

O-150-17

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NO 3 141 412 BY LONDON
HOTELS CORPORATION LIMITED TO REGISTER IN CLASSES 35 AND 43:



AND

IN THE MATTER OF OPPOSITION THERETO BY SMALL LUXURY HOTELS OF
THE WORLD LIMITED

Background and pleadings

1. London Hotels Corporation Limited (the applicant) applied to register the



trade mark under Number 3 141 412 in the UK on 18th December 2015. It was accepted and published in the Trade Marks Journal on 15th January 2016 in respect of the following services:

Class 35:

Business management and administration services; Commercial information services; Consultancy services relating to franchising; Advertising, marketing, publicity and promotion services and information services relating thereto; Business administration services for the processing of sales made on the Internet; Communications (public relations); Operation and supervision of loyalty schemes and incentive schemes; International business representation services; Information consultancy and advisory services relating to all the aforesaid services.

Class 43:

Hotel services, motel services, provision of accommodation, hotel reservation services; Temporary accommodation services; Holiday information and planning relating to accommodation; Bar services, public house services, café services, restaurant and snack bar services; Catering services; Provision of conference and convention facilities; Hotel and motel services comprising a rewards programme for frequent hotel guests in the nature of special benefits being accumulated for use in relation to hotel and motel services; Advisory and consultancy services relating to the aforesaid; providing facilities for

business meetings, conferences and exhibitions; Provisions of social function facilities for special occasions; Reservation services for hotel accommodation.

2. Small Luxury Hotels of the World Limited (the opponent) oppose the trade mark on the basis of Section 5(2)(b) of the Trade Marks Act 1994 (the Act). This is on the basis of its earlier European Union (formerly Community) Trade Mark: SMALL LUXURY HOTELS OF THE WORLD under Number 1286 566. The following services are relied upon in this opposition:

Class 35:

Promoting, marketing and advertising the hotels and resorts of others.

Class 42:

Hotel and resort reservation services.

3. The opponent argues that the respective services are identical or similar and that the marks are similar.
4. The applicant filed a counterstatement denying the claims made and requesting that the opponent provides proof of use of its earlier trade mark relied upon.
5. Only the opponent filed evidence in these proceedings. Following perusal, the applicant accepted that the opponent has made use of its earlier trade mark across the range of services for which it is registered. As such, the opposition will be considered across the full range of services for which the earlier trade mark is registered.
6. Both sides filed written submissions/skeleton arguments which will not be summarised but will be referred to as and where appropriate during this decision.

7. A Hearing took place on 15th February 2017, with the opponent represented by Mr Jeremy Heald of Counsel, instructed by Ashurst LLP and the applicant by Mr Fredericks of Clinton Solicitors.

Opponent's evidence

8. This is a witness statement, dated 21st September 2016, from Ms Elizabeth Jane Tilley, the Chief Financial Officer of the opponent. The following relevant information is contained therein:
 - The opponent represents the collective interests of many of the world's most prestigious independent hotels and resorts by providing them with marketing, advertising, promotional and reservation services. The opponent currently has 31 hotels in the UK;
 - Members of the public and travel industry professionals can use the opponent's services via its website (since 1997), via an application on mobile devices, via the telephone and through travel agency professionals who make hotel reservations with the opponent on their behalf; travel industry professionals can also access the opponent's central reservation system;
 - From 1 January to 31 August 2016, the website received 1,628,811 visitors from Europe, of which 734,981 were from the UK (around £3.5 million sales);
 - The opponent advertises its services online with reputable sites such as The Financial Times;
 - The opponent utilises social media and in August 2016 had 137,886 followers on Facebook, 75,141 on Twitter and 90,002 on Instagram;
 - The opponent's magazine "Be Inspired" has an annual print run of 60,000 copies and is placed in approximately 1,195 hotel rooms in the UK;
 - The opponent has worked with a number of charities, including sponsorship of Great Ormond Street Children's hospital;
 - Member hotels are required to display the opponent's brass plaque bearing the earlier trade mark prominently and to place copies of the current directory in every bedroom of the hotel and in reception.

DECISION

Section 5(2)(b)

9. Sections 5(2)(b) of the Act is as follows:

“5(2) A trade mark shall not be registered if because-

(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”.

Comparison of services

10. It is noted that in paragraph 4 of its counterstatement, the applicant (who is professionally represented) admitted that the services of the application are similar to those of the earlier trade mark. In the light of this admission, all applied for services will be treated as being similar.

Comparison of marks

11. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a 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 marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The Court of Justice of the European Union 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.”

12. 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.

13. The respective trade marks are shown below:

SMALL LUXURY HOTELS OF THE WORLD	
Earlier trade mark	Contested trade mark

14. Before embarking on a comparison between the marks, I must first appraise the overall impression created by each of them, taking particular note of the respective distinctive and dominant elements within the marks and their

relative weight. In respect of the earlier trade mark, it is noted that it is comprised of a complete phrase with no stand out distinctive and dominant element. In respect of the contested trade mark, this is a composite trade mark encompassing a verbal element on a black background with a graphical element to the left of the words LUXURY HOTELS OF THE WORLD. There was some debate at the hearing as to the nature of this graphic. The opponent argued that it was representing the letters L and h (i.e. the first letters of Luxury and Hotels). The applicant argued that it represents a stick person sitting on a chair. On inspection, I am not taken with either view and consider the graphic to be meaningless and not representative of anything in particular. In any case, it is considered to be a distinctive element. As regards visual dominance, it is considered that the words LUXURY HOTELS OF THE WORLD and the graphic are on a par and so neither should be accorded greater relative weight.

15. Visually, the marks clearly coincide in respect of the words LUXURY HOTELS OF THE WORLD. They differ in respect of their remaining elements: SMALL in the earlier trade mark and the black background and device element of the later trade mark. The overall degree of visual similarity is pitched as medium.
16. Aurally, the only difference is the one syllable word: SMALL. This would be articulated first but a medium to high degree of aural similarity remains.
17. Conceptually, the trade marks are highly similar, both referring to luxury hotels, located worldwide. The addition of SMALL in the earlier trade mark does not create a conceptual gap. Rather, it is merely an additional characteristic, i.e. the size.

Average consumer and the purchasing act

18. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer, Case C-342/97*.

19. 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.”

20. The average consumer will be both the general public and the business user. The method of purchase will be via online access and also telephone. As such, both visual and aural considerations are important. These are not inexpensive, everyday purchases. Neither are they prohibitively expensive and seldom purchased. At the hearing the opponent argued that caution should be exercised in assessing the degree of attention to be displayed. This was explained as follows: that, for example, a website such as that operated by the opponent brings together a number of hotels in a particular location from which one or other will be chosen. It is the search results that will be paid the greater attention rather than the name of the website provider. It is considered that if caution is to be displayed, it is in accepting wholeheartedly this submission. Though it is accepted that a consumer will pay a lot of

attention to search results, s/he will also have taken full note of the particular website that s/he is accessing, if only to note how acceptable the price on offer is (as opposed to that offered by competitors) or for other reasons of convenience. Taking all these matters in the round, it is considered that a reasonable degree of care and attention will be displayed during the purchasing process.

Distinctive character of the earlier trade mark

21. 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 C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, 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 promoting 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).”

22. The opponent claims that it has acquired an enhanced degree of distinctiveness as a result of the use it has made of the earlier trade mark. It is noted that use has been made of the earlier trade mark and that the services provided have been relatively successful. However, they have not been placed into the context of the particular marketplace as a whole which is clearly very large. There are no market share details for example. There is also only limited evidence of promotion and marketing activities and as such it is impossible to gauge the impact of the trade mark on the consumer. The documents filed do not assist it in respect of an enhanced distinctive character.

23. The degree of distinctiveness must therefore be appraised on a prima facie basis. The services for which the earlier trade mark is registered are in respect of promoting, marketing and advertising the hotels and resorts of others and hotel and resort reservation services. Bearing this in mind, it is considered that SMALL LUXURY HOTELS OF THE WORLD is likely to convey the message to a prospective consumer that its services promote luxury hotels which are small in size and which can be found in locations around the world and/or one can make bookings in respect of such hotels. As such, the earlier trade mark is assessed to have a weak distinctive character.

GLOBAL ASSESSMENT – Conclusions on Likelihood of Confusion.

24. The following principles are 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.

The principles

(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.

25. The earlier trade mark is considered to have an inherently weak distinctive character. However, in this regard, the following guidance is fully taken into account: in *Formula One Licensing BV v OHIM*, Case C-196/11P, the Court of Justice of the European Union found that:

“41.it is not possible to find, with regard to a sign identical to a trade mark protected in a Member State, an absolute ground for refusal, such as the lack of distinctive character, provided by Article 7(1)(b) of Regulation No 40/94 and Article 3(1)(b) of Directives 89/104 and 2008/95. In this respect, it should be noted that the characterisation of a sign as descriptive or generic is equivalent to denying its distinctive character.

42. It is true that, as is clear from paragraph 48 of the judgment under appeal, where an opposition, based on the existence of an earlier national trade mark, is filed against the registration of a Community trade mark, OHIM and, consequently, the General Court, must verify the way in which the relevant public perceives the sign which is identical to the national trade mark in the mark applied for and evaluate, if necessary, the degree of distinctiveness of that sign.

43. However, as the appellant rightly points out, their verification has limits.

44. Their verification may not culminate in a finding of the lack of distinctive character of a sign identical to a registered and protected national trade mark, since such a finding would not be compatible with the coexistence of Community trade marks and national trade marks or with Article 8(1)(b) of Regulation No 40/94, read in conjunction with Article 8(2)(a)(ii).”

26. And also: in *L’Oréal SA v OHIM*, Case C-235/05 P, the Court of Justice of the European Union found that:

“45. The applicant’s approach would have the effect of disregarding the notion of the similarity of the marks in favour of one based on the distinctive character of the earlier mark, which would then be given undue importance. The result would be that where the earlier mark is only of weak distinctive character a likelihood of confusion would exist only where there was a complete reproduction of that mark by the mark applied for, whatever the degree of similarity between the marks in question. If that were the case, it would be possible to register a complex mark, one of the elements of which was identical with or similar to those of an earlier mark with a weak distinctive character, even where the other elements of that complex mark were still less distinctive than the common element and notwithstanding a likelihood that consumers would believe that the slight difference between the signs reflected a variation in the nature of the products or stemmed from marketing considerations and not that that difference denoted goods from different traders.”

26. The situation here is that the earlier trade mark is reproduced in the later trade mark, with the exception of the absence of the “SMALL”. There is little doubt that the earlier trade mark is weak, though this does not of itself preclude a finding of a likelihood of confusion. However, what must also be considered is the impact of the graphical element present in the later trade mark. In this regard, the following guidance is taken into account: in *L&D SA v OHIM* [2008] E.T.M.R. 62, the Court of Justice of the European Union stated that:

“55 Furthermore, inasmuch as L & D further submits that the assessment of the Court of First Instance, according to which the silhouette of a fir tree plays

a predominant role in the ARBRE MAGIQUE mark, diverges from the case-law of the Court of Justice, it need only be stated that, contrary to what the appellant asserts, that case-law does not in any way show that, in the case of mixed trade marks comprising both graphic and word elements, the word elements must systematically be regarded as dominant.”

27. It has been found that the words and device in the later trade mark have equal impact as regards dominance in the overall impression. However, the graphic is the more distinctive element. Further, it is found that a reasonable degree of care and attention will be displayed during the purchasing process. These factors weigh against a likelihood of confusion. Having said that, the earlier trade mark is reproduced almost entirely in the later trade mark, the difference being one word (SMALL) which does not significantly affect the level of visual and aural similarity. In the same vein, it does not have a positive impact for the applicant conceptually, as “small” only provides context for the remaining phrase and refers to size. In *L.A. Sugar Limited v By Back Beat Inc*, Case BL-O/375/10, Mr Iain Purvis Q.C. as the Appointed Person noted that:

“16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: “The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark.

17. Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:

(a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right (“26 RED TESCO” would no doubt be such a case).

(b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as “LITE”, “EXPRESS”, “WORLDWIDE”, “MINI” etc.).

(c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension (“FAT FACE” to “BRAT FACE” for example).”

28. It is acknowledged that the earlier trade mark is not strikingly distinctive and that the later trade mark has included a distinctive additional element which has no counterpart in the earlier trade mark. As such, it is considered that the trade marks do not fall into either of categories a) or b) described above. However, in assessing category c) as described above, it is noted that the earlier trade mark forms a complete unit which has much in common with the later trade mark. The unit formed in each is highly similar with the difference being only in respect of context (the word “small”). It is considered that the removal of a word like “small” will seem entirely logical and consistent with a brand extension bearing in mind the identity of the remaining verbal elements. The presence of a device in the later trade mark does not lessen the impact of the coincidental words enough to avoid a finding of indirect confusion. It is considered highly likely that a prospective consumer will imperfectly recollect the marks and, in doing so, believe them to come from the same or an economically linked undertaking.

29. As such, the opposition succeeds in its entirety.

COSTS

30. The opponent has been successful. As such, it is entitled to a contribution towards its costs. In the circumstances I award the opponent the sum of £1300 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

Notice of opposition and opposition fee - £300

Filing evidence - £300

Preparation and attendance at Hearing - £700

TOTAL - £1300

31. I therefore order London Hotels Corporation Limited to pay Small Luxury Hotels of the World Limited the sum of £1300. The above sum should be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 29th day of March 2017

Louise White
For the Registrar,