

O-147-07

**TRADE MARKS ACT 1994**

**IN THE MATTER OF TRADE MARK REGISTRATION  
NO 2382134 IN THE NAME OF JOHN C GUYATT**

**AND**

**IN THE MATTER OF AN APPLICATION FOR A  
DECLARATION OF INVALIDITY UNDER NO 82426  
BY O2 HOLDINGS LIMITED**

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by O2 Holdings Limited**

### **BACKGROUND**

1. The following trade mark was applied for on 14 January 2005 and placed on the register on 12 August 2005:



It stands in the name of John C Guyatt. It is registered for a specification of goods and services that reads:

#### **Class 09**

Measuring, signalling, checking and supervision; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; data processing equipment and computers; computer hardware and firmware; computer software; telecommunications apparatus; mobile phone accessories; home automation apparatus including hardware, firmware, software and communication equipment; digital music; automatic vending machines and mechanisms of coin operated apparatus.

#### **Class 42**

Design and development of computer hardware and software; installation, maintenance and repair of computer software; computer consultancy services; design, drawing and commissioned writing for the development of web sites; creating, maintaining and hosting the web sites of others.

2. On 16 February 2006 O2 Holdings Limited filed an application for a declaration of invalidity against this registration. The applicant is the registered proprietor of a number of trade mark registrations for the marks O2 and O<sub>2</sub>, details of which are set out in Annex A to this decision. I note that the statement of case indicates that its portfolio of marks includes but is not limited to the Annex A registrations. I can, of

course, only take into account earlier trade marks that have been clearly identified by the applicant.

3. The applicant claims that its O2 trade mark is extremely well known in the United Kingdom in the context of telecommunications services and telecommunications equipment and related computer hardware and software.

4. It offers the following submissions in relation to similarity of marks and goods and services respectively:

“The mark the subject of Registration 2382134 is O2M8 in a stylised form. The mark cannot be pronounced as one word and so phonetically it could be read as “oh two em eight”. Alternatively, as it is now common for the numeral 8 to be used to finish words that end in “ate” in view of the fact that they are phonetically identical, it is perhaps more likely that the mark will be pronounced “Oh two mate”. This mark is therefore phonetically and visually extremely similar to the applicant’s earlier trade mark registrations for the mark O2.”

and

“The goods covered by the Class 9 specification in the subject registration are identical, or are at least confusingly similar, to the goods covered by the various registrations listed in paragraph 2 above, and in particular the goods covered in Class 9 by these registrations. The services covered by the Class 42 specification in the subject registration all relate to the installation and maintenance of computer hardware and software and computer consultancy services. The line between telecommunications equipment, telecommunication services and IT equipment and services is now blurred. Telecommunications companies provide handsets that are effectively small computers, as well as PDAs which are themselves computers. Installation of home IT requires telecommunications provision in view of the requirement for Internet access. We understand that the owner of the subject registration provides home automation services, and this requires a telecommunications hub for the creation of the home network for the purposes of automation. The line between these services and the services provided by a telecommunications network provider is negligible.”

5. On the basis of the above particulars the applicant asks that the registration be declared invalid under the provisions of Section 47(2)(a)/5(2)(b).

6. In the event that I find any of the goods and services to be dissimilar the applicant asks that the registration be declared invalid under the provisions of Section 47(2)(a)/5(3).

7. Mr Guyatt has filed a counterstatement which in substance seeks rejection of the application. In support of his registration he offers the following information and comment:

- the O2M8 mark is used in relation to home automation products for the benefit of the environment and home owners in the UK.
- O2M8 is an interpretation of the word 'automate' and is visually and phonetically different to the applicant's marks.
- the parties operate in different product and market areas.
- during exchanges with the applicant a partial surrender of the registration was offered in an attempt to reach a negotiated settlement. In essence the proposed surrender would have focussed on the home automation aspect of the goods and services contained in the registration.
- other companies are using O2/ O<sub>2</sub> marks.
- Mr Guyatt accepts that the applicant's mark is well known in relation to mobile phones and telecommunications but suggests the applicant is not associated with computer hardware and software.
- in response to the applicant's specific claim about the use of telecommunications hubs Mr Guyatt says this is not true. O2M8 can use data communication hubs in its system installations for interconnecting computers inside the house but these are normally supplied by other companies like Netgear, Cisco or others.

8. Both sides ask for an award of costs in their favour. Both sides filed evidence. The parties were reminded of their right to be heard or to have a decision from the papers. Neither side has asked for a hearing. Written submissions have been received from Boulton Wade Tennant (under cover of their letter of 10 April 2007) on behalf of the application. Acting on behalf of the Registrar and after a careful study of the papers I give this decision.

### **Applicant's evidence**

9. Julius Stobbs of Boulton Wade Tennant, the applicant's trade mark attorneys, has filed a witness statement with the following exhibits:

- |     |  |
|-----|--|
| JS1 | - confirmatory details of the earlier trade mark relied on.  |
| JS2 | - a copy of a witness statement by Tom Sutton, Head of Advertising of O2 (UK) Limited in an (unrelated) invalidity action (No 81656). This is relied on as establishing the applicant's reputation. As the registered proprietor does not dispute the applicant's reputation in relation to mobile phones and telecommunications I do not propose to record the substance of this piece of evidence at this point. However, for the benefit of the proprietor who was not involved in invalidity action No 81656, I have reproduced at Annex B the Hearing Officer's summary of Mr Sutton's evidence. I infer that the |

applicant has no major disagreement with that summary or the Hearing Officer's conclusions from it.

Mr Stobbs also refers to the case of *O2 Limited v Hutchinson 3G UK Limited*, Case No HC04 CO2776 in the High Court as also confirming the applicant's reputation.

- JS3 to 5 - these and most of the subsequent exhibits are intended to demonstrate that the line between telecommunications equipment and services and IT equipment and services is now blurred. These particular exhibits contain copies of press releases from various other mobile telecommunications companies' websites showing that they offer or are about to offer broadband services.
- JS6 to 11 - contains Vodafone website material in relation to 3G broadband services and showing increased connectivity and overlap between mobile telecommunications and computer hardware and software.
- JS12 - contains T-mobile website material in relation to the provision of broadband internet access to laptops.
- JS13 - contains information from O2 in relation to the launch of a 3G service in Germany in April 2004.
- JS14 to 16 - give information on the size and growth of the internet telephony industry.
- JS17 - consists of pages from automatedhome.co.uk website showing that the O2M8 WebBrick product "offers web and mobile phone SMS integration".

### **Registered proprietor's evidence**

10. Mr Guyatt has filed a witness statement which in the main reiterates the information and observations contained in his counterstatement. He again emphasises that the parties operate in different fields and that nobody has ever associated his business with that of the applicant.

### **Applicant's evidence in reply**

11. Mr Stobbs has filed a further witness statement dealing with the claim made in Mr Guyatt's counterstatement that other companies use the O2 sign and that it is "very common and is being used by a range of different organisations". Mr Stobbs analyses the examples provided by Mr Guyatt and says they fall into a number of categories being either companies with whom O2 has an agreement in place; unrelated goods areas; US usage; or in one case a company with whom O2 is currently in dispute.

12. That concludes my review of the evidence.

## DECISION

13. Section 47(2) reads as follows:-

“(2) The registration of a trade mark may be declared invalid on the ground

- (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or
- (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

(2A) But the registration of a trade mark may not be declared invalid on the ground that there is an earlier trade mark unless –

- (a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration,
- (b) the registration procedure for the earlier trade mark was not completed before that date, or
- (c) the use conditions are met.

(2B) The use conditions are met if -

- (a) within the period of five years ending with the date of the application for the declaration the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or
- (b) it has not been so used, but there are proper reasons for non-use.

(2C) For these purposes -

- (a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and
- (b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(2D) In relation to a Community trade mark, any reference in subsection (2B) or (2C) to the United Kingdom shall be construed as a reference to the European Community.

(2E) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.”

14. Sub-sections 2A to 2E were introduced by virtue of the Trade Marks (Proof of Use, etc.) Regulations 2004 (SP 2004/946) which came into force on 5 May 2004

15. Section 5(2)(b), the applicant’s primary ground, reads as follows:

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

- (a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or
- (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.”

16. The applicant relies on seven registrations. All are earlier trade marks within the meaning of Section 6(1) of the Act. All completed their registration procedure within the five year period ending with the date of the application for the declaration (Section 47(2A)(a)) so the use conditions set out in Section 47 do not apply in this case.

17. An objection under Section 5(2)(b) requires me to consider whether there are similarities in the marks and similarities in the goods and services that, cumulatively, lead to a likelihood of confusion. For the benefit of the registered proprietor who is not professionally represented in these proceedings I will set out the leading guidance from the European Court of Justice contained in *Sabel BV v Puma AG* [1998] E.T.M.R. 1, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] R.P.C. 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG and Adidas Benelux BV* [2000] E.T.M.R. 723.

18. It is clear from these cases that:

- (a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v Puma AG*; paragraph 22
- (b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v Puma AG*, who is deemed to be reasonably well informed and reasonably circumspect and observant – but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of

them he has kept in his mind; *Lloyd Schuhfabrik Meyer & C. GmbH v. Klijsen Handel B.V.* paragraph 27;

- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v. Puma AG* paragraph 23;
- (d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV v. Puma AG* paragraph 23;
- (e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* paragraph 17;
- (f) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it; *Sabel BV v. Puma AG* paragraph 24;
- (g) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v. Puma AG* paragraph 26;
- (h) further, 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; *Marca Mode CV v. Adidas AG and Adidas Benelux BV* paragraph 41;
- (j) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 29.

### Similarity of Marks

19. The marks in issue are:

Registered Proprietor's

Applicant's

	O2 and O <sub>2</sub>
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20. It will be apparent that the applicant's mark exists in two forms, the second of which (the sub-script form) is likely to be taken visually and conceptually as indicating oxygen (two atoms thereof). The first of the marks relied on by the applicant would, in my view, be more likely to be taken at face value as a letter and

numeral combination or, conceivably, two numerals. Although in use (considered below) the two forms appears to be employed interchangeably, they give rise to somewhat different considerations based on their inherent make-up.

21. Mr Guyatt's counterstatement offers the following submission in relation to his mark

"The O2M8 mark is an interpretation of the word 'automate' and uses the croobie font with a graduated green colour to provide a unique stylisation for brand differentiation. It is very different to the 'O<sub>2</sub>' branding elements of style, colour, font type and supporting graphics.

Phonetically the two marks are different. Reflecting the word 'automate' and the industry we are involved in it is clear that 'O2M8' is phonetically expressed in one word as 'Oh-T-Mate'. The 'T' in the middle sounds like a 'T' sound and is a short syllable. It is not expressed as a long syllable 'Two' as O<sub>2</sub> are claiming."

I note that strictly he comments on the subscript form of the applicant's mark.

22. The applicant's written submissions focus on the mark that is the subject of CTM No 2109627, that is to say O2 and remind me that it is a well established principle of trade mark law that it is the first element of marks that usually attracts most attention.

23. The submissions appear to concur with the proprietor's view that M8 would be seen as shorthand for 'mate'. On that basis it is said that it has very limited distinctive character thus reinforcing O2 as being the distinctive and dominant element. The applicant suggests that the pronunciation of the proprietor's mark would be "OH TWO MATE". Hence it is said it would be seen as a variation of the applicant's O2 mark or intended to designate a related product. Finally, the applicant notes that the proprietor considers the stylisation of the logo to be very different from the applicant's mark but takes the position that the stylisation is irrelevant as the applicant would be entitled to use its marks in other forms.

24. I propose to consider the matter on the basis of the applicant's O2 mark as in my view it offers the application a stronger case than the subscript form.

25. I agree with the proprietor that the particular form of presentation of O2M8 must be borne in mind. In this respect I have regard particularly to the slightly unusual font. Mr Guyatt also refers to "a graduated green colour". However, the mark is not subject to a colour claim or limit and so can be used in any colour.

26. I also have difficulty with the submission that O2M8 would be seen or understood as being "an interpretation of the word 'automate'". It may be that consumers could be educated to read the mark in this way but it is not an obvious or natural deduction to be made from the mark in the way it is presented.

27. The parties appear to agree that M8 would be seen as 'mate'. Perhaps this is 'text-speak' but again I have reservations as to whether consumers would see the element in this way particularly in the context of a mark where the first two elements, O and 2,

would more naturally be seen or articulated as a letter and numeral (or two numerals). It seems far more likely that consumers would simply see and speak the individual elements.

28. This is a case where no single element stands out. The proprietor's mark derives its particular character from the sum of its parts. Visually and conceptually, therefore, the applicant's O2 mark finds an echo in the first two elements of the proprietor's mark. That is countered but not drowned out by the stylisation of the O2M8 mark and the additional features (M8) contained in it. Furthermore if, contrary to my own instinctive reaction, M8 is perceived as a form of shorthand for 'mate' then it does nothing to lessen the similarity between the marks and, if anything, strengthens it by suggesting a link or connection of some kind. In overall terms I regard the respective marks as being similar to a moderate degree.

### **Distinctive character of the earlier trade mark.**

29. This is point (f) of the guidance points set out-above. It is part of Mr Guyatt's case that other organisations are using O2 or O<sub>2</sub>. In his counterstatement he expresses surprise that the applicant can be allowed to use the oxygen mark that has been universally used for so many years. The answer is that, whilst O<sub>2</sub> is the generic chemical symbol for oxygen it is not a sign that is required for descriptive use in relation to mobile telephony any more than Apple®, the name of a fruit, is descriptive of computers. It is in principle immaterial that other traders in other product areas and/or other jurisdictions have themselves also adopted the sign. It says no more than that it is a sign that has a certain appeal for branding purposes.

30. So far as I can see O2 or O<sub>2</sub> are inherently distinctive marks in relation to the goods and services for which they are registered. In this case the applicant has also filed evidence of use. Mr Guyatt for his part has, sensibly, conceded that O<sub>2</sub> is well known in the UK (his words) in relation to mobile phones and telecommunications. On that basis it is not necessary to me to undertake a lengthy examination of the evidence. Suffice to say that the scale of the publicity surrounding the launch and promotional activity thereafter, the size of the business and its customer base and the applicant's position as one of the five or six major players in the mobile phone business combine to leave me in little doubt that O<sub>2</sub> was a highly distinctive mark by the material date in these proceedings.

31. Although I have distinguished between the O2 and O<sub>2</sub> marks I find that Mr Sutton's evidence shows extensive use of both forms of the mark. I note that Mr Guyatt's counterstatement and evidence generally refer to the subscript form of the mark but there is nothing to indicate that he believes that it is only this form that has acquired a distinctive character through use. For my part I find that both forms have a high degree of distinctive character. As the Hearing Officer found in Invalidation No 81656 (referred to in the applicant's written submissions) that distinctiveness is based on, and relates to, the applicant's trade in mobile phones and telecommunications services (paragraph 36 of the decision). Although the material date in that case was almost two and half years earlier than here the applicant has relied on the same evidence of use. I regard the finding based on that evidence to be a fair reflection of the current position, there being no suggestion that distinctiveness has been lost or eroded in the interim.

## Similarity of goods and services

32. Mr Guyatt has been at pains to stress what he regards as the differences between the goods and services of primary interest to the parties. He describes his own products in the following terms:

“Our WebBrick products are home automation monitoring and control units typically packaged inside industrial grade DIN-rail enclosures. These are then fitted onto a DIN-rail inside a wall mounted electrical supply box inside a house or building. The WebBricks are not handled, used or seen by consumers as they are installed out of site under the stairs, or in a closet or star point room. The WebBrick monitors sensors and switches inside a home and controls things in accordance with control rules that have been configured into the product.”

33. He distinguishes these products from the applicant’s mobile phone and telecommunications service and refers to a reduction in the scope of his specification that was put to the applicant in an effort to resolve the dispute. To the best of my knowledge there has been no formal request to the Registry to amend the specification.

34. It is well established that the tribunal must consider the full notional scope of the specifications before it, in other words what it would be open to the parties to do within the scope of their specifications and not just what they are actually doing.

35. Furthermore, it must be borne in mind that trade marks can be assigned. A new owner may wish to trade in different types or quality of goods or by different means (within the scope of an existing registration) with the result that the relative position of parties in the market place changes.

36. For these main reasons the mere fact that the parties may have hitherto traded concurrently without apparent problem is not a basis for accepting that that state of affairs will continue particularly given the breadth of the proprietor’s specification.

37. It will be convenient at this point to set out the applicant’s submissions in relation to similarity of goods and services:

“In actual fact, the subject registration covers identical goods in Class [9] to those covered by Community Trade Mark Registration No 2109627. Insofar as the subject registration covers “telecommunications apparatus; mobile phone accessories; home, or indeed any other apparatus that may function by way of telecommunications, or contains a telecommunications functionality, then the goods that we are dealing with are identical. In relation to the remainder of the goods and services, the goods must be considered extremely similar. Indeed, all data processing equipment and computers, and computer hardware must be regarded as being similar goods to telecommunications apparatus and instruments. It is common for mobile telephones and telephones at large to contain computer hardware, but also to comprise effectively mini computers. Indeed, palm top computers and PDA’s are almost indistinguishable from laptops and mini PCs, and likely perform the

same functionality, are purchased through the same channels of trade, by the same sets of consumers. On the Treat principles, these goods are clearly extremely similar. Similar principles will apply in relation to the other goods covered by the subject application.

The services covered by the subject application all relate to the maintenance and repair of computer hardware and software. These services are themselves extremely similar to telecommunication services in Class 38. We have established in evidence that telecommunication services are becoming increasingly common and are converging with other ranges of IT services, and in particular IT services provided at home. In view of this, the services covered by subject registration must be regarded as being similar to the goods and services covered by the applicant's earlier registrations. In particular, the registered proprietor has identified specific services that it actually provides under the mark and it likely to provide under the mark. Those services are effectively designed to automate IT processes and other electronics processes within the home. These may well function by way of telecommunications, and these services must be considered similar to broadband or internet services that you would also obtain for your own."

38. In assessing the similarity of the goods and services concerned, all the relevant factors relating to those goods and services should be taken into account. Such factors include *inter alia* their nature, intended purpose and method of use, and also whether they are in competition with each other or are complementary (see judgment of the European Court of Justice, Case C-39/97, *Canon Kabushiki Kaisha v Metro Goldwyn Mayer Inc*). Further factors include the purpose of the goods, their origin, and their pertinent distribution channels and sales outlets.

39. The applicant's submissions are based on CTM No 2109627 which covers "telecommunications apparatus and instruments" in Class 9 and a range of telecommunications services in Class 38. Having considered all of the applicant's earlier trade marks I agree with the applicant that this registration represents its strongest position. I also agree with the applicant in considering certain of the proprietor's Class 9 goods to be identical. In this category I include not only "telecommunications apparatus and mobile phone accessories" but also "apparatus for recording, transmission or reproduction of sound or images", a term that is sufficiently broad to encompass mobile phone and telecommunications apparatus, (bearing in mind that mobile phones are now used to record and transmit images as well as sounds).

40. The applicant has submitted that "data processing equipment and computers; computer hardware and firmware and computer software" are similar to telecommunications apparatus. I accept that there has been and continues to be convergence between the computing and telecommunications fields. Mobile phones, for instance, can now be used to access functionality such as internet use that would once have been the preserve of computers. The same is true of games (see exhibits TS11) and the range of premium applications referred to in the O2 press release of 4 November 2002 (also in Exhibit TS11). Mobile phones can also be used for remote programming of television channels. A further example of the convergence and integration of functions can be found in the press release of 19 February 2002 which

announces O2's link-up with a number of computer companies in the provision of mobile data services. The material in Mr Stobbs' first witness statement gives further examples of this trend in technological developments. I conclude that these goods are similar to a reasonable degree.

41. The next group of goods that I want to consider is "home automation apparatus including hardware, firmware, software and communication equipment". These are the core goods of interest to Mr Guyatt. Such goods are clearly not telecommunications devices in their own right but are they similar applying the *Canon* and *Treat* tests? The applicant has pointed out that the website page announcing the launch of the proprietor's WebBrick product records that "The software ..... offers web and mobile phone SMS integration". In short it is the sort of interface product that will be able to utilise the functionality that is being built into mobile phones. No doubt the compatibility of the product with mobile phones will be an attractive selling point. In overall terms I regard the respective goods as having a low to moderate degree of similarity because of their potential complementarity in use.

42. The remaining goods are "measuring, signalling, checking and supervision; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity" and "digital music, automatic vending machines and mechanisms of coin operated apparatus". There is an element of ambiguity in the first part of the balance of the specification arising from the semi-colon after supervision which leaves the first five words as descriptions but without being linked to goods. Equally if the semi-colon was intended to be a comma the specification down to "...controlling electricity" is difficult to interpret. The parties have not addressed this issue and I am unable to resolve it here. The applicant has simply said that similar principles apply in relation to these goods. However one reads the specification these remaining goods are not obviously similar to the applicant's goods and services. In the absence of argument or submissions on the point I can see no basis for finding a recognisable degree of similarity in the case of this part of the proprietor's specification.

43. Turning to the Class 42 services the applicant's primary submission is that the services are extremely similar to telecommunications services in class 38. The basis for this is that they "all relate to maintenance and repair of computer hardware and software". As a matter of record that is not the case. The proprietor's services go wider than this and do not square with the applicant's interpretation of those services in the extract from the applicant's written submissions referred to above.

44. In *Avnet Inc v Isoact Ltd* [1998] F.S.R. 16 it was held that

"..... definitions of services, which I think cover six of the classifications in the respect of which trade marks can be registered, are inherently less precise than specifications of goods. The latter can be, and generally are, rather precise, such as "boots and shoes".

In my view, specifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities.

They should be confined to the substance, as it were, the core of the possible meanings attributable to the rather general phrase.”

45. The applicant claims that the proprietor’s services are designed to automate IT or other electronic processes within the home and may well function by way of telecommunications. Hence they are said to be similar to broadband or internet services. That seems to me to require a very broad interpretation of the terms used in the proprietor’s Class 42 specification. “Design and development of computer hardware and software” is the provision of that service to others. It may be that it would embrace the design and development of computer software for home automation equipment. But the essence of the service is the offering of a design and development function rather than the particular application areas it is intended to serve. Furthermore, the link with telecommunications is tenuous. Perhaps the applicant’s strongest position is in relation to “installation, maintenance and repair of computer software” which could include software forming part of home automation devices. But again the connection with telecommunications services is not easy to discern and is a further step removed from the complementarity that I have held to exist between, say a mobile phone and a device that can be activated or controlled using a mobile phone. If there is similarity it is at an extremely low level and one that would in my view scarcely register with the average consumer.

46. The balance of the Class 42 specification consists of “computer consultancy services; design, drawing and commissioned writing for the development of web sites; creating, maintaining and hosting the web sites of others”. Bearing in mind Jacob J’s observations in *Avnet v Isoact* and the absence of any clear explanation of the basis for the claim of similarity, I can see no basis for a finding of similarity with telecommunications services. As the applicant’s written submissions do not make out any separate case for similarity based on its goods registrations I find that the Class 42 services are not similar to any of the applicant’s Class 38 (or other) services.

### **The average consumer**

47. As is clear from (b) of the summary of the guidance from the European Court of Justice cases the question of whether there is a likelihood of confusion is to be judged from the perspective of the average consumer who is held to have the attributes set out in that paragraph. The specifications that are before me are cast in broad terms with the almost inevitable consequence that there is also likely to be more than a single homogenous group of consumers. The broad distinction is between goods such as mobile phones which are in the main purchased and owned by private individuals and other types of apparatus and equipment that are likely to be purchased by corporate users (an office equipping itself with a phone system or network say) and professional/trade users. The latter might, for instance, include the system installers who would specify and install the home automation systems that the proprietor’s WebBrick product would control (see JS17). I anticipate that greater care and attention will be paid by consumers of all kinds as apparatus and equipment increase in price but even with items such as mobile phones for personal use the range of choice, applications and package options points to a reasonably considered choice on the average consumers’ part.

## **Likelihood of confusion**

48. This is a matter assessing the identify or similarity between the respective goods and services, the similarities between the marks and the impact of the undoubted reputation attaching to the applicant's O2 mark. This is not a case where there will be direct confusion between the marks. The stylised nature and additional elements present in the proprietor's mark are sufficient to dispose of any concern that the average consumer will mistake one mark for the other. Furthermore, criteria (h) and (i) of the above summary of guidance points make it clear that a mere association between marks does not in itself give grounds for presuming a likelihood of confusion. However, if the public wrongly believes that goods or services point to some economic linkage between the undertakings offering those goods or services, then there is a likelihood of confusion within the meaning of the Section.

49. Making the best I can of it and bearing in mind particularly the reputation attaching to the applicant's mark I find that there is a likelihood of confusion in relation to the following goods

“apparatus for recording, transmission or reproduction of sound or images; data processing equipment and computers; computer hardware and firmware; computer software; telecommunications apparatus; mobile phone accessories; home, automation apparatus including hardware, firmware, software and communication equipment.”

50. In my view the prominence of O2 as the first element in the proprietor's mark would lead consumers, both individuals and professional users, to think that O2M8 was a variant or related brand or a development in trade linked to the O2 brand with which they were already familiar. The application succeeds in relation to the above goods but fails in relation to the balance of the Class 9 specification and the Class 42 services.

## **Section 5(3)**

51. There remains the applicant's objection under Section 5(3) of the Act. This provides as follows:

5.-(3) A trade mark which -

- (a) is identical with or similar to an earlier trade mark, and
- (b) .....

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

52. The applicant says that the Section 5(3) objection arises if or to the extent that I find any of the goods or services covered by the registration to be dissimilar to those of the applicant's earlier registrations. That is the case in relation to certain of the Class 9 goods and all of the Class 42 services as discussed above.

53. The substance of the applicant's case is put as follows in the written submissions:

“The evidence in question establishes that the Applicant in this matter owns a significant reputation in relation to its O2 trade mark. The evidence also illustrates that the specific reputation of the trade mark is of a cutting edge brand that is cool and trendy, but also bold open, clear and trusted. It is exactly the sort of brand that a technology company would wish to be associated with. In the case of a third party using a mark so similar to O2 as O2M8, it is of course naturally going to be the case that they would wish to capitalise on the significant and positive reputation that the Applicant has generated in their O2 brand.

In addition, it is readily apparent that a third party usage of a mark so similar to O2 in a field is likely to be taken in by the convergence of telecommunications and IT products will necessarily be detrimental to both the distinctive character and repute of the Applicant's trade mark. It will be detrimental to the distinctive character of the mark, by virtue of the fact that the scope of the O2 trade mark will be diluted by a third party using such a similar mark in such a similar market. It will be detrimental to the repute of the trade mark, particularly if the goods and services provided by the registered proprietor are of a below par standard, and that quality impacts on the reputation of the Applicant's O2 trade mark.”

54. A useful summary of the general principles to be considered in relation to Section 5(3) can be found in *Mango Sport System S.R.L. Socio Unico Mangone Antonio Vincenzo v Diknah S.L.* [2005] E.T.M.R. 5. The following is, for convenience, taken from the headnote to the case:

- “1. When a sign is used for identical or similar goods or services, it must enjoy at least as extensive protection as where the sign is used for non-similar goods or services.
2. The scheme and purpose of Article 8 dictates that the relevant date at which reputation must exist is the date of application for registration of the Community trade mark.
3. The infringements referred to in Article 8(5) are a consequence of a certain degree of similarity between the mark and the sign which causes consumers to establish a link between them, even in the absence of confusion.
4. A knowledge threshold is implied by the requirement of a reputation for the earlier mark under Article 8(5), both in terms of the public concerned and the territory concerned.

5. Once the earlier mark's reputation is established, it must be determined whether the later mark takes unfair advantage of or is detrimental to the distinctive character or repute of the earlier mark. These requirements are in the alternative and are not cumulative.

6. Unfair advantage occurs when another undertaking exploits the distinctive character or repute of the earlier mark to benefit its own marketing efforts, using the renowned mark as a vehicle for generating consumer interest in its products. This allows the undertaking to make a substantial saving on investment in promotion and publicity of its own goods since it is able to free-ride on that undertaken by the earlier reputed mark. Such a result is unfair because the reward for the costs of promoting, maintaining and enhancing a particular trade mark should belong to the owner of the earlier trade mark in question.

7. The stronger the earlier mark's distinctive character and reputation, the easier it will be to accept that unfair advantage has been taken or detriment has been caused.

8. The closer the similarity between the marks, the greater the risk that unfair advantage will be taken. Identity or a very high degree of similarity between the marks is a factor of particular importance in establishing whether an unfair advantage will be taken.

9. The greater the proximity between the parties' goods and the circumstances in which they are marketed, the greater the risk that the public in question will make a link between the mark and the sign in question and the greater the risk there is that unfair advantage will be taken."

55. Although the above summary arose in a Community Trade Mark case the principles are the same under the UK law.

56. The standard of the test for the sort of reputation that is needed to underpin a Section 5(3) action is set out in *General Motors Corp v Yplon SA* [2000] R.P.C. 572. I have no doubt that the applicant's O2 mark satisfies this test at least as far as a UK reputation is concerned.

57. As noted in the *Mango Sports* case the greater the proximity between the parties' goods or services the greater the risk that the relevant public will make a link between the respective marks. Conversely, the greater the distance between the goods and services the less likely it becomes that the public will make that link.

58. The nature of the respective marks also makes a difference. If the respective marks are identical, as they were, for instance, in the *Mango Sport* case, it is likely to be rather easier for an opponent or applicant for invalidity to establish a link or association notwithstanding differences in the goods or services. Where the marks are not identical that task becomes progressively more difficult depending on the degree of similarity.

59. I held earlier that the marks were similar to a moderate degree. The applicant's submissions concentrate primarily on the adverse consequences of any association that might be made but do not address in detail the case for a link or association. I bear in mind also that the applicant's reputation is one of depth rather than breadth. It has a huge reputation in the mobile telephony market but there is no real evidence that it enjoys a comparable reputation in other fields. That is likely to affect the readiness with which consumers would expect to encounter O2 or a similar mark in other areas of trade. In all the circumstances I am not persuaded that consumers who met the mark O2M8 in dissimilar goods and service areas would make an association with the applicant. That finding in itself is fatal to the applicant's case under Section 5(3).

60. Even if I am wrong in that, the applicant is still required to establish that any association is calculated to lead to one or more of the adverse consequences prescribed by the Section, namely the taking of unfair advantage of, or causing detriment to the distinctive character or repute of the mark. A mere consequential or casual association which is not productive of any form of damage is not enough. The applicant's submission in this respect is that the O2 mark enjoys a reputation as a "cutting edge brand that is cool and trendy, but also bold, open, clear and trusted. It is exactly the sort of brand that a technology company would wish to be associated with".

61. This strikes me as a statement of the aspirational values that the brand owner wishes to convey but is more difficult to pin down from the consumer perception perspective. Nevertheless I accept that such brand values may, if sufficiently clearly established, form the basis of a Section 5(3) case. The decision of the OHIM Third Board of Appeal in the HOLLYWOOD case (R283/1999-3) is an example of an opponent establishing brand values of a kind that would be damaged by use of the applicant's mark. In that case the marks were identical. The earlier trade mark was held to have a reputation for chewing gum. More specifically the Board of Appeal held on the evidence

"76. This collection of indications corroborating the existence and reputation of the image in question constitutes convincing evidence that an image of health, dynamism and youth is effectively associated with the 'HOLLY-WOOD trade mark by an adequate number of consumers."

It was an image that the Board considered would be damaged if the application under attack were to be registered and used in relation to cigarettes, tobacco etc.

62. The applicant here would need to clearly establish that (i) consumers shared the brand owner's perception of the image and values associated with the mark (ii) that the image and values associated with consumer products such as mobile phone and related services were also applicable or relevant to the dissimilar goods and services contained in the proprietor's specification such that unfair advantage would be derived through the association that is made or (iii) that those brand values would be damaged as a result of that association.

63. There is some suggestion in the evidence that the applicant has used 'feel good' promotional imagery. Mr Sutton says that the bubbles imagery associated with the O2 mark is used to convey "freshness and life, freedom and clarity" (paragraph 12).

But how this translates into consumer perception is not clear to me. I note too that most of the dissimilar goods and services are not what would generally be considered to be consumer products that are particularly susceptible to ‘lifestyle’ advertising. I am even less persuaded that any commercial advantage would be gained by the proprietor or that detriment would be caused to the applicant. For all these reasons I consider that the applicant falls well short of establishing a case under Section 5(3) in relation to dissimilar goods and services.

### **Conclusion**

64. In accordance with Section 47(5) the registration will be declared invalid in respect of:

“Apparatus for recording, transmission or reproduction of sound or images; data processing equipment and computers; computer hardware and firmware; computer software; telecommunications apparatus; mobile phone accessories; home automation apparatus including hardware, firmware, software and communication equipment”.

### **COSTS**

65. Both sides have achieved a measure of success. In the circumstances I do not propose to favour either side with an award of costs.

**Dated this 1st day of June 2007**

**M REYNOLDS  
For the Registrar  
The Comptroller General**

**Details of applicant's earlier trade marks (UK unless otherwise stated)**

NO	MARK	CLASS	SPECIFICATION
2249386B	O2	25	Clothing, footwear, headgear.
		35	Direct mail advertising; dissemination of advertising and promotional materials; compilation of mailing lists; manufacturers' representative services; preparation and issuing of publicity materials; market research; distribution and demonstration of goods and samples; business management advisory and consulting services, business services relating to the operation and management of business premises, stores, shops, stalls and markets; the bringing together for the benefit of others, of a variety of retail outlets, entertainment venues, shopping mall and shopping centre facilities and restaurants, enabling customers to conveniently view and purchase goods and make use of the services provided in a shopping centre or shopping mall.
		36	Real estate agency services; real estate management and brokerage services; rental of commercial premises; property leasing services.
		37	Real estate development services; shop fitting services; property maintenance services; interior refurbishment of buildings; maintenance, repair and renovation of buildings, facilities and parts and fittings thereof; cleaning of buildings (interior and exterior services) and facilities; consultancy and advisory services relating to the aforesaid.
		39	Rental of garage and of parking places; provision of vehicle parking facilities; vehicle park services; delivery of goods by road; arranging the delivery of goods by road, air and by rail.
		41	Education and training services in respect of staff recruitment and replacement, catering, estate agency, advertising, business management and interior design services; sporting and cultural activities; cinema, night club; amusement arcade services, but not including computer games; entertainment production and management services; theatre services; organisation of games, competitions and quizzes; bingo hall, snooker hall,

		42	night club, discotheque, dance hall and concert services.  Advisory and consultancy services in relation to the operation of retail outlets; kitchen, bedroom, bathroom, garden, conservatory and home design services; interior design services.
2353387	O2	35	Organisation, operation, management, sale and supervision of promotional and incentive schemes.
2271228	O2	38	Internet portal services and telecommunications portal services.
		41	News and current affairs information services.
		42	Weather forecasting.
		45	Fashion information services; horoscope forecasting.
2264516	O2	38	Telecommunications services; providing access to the Internet.
		39	Information services relating to business and holiday travel.
		42	Facilitating business-to-business commercial transactions via electronic communications networks; providing access to and leasing access to electronic databases.
2233188	O2	16	Printed publications, namely books and magazines on topics of interest to women and children; posters, photographs; cels, namely two-dimensional prints, paintings and other reproductions of original frames of motion picture and television film.
		18	Backpacks, knapsacks, tote bags, bum bags, portfolios, suitcases, hanging bags, overnight bags, school bags, book bags, beach bags, toiletry bags, wallets, key cases and umbrellas.
		25	Hats, visors, ear muffs, bandanas, scarves, gloves, mittens, jackets, blazers, coats, pullovers, sweat shirts, sweaters, shirts, vests, pants, jeans, sweat pants, shorts, bathing suits, beach and bathing cover-ups, pyjamas, bathrobes, socks, shoes, boots, sneakers, sandals, slippers, underwear, body suits, leotards, tights, leggings, sweat bands and belts.
		38	Television and radio broadcasting via cable, satellite, a global computer network and other

		41	means. Entertainment services, namely motion picture, television, laser discs and video production services; entertainment services, namely live performances in the nature of literary, comedy, dramas and theatrical performances; providing information in the fields of entertainment by means of a global computer network.
2109627 (CTM)	O2	09	Telecommunications apparatus and instruments.
		35	Provision of advertising services to enable others to view and purchase goods over a global computer network.
		36	Information services relating to finance.
		38	Telecommunications services; telecommunication of information; provision of telecommunications access and links to computer databases and to the global computer network; electronic transmission services.
		39	Provision of information relating to transport and travel.
2279371	O <sub>2</sub>	09	Mobile telecommunications apparatus; mobile telecommunications headsets.
		38	Mobile telecommunications services; telecommunications portal services; Internet portal services; mobile telecommunications network services; Internet access services; applications services provision.

### Hearing Officer's summary of the evidence in Invalidity action No. 81656

"11. The first witness statement commences by explaining the relationship between the holding company, MMO2 Plc, and O2 (UK) Limited and O2 Limited (Exhibit 1); that the applicant company was incorporated on 19 November 2001 following the demerger of the applicant company from BT Cellnet carrying with it an existing customer base of 10 million persons; that following the de-merger on 15 January 2002 there was a £1 Billion bond issue, on 1 May 2002 the launch of the O2 brand, on 18 June 2002 the launch of the XDA phone and on 18 November 2002 the applicants business broke the then record for text messages (Exhibits 2, 3, 4 and 6); that a new web site was introduced, [www.o2.co.uk](http://www.o2.co.uk), with 500,000 customers online; that the applicant sponsored the reality television programme "Big Brother 3" in 2002 (Exhibit 7); that the applicant sponsored the television programme "Pop Stars – The Rivals" in 2002, the final of which generated 500,000 text message votes in one hour (Exhibit 8); that the applicant has, since August 2002, sponsored Arsenal FC (Exhibit 9); that the applicant has, since November 2002, sponsored the England Rugby Union team (Exhibit 10); that many press releases promoting the O2 brand were issued during the year 2002, enumerated below (Exhibit 11); that there was extensive television advertising in the UK promoting the O2 brand (Exhibits 13, 14, 15, 16, 17, 18, 19 and 20); that a large amount of money was expended on advertising the O2 brand (Exhibit 21), totalling over £93 Million in the period April 2002 to June 2004; that studies were commissioned to track "Advertising Awareness" and "Brand Awareness" (Exhibit 22); that the development and progress of the applicant companies O2 brand is detailed in its annual reports and financial statements (Exhibits 23 and 24); the witness goes on to state that he believes the O2 brand along with the blue background and bubble imagery has achieved a reputation as a leading brand in mobile phone services, has a strong association with sporting brands and youth events, and that association with an alcoholic drink will be negative to and take advantage of the O2 brand.

- Exhibit 1 – copies of pages from the Companies House web site relating to MMO2 Plc, O2 (UK) Limited and O2 Limited, also a copy of a page from the web site [www.mmo2.com](http://www.mmo2.com) listing the companies comprising the MMO2 group.
- Exhibit 2 – copies of pages from the web site [www.mmo2.com](http://www.mmo2.com) detailing "key milestones" in the development of the applicant company, as mentioned above.
- Exhibit 3 – copies of pages from the Media Centre section of the web site [www.mmo2.com](http://www.mmo2.com) detailing "key milestones" in the development of the applicant company through press releases issued in 2001, as mentioned above.
- Exhibit 4 – copies of pages from the Media Centre section of the web site [www.mmo2.com](http://www.mmo2.com) detailing "key milestones" in the development of the applicant company through press releases issued in 2002, as mentioned above.
- Exhibit 5 – has been withdrawn from these proceedings.
- Exhibit 6 – copy of pages from the Media Centre section of the web site [www.mmo2.com](http://www.mmo2.com) being the press release issued in 2002 relating to the launch of the XDA phone, as mentioned above.
- Exhibit 7 – copy of an online article, from the web site [www.realitynewsonline.com](http://www.realitynewsonline.com), dated 8 January 2002 detailing the live final of the reality television programme "Big Brother 3", there is no mention of O2 in

the article.

- Exhibit 8 – copy of pages from the Media Centre section of the web site [www.mmo2.com](http://www.mmo2.com) being the press release issued in 2002 relating to the record number of text messages received in the one hour final vote from the viewers of “Popstars – The Rivals”, over 200,000.
- Exhibit 9 – copy of pages from the Media Centre section of the web site [www.mmo2.com](http://www.mmo2.com) being the press release issued in 2002 relating to the sponsorship of Arsenal FC, also copies from the web site [www.arsenal.com](http://www.arsenal.com) showing the O2 trade mark displayed on the official club web site.
- Exhibit 10 – copy of pages from the Media Centre section of the web site [www.mmo2.com](http://www.mmo2.com) being the press release issued in 2002 relating to the sponsorship of the England Rugby Union team.
- Exhibit 11 – copies of pages from the Media Centre section of the web site [www.mmo2.com](http://www.mmo2.com) being the press release issued in 2002, first a summary of press releases for the year, also copies of press releases relating to – the roll out of the Blackberry wireless E-mail solution (2 press releases), the growth of contract customers, the partnership agreement with IT companies for a new range of mobile data services, the new policy for radio communications for the Ministry of Defence, the analysts estimate of end of year figures for financial year ending 31 March 2002, the preliminary announcement of end of year figures for financial year ending 31 March 2002, the growth of mobile data services, future developments, growth in customer numbers and mobile data (2 press releases), a report from the BBC web site about the television programme “Big Brother 3” (with no reference to O2 in the report), the release of a games service for mobile phones, the estimate of half year figures for the period ending 30 September 2002, the launch of an interactive service, the first anniversary of the business as an independent company and the announcement of the interim results for period ending 30 September 2002.
- Exhibit 12 – see Exhibit 25.
- Exhibit 13 – a copy of an advert for the XDA product including the trade mark O2 and bubble imagery, dated May 2002.
- Exhibit 14 – copies of adverts used during the Big brother 3 television programme including the trade mark O2 and bubble imagery, May to July 2002.
- Exhibit 15 – copies of eleven adverts shown during the period April to June 2002, all including the trade mark O2.
- Exhibit 16 – has been withdrawn from these proceedings.
- Exhibit 17 - a copy of an advert used for Christmas 2002, promoting the XDA product and including the trade mark O2 and bubble imagery.
- Exhibit 18 – a copy of an advert shown during the period April to June 2003, promoting “bolt-ons” and including the trade mark O2 and bubble imagery.
- Exhibit 19 – a copy of an advert shown during the period April to June 2003, promoting “O2 active” and including the trade mark O2 and bubble imagery.
- Exhibit 20 – copies of adverts detailing sponsorship of the England Rugby Union team, including the trade mark O2 and bubble imagery, dated December 2003.
- Exhibit 21 – a copy of a spreadsheet document detailing advertising expenditure on a month by month basis from April 2002 to Feb 2004:

April 2002 £ 1,716,779  
May 2002 £ 6,843,705  
June 2002 £ 5,389,472  
July 2002 £ 2,581,523  
August 2002 £ 1,488,049  
September 2002 £ 1,281,495  
October 2002 £ 4,003,028  
November 2002 £ 4,298,307  
December 2002 £ 4,600,839  
January 2003 £ 1,164,269  
February 2003 £ 1,405,673  
March 2003 £ 1,375,612  
April 2003 £ 8,457,035  
May 2003 £ 3,046,843  
June 2003 £ 2,844,671  
July 2003 £ 3,002,537  
August 2003 £ 1,443,911  
September 2003 £ 5,025,196  
October 2003 £ 4,656,592  
November 2003 £ 3,699,455  
December 2003 £ 1,708,190  
January 2004 £ 886,911  
February 2004 £ 4,742,188  
Total £ 75,662,280

Also a spreadsheet detailing the expenditure by media during the period April 2002 to June 2004

Cinema £ 2,446,340  
Direct Mail £ 5,937,379  
Internet £ 3,250,733  
Outdoor £ 16,344,967  
Press £ 22,713,474  
Radio £ 5,499,244  
TV £ 36,821,076  
Total £ 93,013,213

- Exhibit 22 – a copy of a PowerPoint display detailing the results of mobile phone user surveys relating to “Advertising Awareness”, showing that at the end of the period studied the O2 brand is second only to the ORANGE brand, and “Brand Awareness”, showing that at the end of the period studied the O2 brand is third behind the ORANGE and VODAFONE brands.
  - Exhibit 23 – copies of the Annual Review 2003 and Annual Report and Financial Statement 2003, which shows that total revenue for the financial year 02/03 reached £ 3,025 Million and the customer base had risen to over 12 Million.
  - Exhibit 24 – a copy of the Annual Report and Financial Statement 2002.
12. The second witness statement commences by explaining that proceedings are taking place in the High Court between the applicant company and Hutchinson 3G UK Limited and Exhibits 5, 12 and 16 have been submitted in those proceedings, as a result of the court proceedings Exhibits 5 and 16 have been withdrawn from these proceedings; that Exhibit 25, a CD-ROM containing copies of 16 television

advertisements and 82 other advertisement media, includes the television advertisement previously submitted as Exhibit 12; that Exhibit 26 consists of paper copies of advertisements and other promotional material also found on the CD-ROM constituting Exhibit 25 and that Exhibit 27 contains copies of representations of nine of the trade marks used as the basis of these proceedings with a variety of representations of the bubble imagery in actual use.

- Exhibit 25 – a CD-ROM containing copies of 16 television advertisements and pictures of 82 other advertising media, including posters, billboards, point of sale displays and beer mats. The television advertisement, previously referred to as Exhibit 12, is a copy of an advert including the trade mark O2 and bubble imagery, dated May 2002.
- Exhibit 26 – hard copies of fourteen of the pictorial advertisements contained on the CD-ROM which comprises Exhibit 25, these all being used between April 2002 and November 2002 inclusive.
- Exhibit 27 – copies of the images which constitute trade marks 2284482, 2284483, 2284485, 2287748, 2298339, 2298341, 2298342, 2298346 and 2298347, the Bubble device marks, and examples of the marks in use on advertising material.”