

IN THE MATTER OF APPLICATION NO. 2366810 IN THE NAME OF SCHOLL LIMITED

AND IN THE MATTER OF OPPOSITION NO. 92979 THERETO BY LIDL STIFTUNG & CO KG

DECISION

Introduction

1. On 26 June 2004 Scholl Ltd applied to register the trade mark CHIC FEET in respect of various goods in Classes 3, 5, 8 and 10. The specification of goods in Class 3 was as follows:

Preparations for the care of the skin and the feet; deodorants, antiperspirants for use on the person; talcum powder; perfumery, fragrances; cosmetics; essential oils; cosmetic creams; powders, lotions, milks, gels, oils and ointments for the care and cleansing of the feet.

2. The application was subsequently opposed by Lidl Stiftung & Co KG on grounds raised under section 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994. Of these grounds only that under section 5(4)(a) was ultimately pursued. Only the opponent filed evidence.
3. In a written decision dated 10 April 2006 (O/098/06) George Salthouse acting for the Registrar dismissed the opposition. The opponent now appeals.

Section 5(4)(a) of the 1994 Act

4. Section 5(4)(a) provides:

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 opponent's evidence

5. The opponent's evidence consists of a witness statement dated 12 September 2005 by Peter Fischer, the Managing Director of Lidl Stiftung & Co Beteiligungs-GmbH, which is a general partner of the opponent. Herr Fischer says that his company has opposed the application in question on the basis of its reputation in a trade mark which he calls the "CHIC & device trade mark" by virtue of the use his company has made of this mark. The CHIC & device trade mark is reproduced below:



6. Herr Fischer goes on (emphases added):

4. My Company owns and operates a successful chain of grocery stores, which has been trading *in Great Britain* since 1994. My Company presently has more than 330 grocery stores alone *in the United Kingdom*....
5. My company first used the CHIC & device trade mark *in the United Kingdom* in relation to toiletries, such as hair care products, particularly hair styling mousse, hair spray, hair lacquer and anti-perspirants, including perfumed anti-perspirants ('the Goods') on 1 December 1994. Indeed, the goods sold by my Company under its CHIC & device trade mark were some of the first goods ever sold by my Company *in the United Kingdom*.

6. The CHIC & device trade mark has been used in relation to the Goods consistently since 1 December 1994, *throughout the whole of the United Kingdom*. The Goods featuring the CHIC & device trade mark have been available for purchase, at various times in each of the 330 stores owned and operated by Company *throughout the United Kingdom*.
7. I have ascertained from my Company's records that the approximate sales figures for the Goods sold under the CHIC & device trade mark since 1994 are as follows:

Year	Amount
1994	£18,295
1995	£89,338
1996	£83,825
1997	£23,522
1998	£240,831
1999	£267,946
2000	£393,751
2001	£390,173
2002	£491,469
2003	£581,848
2004	£364,743
2005	£25,141

8. I have ascertained from my Company's records that the approximate annual amount spent on advertising and otherwise promoting the Goods sold under the CHIC & device trade mark is approximately 20,000 Euros per year.
 9. The CHIC & device trade mark is applied directly to the Goods. Advertisements for the Goods sold in relation to the trade mark generally comprise of actual pictures of the Goods featuring the CHIC & device trade mark. Attached hereto and marked Exhibit PF1 is [a] newsletter distributed by my Company featuring the Goods labelled with the CHIC & device trade mark. This newsletter is distributed by my Company *throughout the whole of the United Kingdom*.
 10. ... The CHIC & device trade mark has featured in relation to the Goods sold by my Company since it first commenced trading *in the United Kingdom* and as a result of this use has developed a reputation in the CHIC & device trade mark for the Goods....
7. Exhibit PF1 consists of photocopied extracts from a newsletter which dates from the first week of May 1994. It includes advertisements for two types of product bearing the CHIC & device trade mark, namely styling mousse and hair spray. As Herr Fischer says, the advertisements are illustrated with photographs of the products clearly showing the trade mark. It appears that

there are two different styling mousses, namely one for normal hair and one for coloured hair, and two different hair sprays, namely Extra Hold and Extra Firm Hold. The styling mousses are priced at 59p and the hair sprays at 99p.

The hearing officer's decision

8. The hearing officer began by directing himself in accordance with the exposition of the law of passing off by Geoffrey Hobbs QC sitting as the Appointed Person in *WILD CHILD Trade Mark* [1998] RPC 455 at 460 line 5 – 461 line 22.
9. Next the hearing officer held that there was no evidence that the applicant had used the trade mark CHIC FEET prior to the application date, and accordingly the date as at which the claim for passing off fell to be considered was the application date.
10. So far as the question of the opponent's reputation and goodwill in connection with the CHIC & device trade mark was concerned, the hearing officer held as follows:
 13. To succeed under this ground the opponent must show that it enjoyed goodwill at the relevant date. The opponent claims to have used the mark in the UK since 1994. However, whilst sales and promotion figures are provided it does not categorically state that they relate solely to the UK. The opponent has provided copies of newsletters or leaflets that are stated to be distributed throughout the UK. At the hearing the opponent's representative contended that the inference that the figures for turnover and promotion related to the UK was clear. I do not accept this contention. The opponent should file clear unequivocal evidence. In the instant case I accept that the newsletters show use of the mark in the UK prior to the relevant date and I therefore accept that the opponent had goodwill in the UK in relation to the goods shown in the newsletter which were branded with the mark relied upon. Although use on anti-perspirants and haircare products in general has been claimed this use has not been corroborated. On the basis of the evidence provided the opponent, whilst it has just managed to show goodwill, cannot be regarded to have a reputation in its mark.

14. The opponent has opposed the whole of the applicant's specification. The opponent stated, in the statement of grounds, that its mark had been used 'in respect of toiletries such as haircare products and antiperspirants'. However, the only use shown is on styling mousse and hair-spray. I shall therefore be comparing the specification of the mark in suit to the opponent's revised specification of 'Styling Mousse and hair-spray'.
11. So far as the respective goods were concerned, the hearing officer held that the goods covered by the applicant's specifications in Classes 5, 8 and 10 were dissimilar to the goods in respect of which the opponent had demonstrated use of its CHIC & device trade mark. He also held that the same was true in respect of "powders, lotions, milks, gels, oils and ointments for the care and cleaning of the feet" in Class 3, but that "preparations for the care of the skin and feet; deodorants, anti-perspirants for use on the person; talcum powder; perfumery; fragrances; cosmetics; essential oils; cosmetic creams" were similar to the opponent's products.
12. As to the respective marks the hearing officer held as follows:
 18. The opponent contends that the dominant component of its mark is the word 'Chic' and that this is identical to the first word of the applicant's mark. This they claim will, when used in a normal and fair manner result in misrepresentation. However, this overlooks the fact that the word element of the opponent's mark is shown in a very unusual fashion. The first, third and fourth letters are in a normal lowercase font. However, the second letter appears to be a capital letter 'H' with the majority of the second up stroke missing. The lower half of the letter is also considerably obscured by the device element. At first blush the word is not obviously 'chic' it requires a small amount of reasoning to work out the word. The applicant's mark also has the second word "feet" which doubles the length of the mark. The opponent's mark has a device element which includes within it the words 'Patet Omnibus Qualitas'. However, these are so small that I doubt many consumers would even notice them, and even if their attention were drawn to the words they would be regarded as being typical of the usual Latin phrases used in heraldic devices which few, if any, understand. I do not regard the device or the wording contained within it as significant.
 19. Therefore, whilst there are similarities both visually and aurally there are also significant differences. Conceptually, the opponent's mark merely implies that the consumer can have stylish hair if they use the opponent's products, a common concept perpetrated by other

manufacturers of hair care products. The applicant's mark conjures up an all together different and unusual image of having stylish feet. Although not unheard of it is, in my view, a slightly unusual image. One might more readily refer to stylish or chic footwear instead of feet.

13. The hearing officer expressed his conclusion as follows:

20. I have to consider the matter from the point of view of the average consumer. The opponent contended that this should be regarded as one of their customers who was aware of the opponent's products. In essence the question I have to address is whether the relevant public seeing the applicant's mark used on similar or identical products in Class 3 would be likely to believe the goods were being offered by the opponent. It is my view that the differences between the marks is such that such a misrepresentation would not occur. If misrepresentation would not occur on the goods in Class 3 which provides the opponent with its strongest case then clearly there is no likelihood of misrepresentation occurring when the goods are dissimilar. Therefore the opposition under Section 5(4)(a) fails in relation to all of the goods of the applicant's specification.

Standard of review

14. This appeal is a review of the hearing officer's decision. The opponent's attorney accepted that the hearing officer's decision with regard to section 5(4)(a) involved a multi-factorial assessment of the kind to which the approach set out by Robert Walker LJ in *REEF TM* [2002] EWCA Civ 763, [2003] RPC 5 at [28] applied:

In such circumstances an appellate court should in my view show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle.

The applicant's attorneys reminded me that a decision does not contain an error of principle merely because it could be better expressed.

The appeal

15. Before me the opponent accepted the hearing officer's assessment of the similarities between the respective goods, and accordingly confined its appeal

to “preparations for the care of the skin and feet; deodorants, anti-perspirants for use on the person; talcum powder; perfumery; fragrances; cosmetics; essential oils; cosmetic creams” in Class 3. So far as these goods are concerned, the opponent contended that the hearing officer had erred in principle in reaching his conclusions with regard both to goodwill and misrepresentation.

Goodwill

16. The opponent’s attorney submitted that the hearing officer’s assessment of Herr Fischer’s evidence was flawed and that on a proper reading that evidence demonstrated that the opponent had acquired a substantial goodwill in relation to hair care products and anti-perspirants. I agree. In my judgment the hearing officer contradicted himself at least twice in his assessment of the evidence.

17. First, in paragraph 13 the hearing officer stated he did not accept the opponent’s contention that “the inference that the figures for turnover and promotion related to the UK was clear”. Earlier in his decision, however, the hearing officer stated during the course of summarising Herr Fischer’s evidence at paragraph 7:

I note that neither the turnover figures nor the promotional figures are specifically stated to relate to the UK although this is clearly the inference.

18. Secondly, also in paragraph 13 the hearing officer concluded that the opponent had a goodwill in the UK in relation to the goods shown in the newsletter, but that it had no reputation in the mark. I am surprised by this conclusion. While it is possible a foreign business which does not trade in the United Kingdom to have a reputation under a particular trade mark in the United Kingdom but no goodwill, I cannot think of any situation in which a business could have a goodwill under a particular trade mark but no reputation. Generally speaking, reputation and goodwill are two sides of the same coin. (It is perhaps worth adding that the concept of reputation for the purposes of the law of passing off

is not the same as that for the purposes of sections 5(3) and 10(3) of the 1994 Act.)

19. More generally, it seems to me that in the operative part of his decision (as opposed to in his summary of the evidence) the hearing officer fell into the error of not reading Herr Fischer's evidence fairly and instead of subjecting it to a hypercritical analysis. No application was made to cross-examine Herr Fischer, and therefore his evidence stands unchallenged. It is manifest from the repeated references to the United Kingdom in the passages I have quoted in paragraph 6 above, and from the references to sales figures expressed in £, that Herr Fischer was giving evidence of use of the CHIC & device trade mark in the United Kingdom. In my view it would be perverse to interpret the sales figures as relating to anywhere other than in the United Kingdom. While I acknowledge that the promotional figures are given in euros, this is unsurprising given that the opponent is a German company. There is no reason to believe that the promotional figures relate to anywhere other than the United Kingdom, particularly given that it is clear on its face (and the hearing officer himself accepted) that the newsletter in PF1 was distributed in the United Kingdom.
20. Furthermore, as the applicant's attorney pointed out, the sales figures given by Herr Fischer have to be assessed in the context of the unit cost of the products in question. Even if one ignores the fact that the styling mousses cost only 59p each, and proceeds on the basis that the average unit cost was £1, the figures given by Herr Fischer add up to sales of over £2.76 million by mid 2004 and hence over 2.76 million units of product over a period of nearly ten years. That clearly indicates a large number of customers making repeat purchases.
21. It is true that Herr Fischer has not exhibited any examples of use of the CHIC & device trade mark on anti-perspirants. I agree that it would have been better if he had done so. In view of the other evidence given by Herr Fischer, however, I do not consider that the hearing officer was justified in simply discounting Herr Fischer's clear evidence that the mark had also been used in the same manner on anti-perspirants.

22. It is also true, as the applicant's attorneys pointed out, that the opponent failed to file any trade or public evidence in support of its claim. While such evidence is eminently desirable, as Pumfrey J made clear in *REEF Trade Mark* [2002] RPC 19, for the reasons I gave in *Aggregate Industries Ltd's Trade Mark Application* (O/178/06) at [15], I do not consider that it is essential in order to prove goodwill.
23. Overall, I consider that Herr Fischer's evidence, while on the thin side, was sufficient to establish that the opponent had established a goodwill and reputation under the CHIC & device trade mark in relation to both hair care products and anti-perspirants.

Misrepresentation

24. The opponent's attorney argued that the hearing officer had erred in principle in assessing whether use of the mark applied for would give rise to a misrepresentation since, while he had correctly held that the marks were visually and aurally similar, he was wrong to conclude that there was a sufficient conceptual difference between them to counteract these similarities. While I am sympathetic to this submission, I am not sure whether, had it stood alone, I would have been persuaded that the hearing officer had made an error of principle in this respect. It is not necessary for me to reach a conclusion on this point, however, since once one error of principle has been shown it is necessary for the appellate tribunal to reconsider the whole issue affected by that error: *Saint-Gobain PAM SA v Fusion Provida Ltd* [2005] EWCA Civ 177, [2005] IP&T 880 at [37]. I have already concluded that the hearing officer erred in his assessment of goodwill, and therefore I must go onto to make my own assessment of misrepresentation.
25. The question to be addressed is what the impact of normal and fair use of the mark CHIC FEET in relation to "preparations for the care of the skin and feet; deodorants, anti-perspirants for use on the person; talcum powder; perfumery; fragrances; cosmetics; essential oils; cosmetic creams" would be upon consumers who were familiar with the opponent's use of the mark CHIC &

device in relation to hair care products and anti-perspirants. Would a substantial number of such consumers wrongly believe that the former goods emanated from the same source as the latter or were otherwise connected in the course of trade with that source?

26. In my judgment they would. I consider that the stylisation of the word CHIC in the opponent's trade mark is not so great as to prevent it from immediately being read as CHIC, and I agree with the hearing officer that the device is of little significance. Both these elements would disappear in oral use, such as in recommendations by users to their friends. I therefore agree with the hearing officer that the marks are visually and aurally similar. In my view there is little conceptual difference between the two: as the applicant's attorney put it, the concept in both cases is "elegance in personal grooming products". Furthermore, the word FEET is descriptive of the location of application of at least some of the applicant's goods. I consider that some consumers who were familiar with the opponent's products and who saw the applicant's goods without the opportunity for a side-by-side comparison would be likely either to read the opponent's mark as "CHIC feet" (i.e. to interpret the mark as simply CHIC plus an appropriate descriptive word) or to think that the makers of CHIC hair care products and anti-perspirants had branched out into foot care and related products.
27. The applicant's attorneys pointed out that it appears from Herr Fischer's evidence that the opponent only sells its products in its own stores and argued that this means that there will be no misrepresentation. I do not accept this argument for the following reasons. First, the opponent's products are not branded or presented as "own-label" products, and it seems likely to me that many consumers will not be aware that they are produced by or behalf of the opponent. Secondly, there is no reason to believe that consumers of such products shop only in the opponent's stores and nowhere else. Thirdly, the opponent also sells third party branded products in its stores.

Damage

28. It follows from my conclusions as to goodwill and misrepresentation that the opponent would suffer damage to its goodwill if the applicant were to use the mark applied for in relation to the goods objected to.

Conclusion

29. The appeal is allowed in relation to “preparations for the care of the skin and feet; deodorants, anti-perspirants for use on the person; talcum powder; perfumery; fragrances; cosmetics; essential oils; cosmetic creams”. Accordingly the application will be refused so far as it relates to those goods. In relation to the remainder of the specification in Class 3 and in relation to Classes 5, 8 and 10 the application may proceed to registration.

Costs

30. The hearing officer ordered the opponent to pay the applicant the sum of £1,500 as a contribution to its costs. I will set that order aside. In assessing costs I bear in mind that the opponent opposed the application in its entirety but has only succeeded in part. I consider that the fair order to reflect this is that the parties should each bear their own costs at first instance and that the applicant should pay the opponent the sum of £750 as a contribution to its costs of the appeal.

18 July 2006

RICHARD ARNOLD QC

Alison Simpson of Urquhart-Dykes & Lord LLP appeared for the opponent.

Wilson Gunn made written submissions on behalf of the applicant.