

O/161/12

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO 2548832

BY

AIRSOUND LLP

TO REGISTER THE TRADE MARK:

AIRSOUND

IN CLASS 9

AND

THE OPPOSITION THERETO

UNDER NO 101093

BY

AIR STUDIOS (LYNDHURST) LIMITED

1) On 28 May 2010 Airsound LLP (LLP) filed an application to register the trade mark AIRSOUND (the trade mark). The trade mark was published in the *Trade Marks Journal*, for opposition purposes, on 20 August 2010 with the following specification:

audio apparatus and instruments; apparatus for reproduction of sound; apparatus for use in connection with the processing, recording, reproduction, transmission and reception of electronic signals; integrated circuits; amplifiers; audio speakers; loudspeakers; loudspeaker systems; electronic docking stations; mobile phones; personal computers; televisions; microphones; parts and fittings for all the aforesaid goods.

The above goods are in class 9 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

2) On 19 October 2010 Air Studios (Lyndhurst) Limited (Studios) filed a notice of opposition to the registration of the trade mark. Studios relies upon sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (the Act).

3) Section 5(2)(b) of the Act states:

“(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.”

Section 5(3) of the Act states:

“(3) A trade mark which –

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a 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.”

Section 5(4)(a) of the Act states:

“(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented——

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade”.

The principles of the law of passing-off were summarised by Lord Oliver in *Reckitt & Colman Products Ltd v. Borden Inc* [1990] RPC 341 at page 406:

“The law of passing off can be summarised in one short, general proposition: no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. ... Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.”

4) In relation to sections 5(2)(b) and 5(3) of the Act Studios relies upon 3 United Kingdom trade mark registrations. All 3 trade marks had been registered for more than five years at the date of the publication of the application; consequently, they are subject to proof of genuine useⁱ for the period from 21 August 2005 to 20 August 2010. The trade mark registrations are:

No 1045474 for the trade mark:



The application for registration was filed on 23 April 1975. The trade mark is registered for:

gramophone records.

The above goods are in class 9 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended. Studios claims that genuine use has been made of the trade mark in the material period for the goods for which it is registered.

No 2253499 for the trade mark AIR STUDIOS. The application for registration was filed on 21 November 2000. Studios claims that it has been used in the material period for:

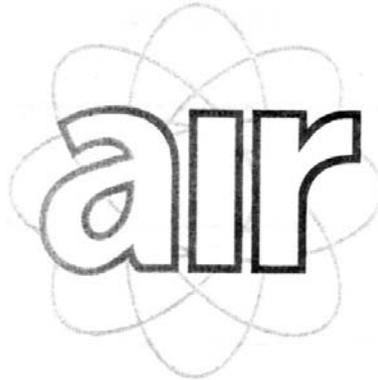
amplifiers; sound and video recording and reproducing apparatus and instruments; tapes and discs, all bearing, or capable of bearing, sound and/or video recordings; cassettes and cartridges; compact discs; phonograph records; video films; cinematographic films prepared for exhibition; parts and fittings for all the aforesaid goods;

radio and television broadcasting and communications services;

musical, film and video entertainment; production services for cinefilms, radio programmes, television programmes, shows, concerts and for the theatre; rental of video cassettes, audio cassettes, tape cassettes, cinefilms and of cine and video apparatus; cine and video film production; cine studio services and sound recording studio services; fan club organisation, booking agency and ticket agency services; agency services for radio, television and other personalities.

The above goods and services are in classes 9, 38 and 41 respectively of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

No 2253503 for the trade mark:



The application for registration was filed on 21 November 2000. Studios claims that it has been used in the material period for:

cinematographic instruments; sound and video recording and reproducing apparatus and instruments; amplifiers; tapes and discs, all bearing, or capable of bearing, sound and/or video recordings; cassettes and cartridges; compact discs; DVDs and DVD players; not including any such goods being for computers or computer games; phonograph records; video films; cinematographic films prepared for exhibition; parts and fittings for all the aforesaid goods;

radio and television broadcasting and communications services;

musical, film and video entertainment; production services for cinefilms, radio programmes, television programmes, shows, concerts and for the theatre; rental of video cassettes, audio cassettes, tape cassettes, cinefilms and of cine and video apparatus; cinema services; cine and video film production; cine studio services and sound recording studio services; fan club organisation, booking agency and ticket agency services; agency services for radio, television and other personalities.

The above goods and services are in classes 9, 38 and 41 respectively of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

Studios claims a reputation, for the purposes of section 5(3) of the Act, in respect of all of the goods and services in relation to which it claims that there has been genuine use.

5) Under section 5(4)(a) of the Act, Studios claims that it first used the signs AIR and AIR STUDIOS in London in 1969. It claims that it has used the signs in relation to the goods and services of registration no 2253503.

6) Studios states that the trade marks AIR and AIR STUDIOS were first used in the United Kingdom in 1969 when George Martin, the producer, set up his own recording studio in London. Studios claims that AIR/AIR STUDIOS is one of the most famous recording studios in the world. It claims that it is “entitled to protection from dilution by the use of similar marks that would take unfair advantage of, or be detrimental to, the distinctive character or the repute of” its trade marks. Studios claims its trade marks are similar to that of LLP. It claims that the goods of the application are “identical to the goods and would be associated with the services in respect of which the opponent’s prior registrations Nos. 2253499 and 2253503 have been used and registered and they are similar to the goods in respect of which the opponent’s prior registration No. 1045474 has been used and registered”.

7) LLP filed a counterstatement. It accepts that Studios has used its trade marks in relation to the services of a recording studio. It denies that Studios has used the trade marks in respect of the other goods and services. LLP denies that Studios has the requisite reputation or goodwill to support its claims under sections 5(3) and 5(4)(a) of the Act. LLP denies all the grounds of opposition.

8) Both parties filed evidence. A hearing was held on 29 March 2012. LLP was represented by Mr Florian Traub of Squire Sanders (UK) LLP. Studios was represented by Mr Christopher Hall of counsel, instructed by Appleyard Lees.

Evidence for Studios

9) The evidence for Studios was adduced into the proceedings by Ms Nicola Thompson of Appleyard Lees. It consists of two witness statements which were made in respect of other opposition proceedings involving Studios, but not LLP.

Witness statement of Richard Boote

10) Mr Boote is the owner and managing director of Studios.

11) Mr Boote describes Studios as an independent recording company and recording studio in London. It was founded in 1989 by Sir George Martin, the producer of the Beatles. Studios was originally owned by the Chrysalis Group and Pioneer. LLP set up another recording studio in Montserrat in the 1970s, this was destroyed in 1989. The facilities of Studios have been used by Sir Elton John, Dire Straits, Paul McCartney, The Police, The Rolling Stones and Duran Duran; Mr Boote does not identify which recording studio was used by these artists. Mr Boote states that on 8 February 2006 he purchased the shares in Studios from Chrysalis Group and Pioneer. He states that since that date Studios has attracted “some of the world’s biggest movie scores, as well as maintaining its popularity with major classical labels, high profile recording artists and incorporating TV postproduction facilities”.

12) Mr Boote states that Studios has had sales under the AIR trade mark as follows:

2005	£2,254,400
2006	£2,216,700
2007	£3,440,800
2008	£3,895,500

He does not advise to what these sales relate.

13) Material exhibited at RB1 emanates from 1998, 2002, 1994 or has no date related to it. Material exhibited at RB2 all emanates from prior to 21 August 2005, mostly from the 1990s, with the possible exception of page 27 which Mr Boote describes as a CD label circa 2007. This is a blank label which appears to be designed to be affixed to a recording to advise what it contains. Exhibited at RB3 are copies of invoices from 2008 relating to recording services that have been supplied. None of them bear the trade marks upon which Studios relies. They do bear the company name, Air Studios (Lyndhurst) Ltd. The copies of the invoices at pages 85 and 86 bear the names AIR Studios (Lyndhurst) Ltd trading as Breathe Post Production and AIR Studios (Lyndhurst) Ltd trading as Strongroom. The invoices are for studio time and use of equipment. They are made out to Mercury Records, Apple (UK) Ltd, Quantum of Solace, Children in Need, Resource Base/Redbird Production and B&W Group Ltd. There are references to tapes, which were provided under the names Avastore Firewire and LaCie Firewire. The invoices also seek reimbursement for the costs of taxis, cars, refreshments, telephone calls and a courier service.

14) Mr Boote states that Studios has used the trade mark AIR throughout its studios “and to brand the different divisions”. Images of AIR trade marks are reproduced. The reproductions are poor. The word AIR appears as in the form of 2253503 but the device element of that trade mark is not visible. A copy of one of trade marks is so poor that nothing can effectively be discerned from it, other than that it does not relate to any of the trade marks upon which Studios relates. Three of the trade marks consist of the word AIR (in the form of 2253503) under which the words post production, management or mastering appear. Mr Boote states that Studios has branded the following services with the AIR trade mark: music recording, editing and mixing, audio and video post production, audio mastering to CD, MP-3, vinyl and management of “world class” music producers and engineers.

15) Material exhibited at RB4 all emanates from the previous century.

16) Mr Boote states that since 1969 Studios has worked in conjunction with Pioneer Group (Pioneer) to produce consumer electronics which are branded with the trade mark AIR. He states that Studios receives a royalty from Pioneer for the products that its sells. Mr Boote states that Studios has promoted AIR

products at Pioneer trade show events in Manchester and Bristol. He exhibits pictures at RB5 from the trade shows but does not state when these trade shows took place. Exhibited at RB6 are pictures of Pioneer products. On some of these the trade mark the subject of 2253503 can be seen. There is no indication as to the date the products were put onto the market in the United Kingdom. However, page 76 shows a box for an A-A9 product and page 81 shows a SC-LX82 product. Material exhibited at MA2 (see below) indicates that the SC-LX82 is an AV receiver which was introduced in 2009 and the A-A9 an amplifier introduced in 2006.

17) On page 82 another Pioneer product appears, presumably one subject to the licensing agreement, however, no trade mark of Studios can be seen upon it.

Witness statement of Matthew Aldridge

18) Mr Aldridge is a technology specialist at Pioneer GB Ltd (Pioneer). Pioneer is a subsidiary of a Belgian company, the ultimate holding company of which is Pioneer Corporation, a Japanese company. Mr Aldridge states that Pioneer is licensed by Studios to use the three registered trade marks upon which Studios relies. However, the licence agreement, exhibited at MA1, at Clause 2.2 only grants use of the logo of Studios. Clause 2.2 (a)(i) states that “it is not Pioneer’s obligation to affix AIR’s logo on Certified Products”; consequently, products, the subject of the licence, do not necessarily bear the AIR logo. (It is the case that consent may be inferred, as submitted by Mr Hallⁱⁱ. However, on the facts of this case nothing turns upon the consent issue.)

19) Mr Aldridge states that Pioneer first used “the AIR trade mark” in 2001. The agreement is dated 1 May 2001. He lists the products, by model number, in relation to which the trade mark has been used. Mr Aldridge states that exhibit MA2 is “a history of Pioneer branded AIR products”. He states that the products are for audio playback and that they are top of the range Pioneer amplifiers, speakers and source components. He states that the products all bear the “AIR studios mark” and that the products have been sold throughout the United Kingdom. Exhibited at MA2 is a printout from airstudios.com/technical/pioneer/history-of-products, that was downloaded on 18 March 2010. The last product shown emanates from 2009. From 2005 to 2009 the following types of products are shown: AV receiver, stereo amplifier, SACD player, CD player, monitor, home cinema receiver, loudspeakers, amplifier and AV receiver, Blu-ray disc player, CD receiver. There is no reference to the trade marks of Studios in the printout and it is not possible to see a trade mark of Studios. However, see above re the SC-LX82 and A-A9 products.

Evidence for LLP

Witness statement of John Cameron

20) Mr Cameron is an executive director of Orbitsound Limited. Mr Cameron states that Orbitsound “has developed a technology under the mark AIRSOUND which is a revolutionary single point spatial stereo solution that delivers true stereo sound from a single speaker enclosure”. The technology has been developed with Ted Fletcher. Mr Cameron states that Mr Fletcher is a former musician and is an audio electronics designer who has been involved in the music business for fifty years. Mr Cameron states that the joint venture is “centred on Airsound LLP”. Mr Cameron states that possible applications of the “AIRSOUND system” include hi-fi systems where the AIRSOUND loudspeaker will be used. He states that the system may also be used for televisions, radios and miniature systems. Mr Cameron states that the AIRSOUND technology was unveiled at the 2008 Consumer Electronics Show in Las Vegas. Mr Cameron refers to sales of the T12v2 soundbar which includes AIRSOUND technology. He comments on the proposed launch of the T12v3. There is nothing to indicate that these products have been sold by reference to the trade mark AIRSOUND. There are no exhibits showing use.

21) Mr Cameron states that LLP is the owner of two United Kingdom trade mark registrations:

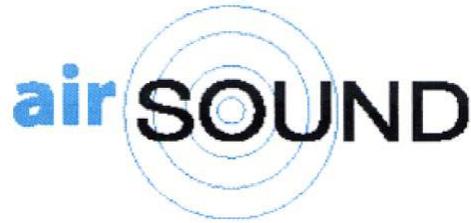
No 2439274 of the trade mark:



The application for registration was filed on 22 November 2006 and the trade mark is registered for:

loudspeakers for the reproduction of mono, stereo or spatial sound signals, radios, CD players, MP3 players, musical instrument amplifiers, television sets, home theatre loudspeakers, recording studio sound monitors, laptop computers, computers, combination HiFi systems, analogue radios, digital radios (DAB), mobile telephones, mobile music playback systems, mobile music docking systems, public address systems.

No 2460705 of the trade mark:



The application for registration was filed on 6 July 2007 and the trade mark is registered for the same goods as no 2439274.

22) Mr Cameron states that the Intellectual Property Office did not raise an objection to the registration of the trade marks on the basis of Studios' earlier trade marks and neither did Studios oppose the registration of the applications.

23) Mr Cameron states that prior to the filing of the opposition he was not aware of Air Studios at Lyndhurst Hall, despite taking a keen interest in music and regularly reading periodicals such as *New Musical Express* for much of his adult life. Mr Cameron states that, subsequently, he read a biography of Joe Jackson, a musician, who refers to recording at Air Studios in the 1970s. He states that to his knowledge Air Studios is a successful recording company and recording studio used for recording film and television soundtracks in particular but not a studio which is well-known either to the public at large or the vast majority of music fans. Mr Cameron states that from discussions with Mr Fletcher, the latter was aware of Air Studios owing to his knowledge of the recording industry. Mr Cameron states that he is not aware of any confusion between the trade mark of LLP and those of Studios.

Finding of facts

Proof of genuine use for the period 21 August 2005 to 20 August 2010

24) Section 100 of the Act states:

“100. If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

Consequent upon section 100, the onus is upon the registered proprietor to prove that it has made genuine use of the trade marks within the material period.

25) The Court of Justice of the European Union (CJEU) in *Ajax Brandbeveiliging BV v Ansul BV* Case C-40/01 stated:

“36. “Genuine use” must therefore be understood to denote use that is not merely token, serving solely to preserve the rights conferred by the mark. Such use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin.

37. It follows that genuine use of the mark entails use of the mark on the market for the goods or services protected by that mark and not just internal use by the undertaking concerned. The protection the mark confers and the consequences of registering it in terms of enforceability vis-à-vis third parties cannot continue to operate if the mark loses its commercial *raison d'être*, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns. Such use may be either by the trade mark proprietor or, as envisaged in Article 10(3) of the Directive, by a third party with authority to use the mark.

38. Finally, when assessing whether there has been genuine use of the trade mark, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, in particular whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark.

39. Assessing the circumstances of the case may thus include giving consideration, *inter alia*, to the nature of the goods or service at issue, the characteristics of the market concerned and the scale and frequency of use of the mark. Use of the mark need not, therefore, always be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or service concerned on the corresponding market.”

26) In *Anheuser-Busch Inc v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case T-191/07 the General Court (GC) stated:

“105 Moreover, the Court of First Instance has held that genuine use of a trade mark could not be proved by means of probabilities or suppositions, but had to be demonstrated by solid and objective evidence of effective and sufficient use of the trade mark on the market concerned

(Case T-39/01 *Kabushiki Kaisha Fernandes v OHIM – Harrison (HIWATT)* [2002] ECR II-5233, paragraph 47).”

In *Laboratories Goemar SA's Trade Mark* [2002] ETMR 34 Jacob J stated:

“9 In the present cases, use was not proved well. Those concerned with proof of use should read their proposed evidence with a critical eye, to ensure that use is actually proved, and for the goods or services of the mark in question. All the ‘t’s should be crossed and all the ‘i’s dotted. In the present cases there was a difference between the total sales figures and relevant sales. Mr Mellor, for the applicants for revocation, told me that sorting out the wheat from the chaff involved a lot of work. In the end, however, he accepts that some very small potentially relevant sales under the marks were proved.”

27) LLP has accepted that there has been genuine use of the trade marks the subjects of registration nos 2253499 and 2253503 in respect of *services of a recording studio*. At the hearing Mr Hall concentrated on submissions in relation to genuine use in relation to class 9 goods. Mr Hall referred to the decision of Mr Richard Arnold QC, sitting as the appointed person, in *Tripp Limited v Pan World Brands Limited* BL O/161/07:

“33. *Phipson on Evidence* (16th ed) states at paragraph 12-12:

In general a party is required to challenge in cross-examination the evidence of any witness of the opposing party if he wishes to submit to the court that the evidence should not be accepted on that point. The rule applies in civil cases as it does in criminal. In general the CPR does not alter that position.

This rule [sic] serves the important function of giving the witness the opportunity of explaining any contradiction or alleged problem with his evidence. If a party has decided not to cross-examine on a particular important point, he will be in difficulty in submitting that the evidence should be rejected.

However the rule is not an inflexible one...

34. The authority cited in support of this statement of the law is the decision of the House of Lords in *Browne v Dunn* (1894) 6 R 67. The relevant passages from the speeches are set out in the judgment of Hunt J in *Allied Pastoral Holdings v Federal Commissioner of Taxation* (1983) 44 ALR 607, the material parts of which are quoted in the judgment of the Court of Appeal in *Markem Corp v Zipher Ltd* [2005] EWCA Civ 267, [2005] RPC 31 at [59]-[60].

35. In my judgment the learned editors of *Phipson* are correct to say that the rule is not an inflexible one. There are at least two well-established

exceptions to it. The first is that, as the speech of Lord Herschell LC in *Browne v Dunn* makes clear, it may not be necessary to cross-examine on a point if the witness has been given full notice of it before making his statement. As I pointed out in *BRUTT Trade Marks* [2007] RPC 19 at [23], this may be significant in registry proceedings where evidence is given sequentially. The second is that a court is not obliged to accept a witness's evidence in the absence of cross-examination if it is obviously incredible: see *National Westminster Bank plc v Daniel* [1993] 1 WLR 1453.

36. Where, however, evidence is given in a witness statement filed on behalf of a party to registry proceedings which is not obviously incredible and the opposing party has neither given the witness advance notice that his evidence is to be challenged nor challenged his evidence in cross-examination nor adduced evidence to contradict the witness's evidence despite having had the opportunity to do so, then I consider that the rule in *Brown v Dunn* applies and it is not open to the opposing party to invite the tribunal to disbelieve the witness's evidence."

Mr Hall extrapolated from this that if a witness stated that a trade mark had been used, had goodwill or was famous, and this was not challenged then the statement must be accepted. Factual matters cannot be challenged, eg turnover figures. However, whether a trade mark has been genuinely used is a matter for the decision maker, who has to take into account, inter alia, the evidence of the context of use and the extent of use. The statement by a witness that a trade mark has been used is, in the terms of the law in relation to genuine use, an opinion, not a fact. A witness can declare to facts in relation to the claimed use but it is not for a witness to decide if there had been genuine use. The same applies in relation to the establishment of goodwill and reputation. Mr Hall's approach would lead to the usurping of the rôle of the decision maker. On the logic of Mr Hall's approach if an applicant stated that genuine use had not been proved, and this was not challenged, this would be binding upon the decision maker.

28) Mr Hall submitted that Mr Boote had stated that the trade marks of Studios had been used in relation to media bearing recordings. In fact, in his statement he states that AIR trade marks have been used in relation to audio mastering in relation to CDs, MP-3s and vinyl; a recording service. Mr Hall relied upon page 35 of the statement of grounds showing recordings that had been made at the studios. This is not part of the evidence and also does not show use of the trade marks of Studios in relation to recorded media but in relation to *services of a recording studio*. Mr Hall also relied on a label reproduced at page 27 of RB2. This is a blank label, the type that would be placed onto a recording that had been made at the studios. A label for a CD would bear the name of the performers, the producer, year of copyright etc and be printed. There is not a shred of evidence of genuine use in the material period in relation to media bearing recordings.

29) Outwith *services of a recording studio*, the only evidence in relation to use relates to the licence with Pioneer. No figures are given in relation to promotion of goods by reference to the trade mark(s) of Studios. Mr Aldridge does not even know what right the licence grants; claiming that it grants rights in three trade marks. He also reproduces a version of registration no 2253503 with the device element missing and includes registration no 1045474, which does not include goods that Pioneer is producing. No turnover figures are given. As there is a royalty agreement, turnover figures should be readily available. The licensing agreement does not require the use of the trade mark(s) of Studios on the products.

30) Studios must establish that the use of the trade mark(s) is warranted in the economic sector concerned to maintain or create a share in the market for the goods protected by the mark. It is not possible to ascertain this when neither turnover figures nor promotional figures have been furnished. There is no indication as to how many products, if any, have been sold in the United Kingdom. Even the pictures of apparatus exhibited at MA2 comes from the website of Studios and not from that of Pioneer. Studios required three extensions of time; it had plenty of time to cross t's and dot i's. In the absence of any indication as to turnover and promotion, Studios is relying upon that the use is *de minimis* but on a failure to establish genuine use owing to an absence of hard factⁱⁱⁱ.

31) Studios has failed to establish genuine use of its trade marks in the material period. However, LLP has accepted that there has been genuine use in relation to *services of a recording studio*. Owing to this finding Studios can only, potentially, rely on trade mark registrations 2253503 and 2253499 in relation to the aforesaid services in relation to its claims under sections 5(2)(b) and 5(3) of the Act.

32) If LLP had not accepted use in relation to *services of a recording studio*, Studios would not have been given any wider specification; based upon the evidence. In his skeleton argument Mr Hall categorised the services of Studios as "*cine studio services and sound recording studio services*" which are encompassed by the term *services of a recording studio*.

Reputation for section 5(3) of the Act

33) Studios must establish that its trade marks were known by a significant part of the public concerned by the services covered^{iv} at the date of the filing of the application, 28 May 2010. Owing to the decision in relation to proof of use the services in question are those of a recording studio. Mr Hall submitted that the reputation for Studios was in relation to sound recording studio services. In this case the public concerned will be persons who use recording studios. The CJEU in *General Motors Corporation v Yplon SA* stated how a party would establish this reputation:

“27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.”

34) Studios has given no indication of its market share. It has given no indication as to the promotion of its business. It has furnished little evidence in relation to its trade marks from the current century. Reputations rise and fall with time, they are not constant. **On the basis of the evidence filed, Studios has not established a reputation for the purposes of section 5(3) of the Act and so its claim under this ground must be dismissed.**

35) Studios claims that LLP would take unfair advantage of its earlier trade marks. Part of the consideration in relation to taking unfair advantage, is the unfairness of the advantage. In *L’Oreal SA v Bellure NV* [2010] EWCA Civ 535 Jacob LJ stated:

“49 Turning to the substance of the point, the ECJ’s reasoning runs thus:

- (a) art.5(2) applies to same mark/same goods case, see cases cited at [35];
- (b) If a “link” in the mind of the public is established between the sign complained of and the registered mark, then there may be art.5(2) type infringement;
- (c) For such infringement it is necessary to show one of the types of injury against which art.5(2) is directed, namely detriment to distinctive character, detriment to the repute of the mark or unfair advantage taken of the distinctive character or repute of the mark—see [36]–[38].
- (d) The court explains the first two types of injury a little more in [39]–[40]. It is not necessary to go into these here because of the factual findings of no blurring and no tarnishment. What matters is its explanation of the third type—unfair advantage. Here is what it says:

“[41] As regards the concept of ‘taking unfair advantage of the distinctive character or the repute of the trade mark’, also referred to as ‘parasitism’ or ‘free-riding’, that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.

[49] ... where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that

mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark.”

So far as I can see this is saying if there is “clear exploitation on the coat-tails” that is ipso facto not only an advantage but an unfair one at that. In short, the provision should be read as though the word “unfair” was simply not there. No line between “permissible free riding” and “impermissible free riding” is to be drawn. All free-riding is “unfair”. It is a conclusion high in moral content (the thought is clearly that copyists, even of lawful products should be condemned) rather than on economic content.”

In *Whirlpool Corporations and others v Kenwood Limited* [2009] EWCA Civ 753 Lloyd LJ stated:

“136. I do not consider that Kenwood's design involves anything like a transfer of the image of the KitchenAid mark, or of the characteristics which it projects, to the goods identified by Kenwood's sign (see *L'Oréal v Bellure* paragraph 41). Of course, as a newcomer in a specialist market of which KitchenAid had a monopoly, and being (necessarily) in the basic C-shape of a stand mixer, the kMix would remind relevant average consumers, who are design-aware, of the KitchenAid Artisan. That, however, is a very different phenomenon, in very different commercial circumstances, from the situation considered in *L'Oréal v Bellure*. I find the Court's judgment instructive, but it does not seem to me to lead to the conclusion in favour of Whirlpool for which Mr Mellor contends. On the contrary, having rejected his radical submission that the word "unfair" could just as well have been left out of the article, it seems to me that the decision points away from, rather than towards, liability under the article on the facts of the present case. It is not sufficient to show (even if Whirlpool could) that Kenwood has obtained an advantage. There must be an added factor of some kind for that advantage to be categorised as unfair. It may be that, in a case in which advantage can be proved, the unfairness of that advantage can be demonstrated by something other than intention, which was what was shown in *L'Oréal v Bellure*. No additional factor has been identified in this case other than intention.”

In the former judgment Jacob LJ refers to “clear exploitation on the coat tails”. He refers to the judgment of the CJEU in which it refers to a party attempting to ride on the coat tails. Consequently, the intent is present in the consideration. There is not a negation of the necessity of the advantage being unfair but unfair

has become the equivalent to intent, consequently, the two judgments are not contradictory. (It is also to be noted that Lloyd LJ makes specific reference to paragraph 41 of *L'Oréal v Bellure*, as did Jacob LJ.) This position has been confirmed by the judgment of Kitchin LJ in *Specsavers International Healthcare Limited & Others v Asda Stores Limited* [2012] EWCA Civ 24:

“127. The Court may reasonably be thought to have declared, in substance, that an advantage gained by a trader from the use of a sign which is similar to a mark with a reputation will be unfair where the sign has been adopted in an attempt to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, and without making efforts of his own, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image.”

36) The basis of Mr Hall's submission that any advantage would be unfair was that Mr Fletcher knew of Air Studios. There is no evidence that this knowledge had any influence of LLP's choice of trade mark. There is nothing to suggest that LLP thought that it would benefit from any reputation of Studios. If Studios had established the requisite reputation its claim would have failed owing to the absence of establishing any unfairness in relation to the advantage. (Owing to the distance between the customers of Studios and those of LLP, it is also difficult to envisage that LLP could gain any advantage.)

37) Mr Hall submitted that use of LLP's trade mark would be detrimental to the distinctive character of Studios' trade marks. Studios must establish that the use of the trade mark would have an effect upon the economic behaviour of **its** customers. In *Intel Corporation Inc v CPM United Kingdom Ltd* Case C-252/07 the CJEU stated:

“77 It follows that proof that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future.”

There is no evidence as to this matter. On the basis of the nature of the consumers with whom Studios would have a reputation, if it were established, it cannot be simply inferred that the use of the trade mark of LLP would lead to a change in the economic behaviour of the customers of Studios^v. (Owing to the difference between the goods and services and the specialist nature of the users of Studios' services, it is difficult to envisage any potential effect on the economic behaviour of the users of Studios' services.)

38) Consequently, even if Studios had established a reputation and established a link, its case would still have failed owing to the failure to establish either unfair advantage or detriment to the distinctive character of the earlier trade marks.

Goodwill

39) A similar provision to section 5(4)(a) of the Act is to be found in Article 8(4) of Council Regulation 40/94 of December 20, 1993. This was the subject of consideration in *Last Minute Network Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Joined Cases T-114/07 and T-115/07, in which the GC stated:

“50 First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51 However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non-registered national mark before the date of filing, in this case 11 March 2000.”

The reasoning of the GC, *mutatis mutandis*, is followed in relation to the Act. Studios must establish that at the date of application for the trade mark, 28 May 2010, it had a protectable goodwill. It is necessary to establish in relation to which signs this goodwill relates, if there is any, and in relation to which goods and services. LLP has not established any use of its trade mark prior to the date of application and so it is not necessary to consider any other date eg an earlier date for the date of the behaviour complained of.

40) Owing to the proof of use issue, Mr Traub accepted that Studios had a protectable goodwill in relation to the sign AIR STUDIOS in respect of *services of a recording studio*.

41) Pumfrey J in *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19:

“27. There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the Registrar is entitled to be presented with evidence which at least raises a *prima facie* case that the opponent’s reputation extends to the goods comprised in the applicant’s

specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under Section 11 of the 1938 Act (See *Smith Hayden (OVAX)* (1946) 63 RPC 97 as qualified by BALI [1969] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed at the relevant date. Once raised the applicant must rebut the prima facie case. Obviously he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of possibilities that passing off will occur.”

However, the judgments in *Phones 4u Ltd v Phone4u.co.uk. Internet Ltd* [2007] RPC 5 and *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat) show that the question of goodwill cannot be established by the application of a formula. In the latter judgment Floyd J stated:

“8 Those observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

The licence with Pioneer itself indicates an intention to use and not actual use^{vi}. The absence of any figures in relation to duration of use, turnover and promotion makes it impossible to accept the claim of goodwill in relation to class 9 goods. It is also to be noted that the claim of goodwill is very broad and goes well beyond anything that is supported by evidence in relation to both goods and services and the year(s) of commencement.

42) This leaves the claim to goodwill in relation to the use of the word AIR on its own. Mr Hall's submission in relation to this claim rested on an article from *Studio* of July 1989, this is a United States publication, and an article from *Studio Sound* of March 1988. So the case rests on two pieces of journalism from at least 22 years prior to the date of application. This is clearly inadequate to establish the goodwill is associated with AIR on its own at the time of the filing of the application. The claim for goodwill by reference to AIR must be dismissed.

43) At the date of application for the registration of the trade mark, Studios has established goodwill by reference to the sign AIR STUDIOS in respect of services of a recording studio.

Likelihood of confusion – section 5(2)(b) of the Act

Average consumer, nature of purchasing decision and standard for likelihood of confusion

44) The average consumer “is deemed to be reasonably well informed and reasonably circumspect and observant”^{vii}. The purchaser of the services will be a person or undertaking making a recording. The purchaser will wish to know of the nature of the facilities that are provided. The cost of the services is likely to be high. As a result the services will be purchased as the result of a careful and educated decision. Consequently, the effects of imperfect recollection are likely to be very limited. The goods of LLP will be purchased intermittently. They are likely to be bought with a good deal of care to make sure of compatibility and/or the nature of the performance that they will give. The purchasing process is likely to be careful and educated. Consequently, imperfect recollection is likely to have limited effect.

45) In *New Look Ltd v Office for the Harmonization in the Internal Market (Trade Marks and Designs)* the GC stated:

“49 However, it should be noted that in the global assessment of the likelihood of confusion, the visual, aural or conceptual aspects of the opposing signs do not always have the same weight. It is appropriate to examine the objective conditions under which the marks may be present on the market (*BUDMEN*, paragraph 57). The extent of the similarity or difference between the signs may depend, in particular, on the inherent qualities of the signs or the conditions under which the goods or services covered by the opposing signs are marketed. If the goods covered by the mark in question are usually sold in self-service stores where consumer choose the product themselves and must therefore rely primarily on the image of the trade mark applied to the product, the visual similarity between the signs will as a general rule be more important. If on the other hand the product covered is primarily sold orally, greater weight will usually be attributed to any aural similarity between the signs.”

The goods of the application are likely to be bought from the Internet or from retail establishments where the first impact will be the eye. Consequently, the visual impression will have greater effect than the aural impression.

Comparison of goods and services

46) In “construing a word used in a trade mark specification, one is concerned with how the product is, as a practical matter, regarded for the purposes of trade^{viii}”. Words should be given their natural meaning within the context in which they are used, they cannot be given an unnaturally narrow meaning^{ix}. Consideration should be given as to how the average consumer would view the goods and/or services^x. The class of the goods and/or services in which they are placed may be relevant in determining the nature of the goods and/or services^{xi}. In assessing the similarity of goods and/or services it is necessary to take into account, inter alia, their nature, their intended purpose, their method of use and whether they are in competition with each other or are complementary^{xii}. In *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281, Jacob J also gave guidance as to how similarity should be assessed^{xiii}.

47) Jacob J in *Avnet Incorporated v Isoact Ltd* [1998] FSR 16 stated:

“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.”

48) In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T- 325/06 the GC explained when goods are complementary:

“82 It is true that goods are complementary if there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking (see, to that effect, Case T-169/03 *Sergio Rossi v OHIM – Sissi Rossi (SISSI ROSSI)* [2005] ECR II-685, paragraph 60, upheld on appeal in Case C-214/05 P *Rossi v OHIM* [2006] ECR I-7057; Case T-364/05 *Saint-Gobain Pam v OHIM – Propamsa (PAM PLUVIAL)* [2007] ECR II-757, paragraph 94; and Case T-443/05 *El Corte Inglés v OHIM – Bolaños Sabri (PiraÑAM diseño original Juan Bolaños)* [2007] ECR I-0000, paragraph 48).”

49) The goods of the application are:

audio apparatus and instruments; apparatus for reproduction of sound; apparatus for use in connection with the processing, recording, reproduction, transmission and reception of electronic signals; integrated circuits; amplifiers; audio speakers; loudspeakers; loudspeaker systems; electronic docking stations; mobile phones; personal computers; televisions; microphones; parts and fittings for all the aforesaid goods.

These are to be compared with *services of a recording studio*.

50) The goods, which are physical objects, have a different nature to services. The services will be found in a recording studio; the goods will be found in retail outlets, whether brick or click; the respective services and goods occupy different channels of trade. The users of the services will be those who wish to record. Certain of the goods are for recording purposes and could be used as an alternative to going to a recording studio. The following goods could be used for recording purposes: *audio apparatus and instruments; apparatus for use in connection with the recording of electronic signals*. Consequently, the aforesaid goods could have the same users, those who wish to record and could be in competition. Owing to the advancement of technology it is not uncommon for persons to record music at home. The services of the application require recording apparatus, although the goods of the application do not require the *services of a recording studio*; consequently, there is no mutual dependency; just a dependency in one direction. In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, the GC decided that complementarity included the requirement that the customers may think that the responsibility for the goods and services lies with the same undertaking. There is nothing to suggest that those supplying recording services also supply recording apparatus, consequently, it is not considered that the consumers of the respective services would believe that recording apparatus and *services of a recording studio* emanate from the same undertaking. (No more than the average consumer would consider that the producers of wine and wine glasses are one and the same^{xiv}.) Consequently, the respective goods and services are not complementary.

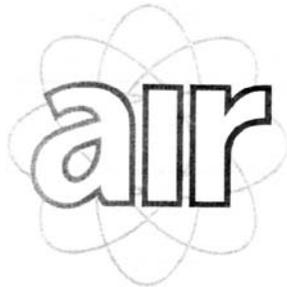
51) There is a very limited degree of similarity between *services of a recording studio* and *audio apparatus and instruments; apparatus for use in connection with the recording of electronic signals* owing to the latter's recording function. The other goods of the application do not coincide with the services of the earlier registration in any meaningful way within the parameters of the case law; they are not similar.

Comparison of trade marks

52) The trade marks to be compared are:

Trade marks of Studios:

Trade mark of LLP:



AIRSOUND

AIR STUDIOS

53) The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details^{xv}. 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^{xvi}. Consequently, there cannot be an artificial dissection of the trade marks, although it is necessary to take into account any distinctive and dominant components. The average consumer rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he/she has kept in his/her mind and he/she is deemed to be reasonably well informed and reasonably circumspect and observant^{xvii}. The assessment of the similarity of the trade marks must be made by reference to the perception of the relevant public^{xviii}.

54) The trade mark of LLP consists of two common English words, which will be perceived by the average consumer. The goods of the application are, in one shape or another, involved in the recording, reproduction or processing of sound; consequently, the sound element of the trade mark has a descriptive aspect. The air element is not obviously descriptive or allusive of the goods of the application. Air is the dominant and distinctive component of the trade mark of LLP.

55) In the word and device trade mark of Studios, the air element clearly and prominently stands out. The device element is very much in the background. The dominant and distinctive component is the word air. The AIR STUDIOS trade mark is to be considered in relation to *services of a recording studio*; in

such a context the studios element is directly descriptive. Consequently, the dominant and distinctive component of the trade mark is AIR.

56) The air components of the trade marks are phonetically and conceptually identical. The air element of the word and device trade mark is slightly stylised. However, this element is likely to be recalled simply as the word air and so in the normal course of events, in the perception of the average consumer, will be, effectively, visually identical to the air component of LLP's trade mark. (The issue of similarity must be considered in relation to the perception of the average consumer and take into account that the average consumer will seldom have the opportunity to directly compare trade marks but will rely on memory.) The word and device trade mark contains a device that is alien to LLP's trade mark; the studios element of the other trade mark is also alien to LLP's trade mark. The sound element of LLP's trade mark is alien to the trade marks of Studios. Consequently, there are visual, phonetic and conceptual differences. The trade marks must be compared in their entireties. However, taking into account the dominant and distinctive components of the trade marks, the trade marks of Studios and the trade mark of LLP are similar.

Conclusion

57) There can only be a likelihood of confusion where the goods and/or services are similar. Consequently, the goods that are not similar cannot give rise to a likelihood of confusion.

58) LLP has referred to earlier trade marks which it owns. The existence of these trade marks cannot have an effect upon the findings in this case. They would only have relevance if they were being used to invalidate the earlier trade marks upon which Studios relies.

59) LLP has referred to an absence of confusion in the marketplace. There is a tranche of case law to the effect that lack of confusion in the market place is indicative of very little: *The European Limited v The Economist Newspaper Ltd* [1998] FSR 283, *Rousselon Freres et Cie v Horwood Homewares Limited* [2008] EWHC 881 (Ch), *Compass Publishing BV v Compass Logistics Ltd* [2004] RPC 41 and *Aceites del Sur-Coosur SA v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case C-498/07 P*. In *The European Limited v The Economist Newspaper Ltd* Millet LJ stated:

“Absence of evidence of actual confusion is rarely significant, especially in a trade mark case where it may be due to differences extraneous to the plaintiff's registered trade mark.”

This is especially the case here, as there has been no indication of use by LLP of its trade mark. The specification is also considerably wider than the use to which the technology (rather than trade mark on the goods) has been put; for sound

bars. Consequently, there has been no opportunity for confusion to occur; or not to occur.

60) In considering whether there is a likelihood of confusion various factors have to be taken into account. There is the interdependency principle – a lesser degree of similarity between trade marks may be offset by a greater degree of similarity between goods, and vice versa^{xx}. In this case there is a very limited degree of similarity between the respective goods and services.

61) It is necessary to consider the distinctive character of the earlier trade mark; the more distinctive the earlier trade mark the greater the likelihood of confusion^{xx}. The distinctive character of a trade mark can be appraised only, first, by reference to the goods in respect of which registration is sought and, secondly, by reference to the way it is perceived by the relevant public^{xxi}. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, it is necessary to make an overall assessment of the greater or lesser capacity of the mark to identify the goods for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods from those of other undertakings^{xxii}. The air elements of the earlier trade marks are neither descriptive nor allusive for the services. The device element is subservient to the word element, of the word and device trade mark, and is literally in the background. It adds little to the distinctive character of the earlier trade mark. The studios element of the other trade mark is directly descriptive of the services, however, it does create a unified idea of a place where recordings take place. The evidence does not allow for a finding of any enhancement through use at the date of the filing of the application. Air is an ordinary English word. The earlier trade marks of Studios have a reasonable degree of inherent distinctiveness.

62) In *Aceites del Sur-Coosur SA v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case C-498/07 P the CJEU stated.

“60 According to further settled case-law, the global assessment of the likelihood of confusion, in relation to the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components (see *OHIM v Shaker*, paragraph 35 and the case-law cited).

61 In particular, the Court has held that in the context of examination of the likelihood of confusion, assessment of the similarity between two marks means more than taking just one component of a composite trade mark and comparing it with another mark. On the contrary, the comparison must be made by examining each of the marks in question as a whole (see order in *Matratzen Concord v OHIM*, paragraph 32; *Medion*, paragraph 29; and *OHIM v Shaker*, paragraph 41).

62 In that regard, the Court has also held that, according to established case-law, the overall impression created in the mind of the relevant public by a complex trade mark may, in certain circumstances, be dominated by one or more of its components. However, it is only if all the other components of the mark are negligible that the assessment of the similarity can be carried out solely on the basis of the dominant element (*OHIM v Shaker*, paragraphs 41 and 42, and Case C-193/06 P *Nestlé v OHIM* [2007] ECR I-114, paragraphs 42 and 43 and the case-law cited).”

Although the sound element of LLP’s trade mark has a descriptive aspect it does form a whole with the air element; it cannot be considered to be negligible. The device element of the word and device trade mark of Studios is subservient to the air element, however, it is not negligible and must be taken into account. In the other trade mark of Studios, the concept of a place where recordings take place is evoked.

63) The respective goods and services will involve careful and educated purchasing decisions but this does not of itself necessarily obviate the likelihood of confusion. In *Apple Computer, Inc v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-328/05 the GC stated:

“59 Accordingly, the fact that the relevant public is composed of persons whose level of attention may be considered high is not sufficient, given the fact that the signs at issue are almost identical and the similarity between the goods in question, to exclude the possibility that that public might believe that the goods and services concerned come from the same undertaking or, as the case may be, from economically-linked undertakings (*GALZIN*, paragraph 48 above, paragraph 80).”

In *Honda Motor Europe Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-363/06 the GC stated:

“62 Furthermore, although the relevant consumer’s high degree of attention may, admittedly, lead him to be aware of the technical characteristics of car seats in order that he may ensure their compatibility with the relevant car model, it should be borne in mind that, taking into account the identity of the goods concerned, the similarity of the conflicting marks and the high distinctive character of the earlier trade mark, the fact that the relevant public may consist of professionals is not sufficient to rule out the possibility that they may believe that the goods come from the same undertaking or, as the case may be, from economically-linked undertakings (see, to that effect, *ALADIN*, paragraph 100). While the relevant public’s high degree of attention implies that it will be well informed about vehicle seats and may thus avoid making mistakes regarding the compatibility of those seats with the relevant car model, it

cannot prevent that public from believing that the seats bearing the MAGIC SEAT trade mark are part of a new range of products developed by the well-known Spanish car manufacturer Seat.”

64) The different channels of trade, the limited degree of similarity of the goods and services and the nature of the purchasing decision outweigh the factors in favour of Studios’ case. **There is not a likelihood of confusion.**

Section 5(4)(a) of the Act – passing-off

65) In relation to the law of passing-off Studios has to establish that the purchaser of its services would believe that Studios was responsible for the goods of the application (whether directly or by licence). Owing to the distance between the goods and services and the nature of the clients of Studios, Studios has not established this and so there will be no misrepresentation and this ground of opposition must fail. Owing to the very different nature of the goods and services in consideration, it is not conceived how there could be damage to Studios; as Slade LJ Held in *Stringfellow v McCain Foods (GB) Ltd* [1984] RPC 501 Slade LJ said:

“even if it considers that there is a limited risk of confusion of this nature, the court should not, in my opinion, readily infer the likelihood of resulting damage to the plaintiffs as against an innocent defendant in a completely different line of business. In such a case the onus falling on plaintiffs to show that damage to their business reputation is in truth likely to ensue and to cause them more than minimal loss is in my opinion a heavy one.”

Overall conclusion

66) **The opposition fails in its entirety.** The stronger case of Studios relates to the claimed use of Pioneer; owing to the nature of the goods. However, owing to the failings of the evidence, this use has not been established; either for the purposes of section 5(2)(b) or for establishing goodwill. Despite the extensions of time granted to it, Studios did not file evidence to specifically support the grounds of opposition it had raised in its statement of case. In particular, it did not file detailed and persuasive evidence in relation to the Pioneer licence. The opposition can only be decided on the evidence filed.

Costs

67) LLP having been successful is entitled to a contribution towards its costs. At a case management conference, it was decided that there would be a costs implication for a misleading statement that had been made by Studios in relation to a request for an extension of time. Costs are awarded upon the following basis:

Preparing a statement and considering the statement of Studios:	£400
Preparing evidence and considering evidence of Studios:	£500
Case management conference:	£300
Preparation for and attendance at hearing:	£500
Total:	£1,700

68) Air Studios (Lyndhurst) Limited is ordered to pay Airsound LLP the sum of £1700. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 16th day of April 2012

**David Landau
For the Registrar
the Comptroller-General**

ⁱ Section 6A of the Act reads:

“(1) This section applies where –

(a) an application for registration of a trade mark has been published,

(b) there is an earlier trade mark of a kind falling within section 6(1)(a), (b) or (ba) in relation to which the conditions set out in section 5(1), (2) or (3) obtain, and

(c) the registration procedure for the earlier trade mark was completed before the start of the period of five years ending with the date of publication.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.

(3) The use conditions are met if –

(a) within the period of five years ending with the date of publication of the application 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) the earlier trade mark has not been so used, but there are proper reasons for non-use.

(4) 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.

(5) In relation to a Community trade mark, any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Community.

(6) 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.

(7) Nothing in this section affects –

(a) the refusal of registration on the grounds mentioned in section 3 (absolute grounds for refusal) or section 5(4)(relative grounds of refusal on the basis of an earlier right), or

(b) the making of an application for a declaration of invalidity under section 47(2) (application on relative grounds where no consent to registration).”

Under Section 100 of the Act the onus is upon the proprietor of the earlier trade mark(s) to show genuine use:

“If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

ⁱⁱ See *Mo-Hwa Park v Harmonisierungsamt für den Binnenmarkt (Marken, Muster und Modelle) (HABM)* der Rechtssache T-28/09 an Absatz 61 und *Makro Zelfbedieningsgroothandel CV and others v Diesel SpA* Case C-324/08 at paragraph 35.

ⁱⁱⁱ In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T- 325/06 the GC stated:

“32 To examine whether an earlier trade mark has been put to genuine use, an overall assessment must be carried out, which takes into account all the relevant factors of the particular case. That assessment entails a degree of interdependence between the factors taken into account. Thus, the fact that commercial volume achieved under the mark was not high may be offset by the fact that use of the mark was extensive or very regular, and vice versa. In addition, the turnover and the volume of sales of the product under the earlier trade mark cannot be assessed in absolute terms but must be looked at in relation to other relevant factors, such as the volume of business, production or marketing capacity or the degree of diversification of the undertaking using the trade

mark and the characteristics of the products or services on the relevant market. As a result, the Court has stated that use of the earlier mark need not always be quantitatively significant in order to be deemed genuine. Even minimal use can therefore be sufficient to be deemed genuine, provided that it is viewed as warranted in the economic sector concerned in order to maintain or create a share in the market for the goods or services protected by the mark (*VITAFRUIT*, paragraph 27 above, paragraph 42, and *LA MER*, paragraph 26 above, paragraph 57; see, by analogy, *Ansul*, paragraph 24 above, paragraph 39, and the order in Case C-259/02 *La Mer Technology* [2004] ECR I-1159, paragraph 21).”

There is, therefore, no de minimis level of use to establish genuine use (also see inter alia *Sonia Rykiel création et diffusion de modèles v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case T-131/06 and *The Sunrider Corp v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case C-416/04 P). In *Ajax Brandbeveiliging BV v Ansul BV* Case C-40/01 the Court of Justice of the European Union (CJEU) held that it is necessary to establish whether the use “is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark, the nature of the goods or services at issue, the characteristics of the market and the scale and frequency of use of the mark”. In *Il Ponte Finanziaria SpA v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case C-234/06 P the CJEU stated:

“73 The question whether use is sufficient to maintain or create market share for the goods or services protected by the mark thus depends on several factors and on a case-by-case assessment. The frequency or regularity of the use of the trade mark is one of the factors which may be taken into account (see *Sunrider v OHIM*, paragraph 71; see also, to that effect, *La Mer Technology*, paragraph 22).”

^{iv} *General Motors Corporation v Yplon SA* Case C-375/97.

^v In *Mäurer + Wirtz GmbH & Co KG v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case T-63/07 the GC stated:

“40 It is possible, particularly in the case of an opposition based on a mark with an exceptionally high reputation, that the probability of a future, non-hypothetical risk of detriment to the earlier mark or of unfair advantage being taken of it by the mark applied for is so obvious that the opposing party does not need to put forward and prove any other fact to that end. However, it is also possible that the mark applied for does not, at first sight, appear capable of giving rise to one of the risks covered by Article 8(5) of Regulation No 40/94 with respect to the earlier mark with a reputation, even though it is identical with or similar to the earlier mark, in which case the non-hypothetical, future risk of detriment or unfair advantage must be established by other evidence, which it is for the opposing party to put forward and prove (Case T-215/03 *Sigla v OHIM – Elleni Holding (VIPS)* [2007] ECR II-711, paragraph 48).”

From the evidence, this is not a case which falls within these parameters.

^{vi} *Philosophy Inc v Ferretti Studio Srl* [2003] ETMR 8

^{vii} *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* Case C-342/97.

^{viii} *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281.

^{ix} *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd and Another* [2000] FSR 267.

^x *Thomson Holidays Ltd v Norwegian Cruise Lines Ltd* [2003] RPC 32 dealt with a non-use issue but are still pertinent to the consideration of the meaning and effect of specifications:

“In my view that task should be carried out so as to limit the specification so that it reflects the circumstances of the particular trade and the way that the public would perceive the use. The court, when deciding whether there is confusion under section 10(2), adopts the attitude of the average reasonably informed consumer of the products. If the test of infringement is to be applied by the court having adopted the attitude of such a person, then I believe it appropriate that the court should do the same when deciding what is the fair way to describe the use that a proprietor has made of his mark. Thus, the court should inform itself of the nature of trade and then decide how the notional consumer would describe such use”

^{xi} *Altecnic Ltd's Trade Mark Application* [2002] RPC 34.

^{xii} *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* Case C-39/97.

^{xiii} He considered that the following should be taken into account when assessing the similarity of goods and/or services:

(a) The respective uses of the respective goods or services;
(b) The respective users of the respective goods or services;
(c) The physical nature of the goods or acts of service;
(d) The respective trade channels through which the goods or services reach the market;
(e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
(f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.”

^{xiv} See *Assembled Investments (Proprietary) Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-105/05 and *Waterford Wedgwood plc v Assembled Investments (Proprietary) Ltd and Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case C-398/07 P.

^{xv} *Sabel BV v Puma AG* Case C-251/95.

^{xvi} *Sabel BV v Puma AG* Case C-251/95.

^{xvii} *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* Case C-342/97.

^{xviii} *Succession Picasso v OHIM - DaimlerChrysler (PICARO)* Case T-185/02.

^{xix} *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* Case C-39/97.

^{xx} *Sabel BV v Puma AG* Case C-251/95.

^{xxi} *Rewe Zentral AG v OHIM (LITE)* Case T-79/00.

^{xxii} *Windsurfing Chiemsee v Huber and Attenberger* Joined Cases C-108/97 and C-109/97.