UK though well established in Germany especially for pro monitors".

e) **Exhibit CH4** contains 9 positive customer reviews that the opponent has received for its speakers and monitors from recording studios, musicians and professional music producers and engineers.

f) The opponent has also won numerous awards, from 2009 to 2020 for its S3X-H, A77X, TV5, T8V, S2V, A5, A7X, F5, F7 and T5V monitors which are exhibited in **CH5**, including; Audio Media Gear of the Year 2010 (which was granted by the UK pro audio magazine Audio media), Sound on Sound Winner

for 2011 and 2012, Top Picks of the year by Home Theatre Magazine 2011, Best Studio Monitor DJ Tech Award 2018 and Best Sound Monitor 2021.

g) I note that the opponent has also provided evidence of its social media pages within **exhibit CH2**. However, the screenshots are dated after the relevant date.

24. Albeit the opponent has not specified what goods the UK figures pertain to in paragraphs 23(a) and 23(b), I consider that based on all of the evidence above, I am willing to infer that the majority of the figures will be in regard to the opponent's core products: its loudspeaker/speaker monitor goods. I also consider that the figures are notable for what I consider will be a significant market in the UK. The advertising figures are also supported by multiple UK third party publications and awards which have been won by the opponent. My finding is, therefore, that the distinctiveness of the Second Earlier Mark, for the opponent's loudspeakers, has been enhanced through use to a high degree.

Comparison of goods

25. The competing goods are as follows:

Opponent's goods	**Applicant's goods**
The Second Earlier Mark Class 9 Loudspeakers; Sound transmitting apparatus; Sound processing and sound recording equipment; Cabinets for loudspeakers; Acoustic conduits; Acoustic couplers; Audio interface; Horns for loudspeakers; Electric effector for musical instrument; Sound mixers; Delayed sound reverberator; Equalizer [audio device]; Speed regulators for record players; Microphones;	Class 15 Accordions; Pianos; Clarinets; Guitars; Musical instruments; Drums [musical instrument]; Mandolins; Ukuleles; Violins; Saxophones; Banjos; Wind instruments; Percussion instruments; Bows for musical instruments; Stringed musical instruments; Cases for musical instruments; Music stands; Stands for musical instruments; Electronic organs.

Headphones; Speaker enclosures; Public address systems; Speakers [audio equipment]; Loudspeakers with built in amplifiers; Digital amplifiers; Repeaters; Electroacoustic amplifiers; Amplifiers; Subwoofers.	

26. When making the comparison, all relevant factors relating to the goods in the specifications should be taken into account. In the judgment of the CJEU in *Canon*, Case C-39/97, the court stated at paragraph 23 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."

27. Guidance on this issue has come from Jacob J. (as he then was) in the *Treat* case, [1996] R.P.C. 281, where he identified the factors for assessing similarity as:

(a) The respective uses of the respective goods or services;

(b) The respective users of the respective goods or services;

(c) The physical nature of the goods or acts of service;

(d) The respective trade channels through which the goods or services reach the market;

(e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and, in particular, whether they are or are likely to be found on the same or different shelves;

(f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance, whether market research companies, who of course act for industry, put the goods or services in the same or different sectors

28. In *Gérard Meric v Office for Harmonisation in the Internal Market (OHIM),* Case T-133/05, the General Court ("GC") stated that:

> "29. In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by trade mark application (Case T-388/00 Institut für Lernsysterne v OHIM – Educational Services (ELS) [2002] ECR II-4301, paragraph 53) or where the goods designated by the trade mark application are included in a more general category designated by the earlier mark."

29. In *YouView TV Ltd v Total Ltd*, [2012] EWHC 3158 (Ch), Floyd J. (as he then was) stated that:

> "… Trade mark registrations should not be allowed such a liberal interpretation that their limits become fuzzy and imprecise: see the observations of the CJEU in Case C-307/10 The Chartered Institute of Patent Attorneys (Trademarks) (IP TRANSLATOR) [2012] ETMR 42 at [47]-[49]. Nevertheless the principle should not be taken too far. Treat was decided the way it was because the ordinary and natural, or core, meaning of 'dessert sauce' did not include jam, or because the ordinary and natural description of jam was not 'a dessert sauce'. Each involved a straining of the relevant language, which is incorrect. Where words or phrases in their ordinary and natural meaning are apt to cover the category of goods in question, there is equally no justification for straining the language unnaturally so as to produce a narrow meaning which does not cover the goods in question."

30. In *Kurt Hesse v OHIM*, Case C-50/15 P, the CJEU stated that complementarity is an autonomous criterion capable of being the sole basis for the existence of similarity

between goods. In *Boston Scientific Ltd v OHIM,* Case T-325/06, the GC stated that "complementary" means:

> "… there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think the responsibility for those goods lies with the same undertaking."

Guitars.

31. The applicant's above goods would include electric guitars, which are usually used with the opponent's "amplifiers", to increase the sound of the instrument. I consider that the average consumer would assume that the goods originate from the same trade channels, and are therefore complementary. The goods also overlap in users and would be distributed in the same general music retail stores. Consequently, the goods are similar to a medium degree.

Accordions; Pianos; Clarinets; Musical instruments; Drums [musical instrument]; Mandolins; Ukuleles; Violins; Saxophones; Banjos; Wind instruments; Percussion instruments; Bows for musical instruments; Stringed musical instruments.

32. The applicant's above goods are all types of musical instruments which could be used alongside/with the opponent's "loudspeakers", "sound transmitting apparatus" and "sound processing and sound recording equipment". I consider that the goods will overlap in distribution channels, all being sold in general music retail stores. However, I also appreciate that the goods may be sold separately by specialists either in the field of audio equipment or musical instruments only. The goods may overlap, to some extent, in purpose, as they all produce sounds/music, however, the applicant's goods specifically create sounds whereas the opponent's goods reproduces, enables and amplifies sounds. The goods clearly do not overlap in nature and method of use, and they are neither in competition, nor complementary. Taking the above into account, I consider that the goods are similar to a low degree.

Cases for musical instruments; Music stands; Stands for musical instruments.

33. The applicant's above goods are types of accessories for musical instruments. These goods may also overlap in distribution channels and user with all of the opponent's goods being sold in general music retail stores. However, these goods would not be sold in the same aisle. They clearly do not overlap in purpose, nature and method of use. They are also neither in competition, nor complementary. I consider that the goods are dissimilar. However, if I am wrong in this finding, the goods will only be similar to a very low degree.

<u>A further consideration</u>

34. Given the field in which the opponent operates, I also consider it necessary to make a finding in relation loudspeakers, which have enhanced distinctiveness (which has been explored above).

35. The only goods I have not compared to loudspeakers is the applicant's *"Guitars"*.

36. However, I consider that the same comparison applies in paragraph 32 above. The goods are similar to a low degree.

The average consumer and the nature of the purchasing act

37. As the case law above indicates, it is necessary for me to determine who the average consumer is for the respective parties' goods. I must then determine the manner in which the goods are likely to be selected by the average consumer. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J described the average consumer in these terms:

> "60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words

"average" denotes that the person is typical. The term "average" does not denote some form of numerical mean, mode or median."

38. The average consumer for the goods will be members of the general public, however I do not discount that it could also include a professional user such as musicians and recording studios. The cost of purchase is likely to vary, however, they are likely to be more expensive purchases, especially for the opponent's loudspeaker goods, and the applicant's instruments including guitars and its larger goods such as pianos. The frequency of purchase is also likely to vary, although it is unlikely to be particularly regular. The average consumer will take various factors into consideration such as the cost, quality, ease of use and suitability for the user's needs. I therefore consider that above a medium degree of attention will be paid by the average consumer when selecting the goods.

39. The goods are likely to be purchased from the shelves of general music retail stores, or specialist audio equipment or musical instrument stores. For the opponent's goods, they may also be purchased via their online equivalents. For the applicant's instruments, I also consider that these goods would be on display for the user to test in store. Alternatively, the goods may be purchased following perusal advertisements or via inspection of a catalogue. Visual considerations are therefore likely to dominate the selection process. However, I do not discount that there may also be an aural component to the purchase through advice sought from sales assistants or word of-mouth recommendations.

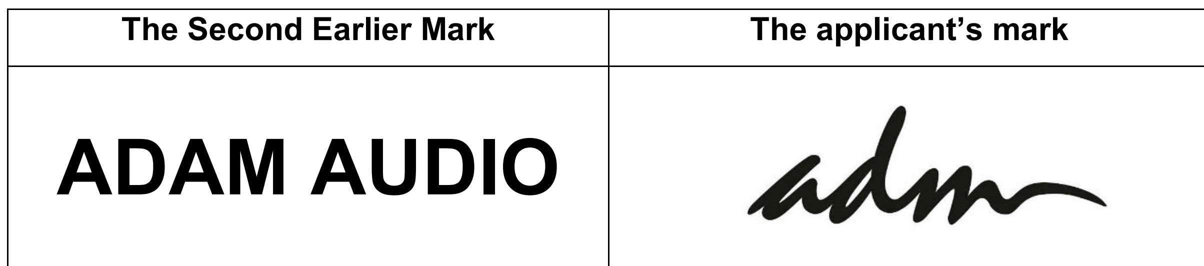
Comparison of the trade marks

40. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a trade mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the trade marks must be assessed by reference to the overall impressions created by the trade marks, bearing in mind their distinctive and dominant components. The CJEU stated, at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

"… it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion."

41. It would be wrong, therefore, to artificially dissect the trade marks, although it is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

42. The respective trade marks are shown below:



The Second Earlier Mark	The applicant's mark
ADAM AUDIO	adm

43. The Second Earlier Mark consists of the words ADAM AUDIO. As I will come to discuss in the conceptual comparison below, the word ADAM plays a greater role in the overall impression of the mark, with the allusive word AUDIO playing a lesser role.

44. In his witness statement, Mr Tong refers to the applicant's mark as "ADM", as does the opponent. However, I do not consider that the average consumer will recognise the letters "adm" within the applicant's mark. This is on the basis that the mark is highly stylised, and presented in an italicised cursive script. I consider that the average consumer will struggle to decipher the applicant's mark, or "find" letters within it. I note that the only letter that they may decipher is the letter "d" in the middle of the mark. However, I do not consider that what the parties' refer to as the letters "a" and "m", will be recognised, especially the "m", as the mark seems to tail off at the end. The consumer may, therefore, see it as a scribbled element. As highlighted by the case law above, the average consumer views marks without analysis of their details. I

therefore consider that, the applicant's mark, as a whole, will be viewed as a highly stylised cursive script, that may contain the letter "d" in the middle. The overall impression of the mark, consequently, lies in it as a whole.

45. Visually, at best, the marks would only coincide in the letter "D". This is the only visual point of similarity. However, the Second Earlier Mark consists of the letters A, A and M in its first word, and ends in the word AUDIO. The applicant's mark is presented as a highly stylised cursive script. These all act as visual points of difference. I therefore consider that the marks are visually similar to only a very low degree.

46. Aurally, the Second Earlier Mark will be pronounced as ADD-AM ALL-DEE-OH. I consider that as the applicant's mark is a highly stylised cursive script, it would not be aurally articulated. Even at best, with the consumer recognising the letter "d" in the applicant's mark, I do not consider that they would pronounce the applicant's mark as "D". Therefore, the marks are aurally dissimilar.

47. Conceptually, the opponent submits that the applicant's mark, adm, is the shortening of the name ADAM, and therefore the marks are "conceptually identical". However, I disagree. Firstly, the opponent has not provided any evidence that "adm" is a typical shortening of the name ADAM, and that this would be known and recognised by the average consumer. Secondly, and as highlighted above, I do not consider that the average consumer would recognise the letters "adm" in the applicant's mark. It will be viewed as a highly stylised cursive script, which has no meaning. Furthermore, the Second Earlier Mark ends with the ordinary dictionary word AUDIO, which allusive of the opponent's goods that are types of audio equipment used for recording and reproducing sound. Consequently, the marks are conceptually dissimilar.

Likelihood of confusion

48. Confusion can be direct or indirect. Direct confusion involves the average consumer mistaking one mark for the other, while indirect confusion is where the average consumer realises the marks are not the same but puts the similarity that exists between the marks and the goods down to the responsible undertakings being

the same or related. There is no scientific formula to apply in determining whether there is a likelihood of confusion; rather, it is a global assessment where a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and vice versa. It is necessary for me to keep in mind the distinctive character of the earlier mark, the average consumer for the goods and the nature of the purchasing process. In doing so, I must be alive to the fact that the average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them that he has retained in his mind.

49. The following factors must be considered to determine if a likelihood of confusion can be established:

- I have found the marks to be visually similar to a very low degree.
- I have found the marks to be aurally dissimilar.
- I have found the marks to be conceptually dissimilar.
- I have found the Second Earlier Mark to be inherently distinctive to no more than a medium degree.
- I have found the distinctiveness of the Second Earlier Mark, for the opponent's loudspeaker goods, to have been enhanced through use to a high degree.
- I have identified the average consumer to be members of the general public, and professionals such as musicians and recording studios, who will select the goods primarily by visual means, although I do not discount an aural component.
- I have concluded that above a medium degree of attention will be paid during the purchasing process for the goods.
- I have found the parties' goods to be similar to a medium degree, to a low degree, or dissimilar. For those goods which I have found to be dissimilar, I note that if I am wrong in this finding, the goods will only be similar to a very low degree. I have also compared the applicant's goods with the opponent's "loudspeakers" which I have found enhanced distinctiveness.

50. Taking all of the factors listed in paragraph 49 into account, and even bearing in mind the principle of imperfect recollection, I am satisfied that the marks are unlikely to be mistakenly recalled or misremembered as each other.

51. It is well established that where the meaning of at least one of the two supposedly conflicting marks at issue is so clear and specific that it can be grasped immediately by the relevant public, the conceptual differences observed between those signs may counteract the visual and phonetic similarities between them.[2] In this instance, the Second Earlier Mark evokes the concept of the name ADAM and the ordinary dictionary word AUDIO, which is allusive of the opponent's audio equipment goods. The applicant's mark will be recognised as highly stylised cursive script, which has no apparent meaning. Furthermore, and as highlighted above, the marks are visually similar to a very low degree, with the average consumer paying above a medium degree of attention during the purchasing process, which is predominantly visual. The marks are also aurally dissimilar. Therefore, I do not consider that the average consumer would overlook the letters A, A and M and the word AUDIO, in the Second Earlier Mark, especially as this creates a clear conceptual hook in order to differentiate the marks (the boy's name ADAM and AUDIO vs highly stylised cursive script). Consequently, I do not consider there to be a likelihood of direct confusion.

52. It now falls to me to consider the likelihood of indirect confusion. Indirect confusion was described in the following terms by Iain Purvis Q.C. (as he then was), sitting as the Appointed Person, in *L.A. Sugar Limited v By Back Beat Inc*, Case BL-O/375/10:

> "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,

[2] *The Picasso Estate v OHIM*, Case C-361/04P, CJEU

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.”

53. In *Liverpool Gin Distillery Ltd & Ors v Sazerac Brands, LLC & Ors* [2021] EWCA Civ 1207, Arnold LJ referred to the comments of James Mellor QC (as he then was), sitting as the Appointed Person in *Cheeky Italian Ltd v Sutaria* (O/219/16), where he said 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”. Arnold LJ agreed, pointing out that there must be a “proper basis” for concluding that there is a likelihood of indirect confusion where there is no likelihood of direct confusion.

54. However, having noticed that the competing trade marks are different, I see no reason why the average consumer would assume that they come from the same or economically linked undertakings. I do not consider that the average consumer, paying above a medium degree of attention during the purchasing process, would think the Second Earlier Mark was connected with the applicant or vice versa. The opponent’s best case only rests on the average consumer recognising the letter “d” in the applicant’s mark, which is also a letter used in the Second Earlier Mark. However, given the clear and distinct conceptual difference separating the marks, they are not natural variants or brand extensions of each other. Taking all of the above into account, I do not consider there to be a likelihood of indirect confusion.

55. The opposition based upon section 5(2)(b) is dismissed.

<u>Section 5(3)</u>

56. Section 5(3) of the Act states:

“5(3) A trade mark which –

(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 (or, in the case of a European Union trade mark or international trade mark (EC), in the European Union) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier trade mark."

57. As with section 5(2)(b), I will be proceeding with the section 5(3) claim based upon the opponent's Second Earlier Mark only. As noted above, the Second Earlier Mark relied upon qualifies as an earlier mark pursuant to section 6 of the Act. I note that all of the goods under the Second Earlier Mark are being relied upon for the opposition under section 5(3) of the Act.

58. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, Case 252/07, *Intel*, Case C-408/01, *Adidas-Salomon*, Case C-487/07, *L'Oreal v Bellure* and Case C-323/09, *Marks and Spencer v Interflora* and Case C383/12P, *Environmental Manufacturing LLP v OHIM*. 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.*

(c) It is necessary 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 of all relevant factors, including the degree of similarity between the respective marks and between the 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) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is 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 relevant factors; *Intel, paragraph 79.*

(f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious risk that this will happen in future; *Intel, paragraphs 76 and 77* and *Environmental Manufacturing, paragraph 34.*

(g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel, paragraph 74.*

(h) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality which is liable to have a negative impact of the earlier mark; *L'Oreal v Bellure NV, paragraph 40.*

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (*Marks and*

Spencer v Interflora, paragraph 74 and the court's answer to question 1 in L'Oreal v Bellure).

59. The conditions of section 5(3) are cumulative. Firstly, the Second Earlier Mark and applicant's marks must be identical or similar. Secondly, the opponent must show that the Second Earlier Mark has achieved a level of knowledge/reputation amongst a significant part of the public. Thirdly, it must have established that the level of reputation and the similarities between the marks will cause the public to make a link between them, in the sense of the Second Earlier Mark being brought to mind by the later mark. Fourthly, assuming that the first, second and third conditions have been met, section 5(3) requires that one or more types of damage claimed will occur. It is unnecessary for the purposes of section 5(3) that the goods be similar, although the relative distance between them is one of the factors which must be assessed in deciding whether the public will make a link between the marks.

60. The relevant date for the assessment under section 5(3) is the date of application i.e. 26 May 2021.

Reputation

61. In *General Motors*, Case C-375/97, the CJEU held that:

> "25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.
>
> 26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.
>
> 27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.

> 28. Territorially, the condition is fulfilled when, in the terms of Article 5(2) of the Directive, the trade mark has a reputation 'in the Member State‘. In the absence of any definition of the Community provision in this respect, a trade mark cannot be required to have a reputation 'throughout‘ the territory of the Member State. It is sufficient for it to exist in a substantial part of it.”

62. In determining whether the opponent has demonstrated a reputation for the goods in issue, it is necessary for me to consider whether its mark will be known by a significant part of the public concerned with the goods. In reaching this decision, I must take all of the evidence into account including “the market share held by the trade mark, the intensity, geographical extent and duration of use, and the size of the investment made by the undertakings in promoting it.”

63. I note that the Second Earlier Mark is a comparable UK trade mark (EU). Therefore, I can consider the evidence that both pertains to the EU until IP Completion Day (31 December 2020), and the UK, in order to determine its reputation in both territories. Nonetheless, it is the UK consumer that needs to make a link, and therefore, I must specifically establish that the Second Earlier Mark has reputation amongst a significant part of the UK public, in order for a link to be made.

64. I have already summarised the opponent’s UK evidence in this regard above. Although reputation and enhanced distinctiveness are different things, the factors that are relevant are the same. However, I note that the opponent’s evidence in relation to the EU includes the following:

a) 3 EU third party publications which mentions the opponent’s ADAM SP-5 headphones.

b) Evidence of attendance to EU conferences from 2013 to 2019. I note that this evidence includes pictures of the opponent’s ADAM stands showing its loudspeaker monitors.

65. The opponent has provided sales figures from 2015 to 2020, in the EU, which amounts to €26,932,466. Its sales figures for 2021 in the UK alone amounted to

£1,423,049. I also bear in mind that the opponent has provided sales figures from 2015 to 2021, in the UK, which amounts to £7,538,820. As noted above, I am willing to infer that the majority of these sales pertain to the opponent's loudspeaker/speaker monitor goods. Furthermore, there is a significant amount of advertising expenditure, for both the EU and UK, from 2015 to 2021 exceeding £1,385,942. I have also been provided with supporting exhibits, including 28 third party publications promoting the opponent's ADAM speaker goods, examples of multiple awards won by the opponent and evidence of its attendance EU and UK conferences. Therefore, taking all of this into account, I am satisfied that the opponent has demonstrated a notable reputation in the EU and UK, in relation to its Second Earlier Mark, for its loudspeakers. Whilst there is some evidence of use in relation to subwoofers and headphones for both the EU and UK, I do not consider the evidence provided sufficient to justify a finding of reputation for these goods.

Link

66. As I noted above, my assessment of whether the public will make the required mental 'link' between the marks must take account of all relevant factors. The factors identified in *Intel* are:

> The degree of similarity between the conflicting marks
>
> For the reasons set out above, the marks are visually similar to a very low degree, and aurally and conceptually dissimilar.
>
> The nature of the goods or services for which the conflicting marks are registered, or proposed to be registered, including the degree of closeness or dissimilarity between those goods and services, and the relevant section of the public
>
> I have found the goods for which the opponent has demonstrated a reputation to be similar to a low degree, or dissimilar. For the goods that I have found to be dissimilar, if I am wrong in this finding, the goods will only be similar to a very low degree.

The strength of the earlier mark's reputation

The opponent enjoys a modest reputation for loudspeakers.

The degree of the earlier mark's distinctive character, whether inherent or acquired through use

The Second Earlier Mark is inherently distinctive to no more than a medium degree, and this has been enhanced through use to a high degree in relation to loudspeakers.

Whether there is a likelihood of confusion

I have found there to be no likelihood of confusion (direct or indirect).

67. I found that there was no likelihood of confusion under section 5(2)(b). The marks were, in my view, insufficiently similar. I recognise that a lesser degree of similarity between the marks than that required for a likelihood of confusion may be sufficient for a relevant section of the public to make a connection between those marks.[3] That is, to make a link between them. However, in my view, I do not consider that the marks are sufficiently similar enough to establish a link between the Second Earlier Mark and the applicant's mark. I consider that the visual, aural and conceptual differences are sufficient to offset the reputation that the Second Earlier Mark has in relation to loudspeakers. The opponent's reputation is simply not strong enough to bridge the gap between the marks, which only shares the letter "d" if it is recognised in the applicant's mark by the average consumer. I, therefore, do not consider that the requisite link will be made in respect of the goods.

68. As I have found there to be no link, the opposition based upon section 5(3) is dismissed.

[3] *Intra-Presse SAS v OHIM*, Joined cases C-581/13P & C-582/13P

Section 5(4)(a)

69. I do not consider that this ground puts the opponent in any stronger position than its 5(2)(b) case.

70. I recognise that the test for misrepresentation is different from that for likelihood of confusion in that it entails "deception of a substantial number of members of the public" rather than "confusion of the average consumer". However, as recognised by Lewison L.J. in *Marks and Spencer PLC v Interflora,* [2012] EWCA (Civ) 1501, it is doubtful whether the difference between the legal tests will produce different outcomes. Certainly, I believe that to be the case here.

71. The opponent relies upon a range of goods for its section 5(4)(a) case, including its loudspeakers, for which I have found to have a reputation and the marks to have enhanced distinctive character. However, regardless of this, I consider that the differences between the marks would be sufficient to avoid misrepresentation occurring. I note that the opponent relies upon the sign "ADAM" without the "AUDIO" element. However, as discussed in paragraph 47 above, "AUDIO" is an allusive element, and therefore the omission of this does not largely impact my findings. The sign ADAM still evokes the concept of a boys name, and the applicant's mark is still a highly stylised cursive script. I therefore consider that these differences are still sufficient to avoid a substantial number of the opponent's customers and potential customers purchasing the applicant's goods in the mistaken belief that they are provided by the opponent's business. As there is no misrepresentation, there can be no damage.

CONCLUSION

72. The opposition is unsuccessful, and the application may proceed to registration.

COSTS

73. The applicant has been successful and is entitled to a contribution towards its costs, based upon the scale published in Tribunal Practice Notice 2/2016. In the

circumstances, I award the applicant the sum of **£1,200** as a contribution towards the costs of the proceedings. The sum is calculated as follows:

Considering the Notice of opposition and preparing a Counterstatement	£350
Preparing and filling evidence, and considering the opponent's evidence	£850
Total	**£1,200**

74. I therefore order Adam Audio GmbH to pay Aileen Music Co.,Ltd. the sum of £1,200. This sum is to be paid within 21 days of the expiry of the appeal period or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings.

Dated this 8th day of September 2023

L FAYTER

For the Registrar

ANNEX

The First Earlier Mark

Class 9

Loudspeakers; Speaker enclosures; Public address systems; Loudspeaker systems; Speakers [audio equipment]; Horns for loudspeakers; Loudspeakers with built in amplifiers; Digital amplifiers; Repeaters; Electroacoustic amplifiers; Sound mixers with integrated amplifiers.