BLO/0934/23

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NUMBER 3,602,773 IN THE NAME OF BUILDXACT SOFTWARE LIMITED

AND IN THE MATTER OF THE OPPOSITION UNDER NO 425,937 IN THE NAME OF XACTWARE SOLUTIONS, INC

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF MARK BRYANT (O/298/23) DATED 23 MARCH 2023

DECISION

Introduction

1. This is an appeal from the decision of Mr Mark Bryant, for the Registrar, dated 23 March 2023 (O/298/23). Xactware Solutions, Inc opposed the application of Buildxact Software Limited to register a trade mark (No 3,602,773). The opposition by Xactware was made under sections 5(2), 5(3) and 5(4)(a), but it was unsuccessful on all grounds. Xactware appeals.

2. Buildxact applied to register the word mark BUILDXACT in classes 9, 36, 37 and 42. The application was filed on 1 March 2021, but claims priority under the European Union Withdrawal Agreement to 3 October 2019.

3. Xactware opposed this application based on five registrations representing three different word marks. The first word mark is XACTWARE and is covered by two registrations (Nos 904,801,437 and 915,215,627). Both of these registrations cover goods and services in classes 9, 35, 36 and 37, but the more recent mark also covers services in classes 38, 41 and 42. The second word mark is XACTANALYSIS and this is also covered by two registrations (Nos 913,733, 341 and 904,800,793). These registrations both cover class 36, but the more recent mark also extends to classes 9, 35, 38, 39 and 42. The third word mark is XACTIMATE (No 904,801, 312). This mark was registered in Class 9 only.

Proof of use

4. Xactware were required by Buildxact to prove use of its marks which were more than 5 years old. In relation to the XACTWARE and XACTANALYSIS marks, one of the two registrations for each of the word marks was more than 5 years old at the relevant date, but the other (with a longer specification) was not yet old enough to require proof of use. Accordingly, the Hearing Officer took the view that it was not necessary to

consider proof of use for the narrower and older version of the same mark. He also presumed that the goods and services covered by XACTIMATE were used: Decision, [19].

5. There was no cross-appeal or respondent's notice and so these findings are accepted by the Respondent. Nevertheless, I am not sure that a Hearing Officer presuming use of a mark which is the basis of an opposition is appropriate in the absence of a concession, but it may be that he took this view simply because he believed the mark was confined to the objection under section 5(3) where a reputation based on use is a prerequisite.

Standard of appeal

6. The standard of appeal is by way of review. Neither surprise at a Hearing Officer's conclusion nor a belief that he or she has reached the wrong decision will suffice to justify interference in this sort of appeal. Before that is warranted, it is necessary for me to be satisfied that there was a distinct and material error of principle in the decision in question or that the Hearing Officer was wrong. The principles to be applied were summarised by Joanna Smith J in *Axogen Corporation v Aviv Scientific Ltd* [2022] EWHC 95 (Ch) at [24]. When considering this appeal, and applying these principles, it is important to remember the high bar set.

Grounds of appeal

7. The Hearing Officer's decision was challenged on six grounds. First, the Hearing Officer failed to consider the opposition under section 5(2)(b) so far as it related to the XACTIMATE mark. Secondly, the Hearing Officer erred by considering evidence relating to the state of the register. Thirdly, the Hearing Officer did not properly consider indirect confusion in that he did not take into account the fact that more attentive customers are more likely to notice the shared elements of the marks. Fourthly, the Hearing Officer did not treat a particular example of use of the mark by the Respondent as representing normal and fair use of the mark. Fifthly, the Hearing Officer did not give proper weight to the independent distinctive role of XACT in the Respondent's own promotional material. Finally, the Hearing Officer did not properly consider whether there was a link between the marks for the purposes of the opposition under section 5(3).

Ground 1: Failure to consider the XACTIMATE mark

8. The Hearing Officer mistakenly believed that the XACTIMATE mark was relied upon by the Appellant only in respect of the opposition under section 5(3) and not that under section 5(2): Decision, [5]. It is clear from the TM7 that the opposition under section 5(2)(b) did extend to the XACTIMATE mark. This is therefore an error by the Hearing Officer.

9. Mr Malynicz KC, for the Respondent, accepts that this is an error but says it is not material. His position was that the additional consideration of the XACTIMATE mark was just part of the "family of marks" argument and one more mark in the family would have increased the size of the family but not the substantive merits of that argument.

10. Mr Tritton, for the Appellant, suggests that the XACTIMATE mark (on its own) is confusingly similar to the mark BUILDXACT. He also said that it bolstered his family of marks argument.

11. In the Hearing, I raised the issue that the *EUIPO Guidelines* (EUIPO Guidelines C.2.6.2) seem to suggest that it might not be necessary to consider XACTIMATE other than as part of the family. While the guidelines are not binding on me, the statements in the guidelines may represent case law by which I am bound. The relevant passage reads:

> When the opponent has proven the existence of a family of marks, it would be wrong to compare the contested application individually with each of the earlier marks making up the family. Rather, the assessment of similarity **should be conducted to make a comparison between the contested mark and the family taken as a whole**, in order to establish if the contested sign displays those characteristics that are likely to trigger the association with the opponent's family of marks in consumers' minds. In fact, an individual comparison between the conflicting signs might even lead to a finding that the signs are not sufficiently similar to lead to a likelihood of confusion, whereas the association of the contested sign with the earlier family of marks might be the decisive factor that tips the balance to a finding of likelihood of confusion.

12. This passage is rather confusing as it appears to me to suggest that once a party establishes that a mark is part of a family of marks, the marks making up that family should not be considered individually as well. Both Mr Tritton and Mr Malynicz suggest that this proposition must be wrong, and neither is seeking to submit that any form of election between the family and the individual marks is required.

13. Neither of the parties nor I have found any indication that this is the practice applied before the General Court or indeed the EUIPO. The closest statement I have found to support it is *Waltham Focus* (Cancellation Division, 9 April 2008) at [36]:

> the European Court of First Instance has accepted the proposition that a series of trade marks may have a synergic effect because the comparison is made between the younger sign and the series taken as a whole rather than with each earlier mark individually.

14. This statement (and I believe the intention behind the EUIPO Guidelines) is not that once a family is formed only a family comparison should take place. Instead, what is intended is that when comparing the family of marks to an earlier mark the family is taken as a whole rather than considering each member of the family individually. So once a family is established the applicant's mark should first be compared with each individual member of the family and thereafter compared with the family as a whole.

15. Accordingly, the Hearing Officer should have considered the XACTIMATE mark individually and he failed to do so. In *FWD VIEW* (O/332/19), the Hearing Officer intentionally omitted the consideration of a mark and Mr Iain Purvis QC, sitting as the Appointed Person, said at [15]:

> In my view, the right course, even where the tribunal is convinced that one (or more) of the earlier marks cannot produce a better result for the Opponent, is to carry out the global assessment on that mark anyway. It is perfectly acceptable in many cases to deal first with the earlier mark which the Hearing Officer considers presents the best case for the Opponent, and then to turn to the other mark(s) and explain shortly how (if at all) the differences affect the analysis. That way both parties get a reasoned decision on all the marks which have been

> advanced, whilst repetition is avoided. I do not rule out in principle the idea of 'culling' some earlier marks on the basis of procedural efficiency, but any such proposal should be made and dealt with in advance of the hearing or written determination of the case, so the parties can have a proper opportunity to express their views on the subject.

16. The situation is more serious in the instant case where the failure was a clear mistake and not a considered decision. In any event, I can only really conclude that the omission of the mark was immaterial if I decide the opposition based upon it would have failed. This would require me either to make assumptions based on the Hearing Officer's reasoning on the other marks, or to decide the matter *de novo*. Neither is desirable (see *FWD VIEW* at [18] and [19] and *Pass J Holdings v Spencer* [2012] RPC 16 at [10]). Accordingly, the matter should be remitted for the Hearing Officer to consider whether there is a likelihood of confusion between the mark BUILDXACT and XACTIMATE.

'Family' of marks

17. In addition, it is important that the Hearing Officer considers the family of marks argument again. A new mark (XACTIMATE) is joining the putative family and this is a material change. It is also not clear that the Hearing Officer followed the established case law relating to family marks. Therefore, when the issue is reconsidered, the Hearing Officer should follow the established steps.

18. First, it is necessary to establish whether there is a sufficient number of marks to form a family. In T-175/22 *Novartis v EUIPO*, EU:T:2023:135 the General Court held that it was necessary to have at least three marks to form a family (at [100] and [101]). This goes slightly further than T-303/06 and T-337/07 *Unicredit SpA v EUIPO*, EU:T:2014:988, [74] where it was held that three marks would be sufficient to form a family (with no suggestion fewer would be insufficient). *Novartis* is merely persuasive as it was decided after the United Kingdom left the European Union, and in any event once the XACTIMATE mark is taken into account there are three marks alleged to belong to the family. Accordingly, I do not need to consider whether *Novartis* reflects the law in this country.

19. Secondly, to form a family each of the individual marks in the family must have a "shared characteristic": C-270/14 *Debonair Trading Internacional*, EU:C:2015:688, [32]; C-317/10, [54]; C-234/06 *Il Ponte Finanziaria*, [62]). Where this shared characteristic has an inherent independent distinctive character then it may be its membership of a family is immaterial and it can be considered in the same way as any other such mark: see C-120/04 *Medion* [2005] ECR I-8551 and C-591/12 *Bimbo v OHIM*, EU:C:2014:305. However, in this case the Hearing Officer concluded that the XACT element of the marks did not have an (inherent) independent distinctive role: Decision, [58].

20. The Appellant claims that the shared characteristic across the family of marks is XACT. Mr Tritton goes further by suggesting that any mark including these letters would be seen as part of the family irrespective of the placement of XACT in the mark. The Hearing Officer will have to consider this submission in light of the guidance from the General Court (Court of First Instance) which has suggested that where the shared

characteristic is always in the same place in each member of the family then it being elsewhere in the applicant's mark means that mark might not be seen as being part of the family: T-194/03 *Il Ponte Finanziaria Spa* at [127]; T-287/06 *Torres v OHIM* [2008] ECR II-3817 at [81] (it should be noted the former says it "could not" be the case and the latter that it "might not" be the case; and subsequent case law uses both qualifications).

21. Thirdly, it is necessary to show the marks (or a sufficient number to make a family) were used in the marketplace: C-234/06 *Il Ponte Finanziaria Spa*, [65 and 66].

22. The requisite standard of use has not been very clearly set out by the Court of Justice. The starting point is the statement in C-234/06 *Il Ponte Finanziaria*, [64] that the mark has to be "present on the market" to be part of the family. But it is not immediately clear whether this just requires proof of use (ie the same standard as to avoid revocation) or something more. The position is much clearer in the lower courts. In T-194/03 *Il Ponte Finanziaria Spa* [2006] ECR II-445, [126] the court speaks of "actual use" and "proof of use". Likewise, in *Unicredit* the court referred to "actual use" (at [65]) and "proof of the use" (at [60]). Similarly, T-301/09 *CITIBANK*, EU:T:2012:473 says proof of use (at [86]). In T-518/13 *MacCOFFEE*, EU:T:2016:389, the court refers to "genuine use" (at [47]), "actual use" (for instance at [48] and [49]) and then it applied (by analogy) the same test required for establishing proof of use: at [52] to [54].

23. Accordingly, to be included in the "family" a mark must have been genuinely used. This is the case whether or not the mark is more than five years old. This is, however, not the end of the issue of use. As the Advocate General opined in *Il Ponte Finanziaria* at [101] (emphasis added):

> With a series of marks containing a common 'signature', the situation is different. The series itself is not registered as such, and so cannot enjoy protection as such. However, the existence of such a series of marks may well, if they are in **sufficiently widespread use**, affect the average consumer's perception to the extent that he will be likely to associate any mark containing the common element with the marks in the series…

24. This statement was endorsed by the Court of Justice (*Il Ponte Finanziaria*, [64]) in its description of use. It appears to me, therefore, that the right approach is that explained by the Second Board of Appeal in R-1842/2022 *HGIP Ltd* (18 September 2023), [82]

> the proprietor of a series of earlier registrations must prove that the trade marks of the family of trade marks were used on the market and, as a result, confers increased distinctive character on the common element.

25. However, this is not the same as suggesting that the relevant public must perceive the earlier marks as forming a family or series of marks by reason of the shared characteristic. There is no such requirement: *Unicredit*, [66 and 68]. What is required is that through the use of the marks (or some of the marks) in the marketplace the shared characteristic has become sufficiently distinctive.

26. This means that even though the Hearing Officer did not need to consider whether the younger marks had been used for the purposes of section 6A of the Trade Marks Act 1994 (Decision, [19]), on remission it will be necessary to consider the use of the marks.

This is because the Hearing Officer has to decide, first, whether each of the marks had been genuinely used in the marketplace so as to be considered part of the family, and secondly, whether the shared characteristic – XACT – had become sufficiently distinctive so that other marks with those letters might be considered part of the family.

27. Importantly, this needs to be considered separately from the Hearing Officer's finding that XACTWARE has enhanced distinctive character and XACTANALYSIS does not: see Decision, [46 and 47]. It is quite possible XACTWARE has enhanced distinctiveness while the shared characteristic XACT is not sufficiently distinctive (and likewise the converse with XACTANALYSIS). Finally, the test is not that the XACT shared characteristic benefits from enhanced distinctiveness, but that it has become sufficiently distinctive to the relevant public so that when faced with it in another mark they believe it too is part of the family.

28. If, and only if, the Hearing Officer finds XACT to be sufficiently distinctive, the family of marks argument should be taken into account during the assessment of likelihood of confusion. This is done by considering whether confusion results from the relevant consumer being mistaken as to the provenance or origin of goods or services covered by the Respondent's Mark believing, erroneously, that it is part of the XACT family of marks: C-234/06 *Il Ponte Finanziaria*, [62] and [63]; C-317/10 *Union Investment Privatfonds GmBh v OHIM* [2011] ECR I-5471 at [54].

Ground 2: state of the register evidence

29. Mr Tritton criticises the Hearing Officer for taking into account evidence relating to the 'state of the register'. I can deal with this ground briefly. As Mr Tritton accepts, the Hearing Officer said the relevant evidence supported a finding he had already made (Decision, [56]). In other words, even if he had not considered the state of the register evidence the finding would be the same. Accordingly, the error (if there were an error) cannot be material.

30. Mr Tritton also criticises the Hearing Officer for failing to consider the absence of evidence showing XACT had been used in the marketplace by third parties. It would be quite wrong for the absence of evidence of a mark being used in the marketplace to automatically be taken to be evidence of absence from the marketplace. This ground of appeal is therefore dismissed.

Ground 3: indirect confusion and level of attention

31. Mr Tritton's original submission relating to his third ground of appeal appeared to be very bold. He suggested that indirect confusion is more likely to arise where there is a more attentive rather than less attentive relevant public. That is, he was arguing the more attentive the relevant public becomes the more likely that public is to think there is an economic link between trade marks with shared elements.

32. However, during the Hearing, his submissions became more conventional. Ultimately, he submits that a more attentive relevant public is more likely to spot similarities between the marks. This is clearly right. On the other hand, Mr Tritton accepts, they

are also more likely to spot differences between the marks as well. Once he made this concession, the submission was little more than a criticism of the Hearing Officer's finding that the relevant public would not think there was an economic link between the marks. I see nothing wrong in the approach of the Hearing Officer. I therefore dismiss this ground of appeal as well.

Grounds 4 and 5: Notional Use

33. Mr Tritton submits that the Respondent using the sign BUILD**XACT** (that is XACT emboldened) should have been considered by the Hearing Officer as a notional and fair use of the mark. He makes this submission based on certain promotional material where the mark was presented in this way by the Respondent. Mr Malynicz submitted that this was not the use of the BUILDXACT mark at all, but a different mark.

34. I accept Mr Tritton's basic proposition that where a trader has used a mark in a particular way then this is likely to represent *a* notional and fair use of the mark, but it will not necessarily be the only notional and fair use (see *Open Country Trade Mark* [2000] RPC 477 at 482). However, in my judgment a use of the mark by an applicant cannot be treated as a notional and fair use simply by reason of the applicant's use alone. It still must be a notional and fair use *objectively* (as the word 'notional' makes clear). Otherwise, there is a risk of turning opposition proceedings into an infringement claim.

35. This brings me to Mr Malynicz's suggestion that using BUILD**XACT** is not using the mark BUILDXACT.

36. It is well-established that a word mark is granted protection in relation to every typeface and font: T-24/17 *La Superquimica v EUIPO*, EU:T:2018:668, [39]; *DREAMERS CLUB* [2019] RPC 16, [11] and [12]; *MR HERON* (O/954/22), [15]. However, slightly different considerations apply to notional and fair use than to the scope of protection. If the use of a word with particular letters emphasised is a notional and fair use of a mark then such emphasis is *objectively* notional and fair. In other words, it would be such a use even if the Respondent had not done it in the marketplace. Such a finding would open it up to any party in any proceedings to suggest particular letters within a word mark are emboldened so that common elements stand out. This would be quite wrong.

37. Accordingly, I think the Hearing Officer adopted the correct approach in his analysis (Decision, [60]) and the assessment was right to use the contested mark BUILDXACT and not BUILD**XACT** (even though this form was found in certain promotional material). I therefore dismiss the fourth and fifth ground of appeal.

Ground 6: Family of marks, reputation and link

38. In relation to Ground 6, Mr Tritton has multiple strands to his argument. The first strand relates to the establishing of a link between the Respondent's mark and the earlier marks. The second strand relates to the Hearing Officer's assessment of the similarity of the services. The third strand relates to the finding by the Hearing Officer that if the

earlier mark is brought to mind, it would be rejected as a coincidence and so there was no link.

Family of marks – a factor when considering a link

39. The first criticism requires me to return to family marks. The Hearing Officer found that the mark XACTWARE had sufficient reputation to engage section 5(3). He concluded that XACTANALYSIS did not have a reputation, but XACTIMATE did just about (Decision, [78 and 79]. The Hearing Officer went on to say that if the opposition failed in relation to XACTWARE it could do no better with the other marks: Decision, [79].

40. Mr Tritton does not challenge this finding, but he submits the Hearing Officer erred because when he considered whether there was a link between BUILDXACT and XACTWARE he did not consider the fact that the latter mark was a member of a family of marks.

41. To give some context, there is no reason in principle why a reputation for the purposes of section 5(3) cannot develop in the shared characteristic of a family of marks rather than (or as well as) in one of more of the individual marks (see *CITIBANK*, [106] and [107]). But this is not the Appellant's case before me.

42. Nevertheless, the fact a reputation has been developed in respect of only one member of the family does not mean that that mark being part of a family is irrelevant. The General Court has held that the fact it is in a family is relevant for determining whether there is a link between the earlier mark with a reputation and the mark applied for: *CITIBANK*, [106]; T-518/13 *MacCOFFEE*, EU:T:2016:289, [73]; T-428/18 *McDREAMS*, EU:T:2019:738, [85].

43. Accordingly, if the Hearing Officer concludes on remittal that the three marks do indeed form a family of marks, this factor will need to be taken into account when assessing whether there is link between the marks required by section 5(3).

Similarity of services

44. Mr Tritton's second criticism is that the Hearing Officer was wrong to conclude that none of the Respondent's goods or services relates to "insurance" and that the Respondent's goods and services specifically exclude "for the management of insurance claims". This argument was just an attempt to reopen the Hearing Officer's finding. Nothing Mr Tritton puts forward demonstrated an error of principle or a conclusion which was not open to the Hearing Officer to make. Accordingly, I reject this strand of Ground 6.

Earlier mark brought to mind

45. Mr Tritton submits that a clear error is demonstrated in Decision, [82] where the Hearing Officer states:

> If there are circumstances where the applicant's mark brings [to mind] the opponent's mark, it will likely be quickly dismissed as no more than coincidence.

46. In short, the point Mr Tritton makes is that if the Appellant's marks are brought to mind when the relevant public sees BUILDXACT then this in itself means the required "link" has been established. He suggests that the Hearing Officer should then have progressed further to consider whether there was the injury to the mark required by section 5(3); namely, that the use by the later mark takes unfair advantage of or would be detrimental to the distinctive character or the repute of the earlier trade mark.

47. It seems to me that if a mark is brought to mind and the similarities are immediately dismissed by the relevant public as a coincidence then the required injury in section 5(3) is simply absent. Accordingly, I do not think this criticism can be sustained.

48. Mr Tritton made some other minor criticisms of the Hearing Officer's reasoning under section 5(3), but none took his case further.

49. Therefore, if the Hearing Officer finds that a family of marks exists then his decision will need to be revisited in relation to whether there is a link between the marks. It is to that extent only that I allow the appeal under this ground.

Conclusion

50. I therefore allow the appeal in part and remit this matter back to the registrar to determine the following issues only:
    (i) The merits of the opposition under section 5(2)(b) based on the mark XACTIMATE;
    (ii) Whether the three marks XACTIMATE, XACTWARE and XACTANALYSIS are a family of marks. If so,
        a. the merits of the opposition under section 5(2)(b) based on the shared characteristics of these marks.
        b. Whether there is a link for the purposes of section 5(3) between XACTWARE and BUILDXACT taking into account the family of marks (and if a link is found, whether the injury required for section 5(3) is established).

51. I see no reason why the case needs to be assigned to a new hearing officer, but I will leave it to the registrar to assign it as the registrar sees fit. It is also for the registrar to make any further directions necessary.

52. In light of my findings and the mixed success of the parties, I make no order as to costs.

PHILLIP JOHNSON
1 October 2023

Representatives

For the Appellant: Mr Guy Tritton of Counsel

For the Respondent: Mr Simon Malynicz KC of Counsel