

O-211-10

TRADE MARKS ACT 1994
IN THE MATTER OF APPLICATION 2493676
BY HEALTHSPARK LTD
TO REGISTER IN CLASS 30 THE TRADE MARK:



AND
IN THE MATTER OF OPPOSITION 98563 BY
HEALTHSPAN LIMITED

TRADE MARKS ACT 1994

In the matter of application 2493676
by Healthspark Ltd to register in class 30 the trade mark:



and

in the matter of opposition 98563 by Healthspan Limited

The background and the pleadings

1) On 25 July 2008 Healthspark Limited ("Spark") applied to register the above trade mark in class 30 of the Nice classification system¹. Registration is sought in respect of:

Coffee, tea, artificial coffee, supplements that constitute food.

2) On 9 January 2009 Healthspan Limited ("Span") opposed the registration of Spark's trade mark. Its grounds of opposition are under sections 5(2)(b), 5(3) & 3(6) of the Trade Marks Act 1994 ("the Act"). In relation to the grounds pleaded under sections 5(2)(b) & 5(3), Span relies on two trade marks of which it is the proprietor, namely:

i) UK registration 2345209 for the trade mark:



The mark was filed on 7 October 2003 and it completed its registration procedure on 23 April 2004. It is registered in respect of:

Class 03: Non-medicated toilet preparations; cosmetics and cosmetic treatments; preparations for removing cosmetics; soaps; essential oils, massage oils; beauty care products; preparations for the care of the hair, skin, scalp and the body; body shampoos; body scrubs; bath salts; bath gels; bath oils; dentifrices; suntanning and after sun preparations; preparations for use in the bath; oil, gel and foam preparations for use in the shower and the bath; preparations for toning the body; milks, oils, creams, gels, powders and lotions; shampoos; hair conditioners; beauty masks; skin treatments; cleansers; exfoliants; face and body moisturisers;

¹ International Classification of Goods and Services for the Purposes of the Registration of Marks under the Nice Agreement (15 June 1957, as revised and amended).

skin moisturisers; facial and body creams and lotions; bronzers; hair and nail treatments; aromatherapy preparations; footcare preparations; anti-ageing cream; anti-wrinkle cream; lip protection balms, creams and lotions; eye gel; eye cream.

Class 05: Pharmaceutical, veterinary and sanitary preparations; dietetic substances adapted for medical use; dietary supplements; dietetic food preparations; nutritional supplements; food supplements; pharmaceutical and medicinal preparations for the skin and hair; vitamins, vitamin supplements, minerals, fish oils, herbs and herb extracts.

ii) Community Trade Mark (“CTM”) 4855615 for the trade mark HEALTHSPAN. The mark was filed on 24 January 2006 and it completed its registration procedure on 14 February 2007. It is registered in respect of:

Class 03: Non-medicated toilet preparations; cosmetics and cosmetic treatments; preparations for removing cosmetics; soaps; essential oils, massage oils; beauty care products; preparations for the care of the hair, skin, scalp and the body; body shampoos; body scrubs; bath salts; bath gels; bath oils; dentifrices; suntanning and after sun preparations; preparations for use in the bath; oil, gel and foam preparations for use in the shower and the bath; preparations for toning the body; milks, oils, creams, gels, powders and lotions; shampoos; hair conditioners; beauty masks; skin treatments; cleansers; exfoliants; face and body moisturisers; skin moisturisers; facial and body creams and lotions; bronzers; hair and nail treatments; aromatherapy preparations; footcare preparations; anti-ageing cream; anti-wrinkle cream; lip protection balms, creams and lotions; eye gel; eye cream.

Class 05: Pharmaceutical, veterinary and sanitary preparations; dietetic substances adapted for medical use; dietary supplements; dietetic food preparations; nutritional supplements; food supplements; pharmaceutical and medicinal preparations for the skin and hair; vitamins, vitamin supplements, minerals, fish oils, herbs and herb extracts.

Class 36: Insurance services; financial services; information and advisory services relating to the aforesaid services.

Class 43: Services for providing food and drink; temporary accommodation; hotel, bar and restaurant services.

3) Under section 5(2)(b) Span relies on its goods in class 5 (registration 2345209) and classes 5 & 43 (CTM 4855615) in support of its claim that there is a likelihood of confusion. It states that the goods in class 5 of UK registration 2345209 are similar to “supplements that constitute food” in the applied for mark

and that its goods in classes 5 & 43 of CTM 4855615 are similar to all of the goods of the applied for mark.

4) Under section 5(3) Span claims to have a reputation in respect of all of its goods and services so that the use of the applied for mark would take unfair advantage of, and be detrimental to, the repute and distinctiveness of its earlier mark, the association between the marks being “capable of detrimentally affecting the earlier mark”. It also claims that the use of the applied for mark for the same or similar goods will undermine the reputation of the market leader [a reference to Span] and will cause confusion. It also claims that the confusion caused in the marketplace when both marks are placed side by side can only dilute the reputation of its name and standing.

5) In relation to both these grounds, Span claims that it is the market leader in the UK in respect of the sale of vitamins and food supplements by mail order and the Internet. In relation to these two earlier trade marks, I note that neither completed their registration procedure before the period of five years ending with the date of publication of Spark’s mark². Consequently, the proof of use provisions contained in section 6A³ of the Act do not apply. The two earlier trade marks may, therefore, be taken into account in these proceedings for their specifications as registered.

6) Span’s third ground of opposition is under section 3(6) of the Act. Its pleading reads:

“The application has been made with full knowledge of the existence of the opponent’s mark and brand and they are attempting to trade on the established reputation of a market leader in its field. Whilst the applicant’s trade mark application contains similar goods to those of the opponent, its web site and full product range is aimed entirely at the same end users as those of the opponent, comprising solely vitamins and food supplements. “

7) Spark filed a counterstatement denying the grounds of opposition. It states that the only point of similarity between the marks is the word HEALTH which is descriptive and is a word of which the opponent cannot have exclusive use. It also states that it has made significant efforts to differentiate its product and business from other providers.

8) Both sides filed evidence, a summary of which follows. Neither side requested a hearing, both opting instead to file written submissions.

² The applied for mark was published on 24 October 2008.

³ Section 6A of the Act was added to the Act by virtue of the Trade Marks (Proof of Use, etc.) Regulations) 2004 (SI 2004/946) which came into force on 5th May 2004

The evidence

Span's primary evidence – witness statement of Michael Lawther dated 4 September 2009

9) Mr Lawther is Span's group financial director. Parts of his evidence are the subject of a confidentiality order and are, therefore, redacted from the version of this decision that is open to public inspection. Mr Lawther states that the trade mark HEALTHSPAN was first used in the UK in 1996. More specifically, he explains that goods in class 3 were first sold in 1996, class 5 goods in 1996, class 36 services in 2005 and class 43 services in 2006. He states that shortly after its inception, Span became the UK market leader for the sale of vitamins and supplements direct to the consumer, a position he says it still holds today. Sales take place through mail order and, increasingly, through the Internet. He estimates that Span is responsible for more than one third of all sales in this market.

10) Between 2001 and 2008 over 11.5 million orders were fulfilled to 776,277 customers.

[REDACTED] The advertising expenditure is said to relate to a wide range of print and internet media. A summary of print titles is shown in Exhibit ML1. The print titles include *Airmail*, *Bird RSPB Magazine*, *Camping and Caravanning*, *Caravan Club*, *Garden Answers*, *Good Motoring*, *In Touch Magazine*, *M&S*, *Mature Times*, *Motoring and Leisure*, *My Weekly*, *Ocean Life*, *People's Friend*, *PCS View Magazine*, *Radio Times*, *RNLI*, *Saga*, *Saga Traveler News*, *WI*, and *Yours*. Exhibit ML1 also contains what is described as a typical advertisement. It depicts a number of vitamin/supplement products each of which carry the HEALTHSPAN (stylized) trade mark. The words HEALTHSPAN are also included in the advertisement as part of a domain name and as part of a company name. The advertisement features an order form for completion for purchases to be made via mail order. Orders can also be placed over the telephone or on-line.

11) Figures are then provided relating to the proportion of orders broken down between online and offline sales. The online sales % for 2001 was 0%, but this has steadily grown to reach 25% by 2008.

12) Mr Lawther considers that his evidence shows that the HEALTHSPAN brand is a nationally recognised name synonymous with the supply and sale of vitamins and dietary supplements.

13) Mr Lawther then refers to Spark. He says that he first became aware of them last year (his evidence is given in September 2009 so his awareness must be some time in 2008) when, he says, it set up in direct competition to Span. In Exhibit ML3 there is an extract from Spark's website from which Mr Lawther

notes that Spark are stockists of supplements, sports supplements and multivitamin formulas which are all products that Span sell. Mr Lawther believes that Spark saw the success of Span and made a conscious decision to set up a “confusingly similar named business selling the same products, in the same market in order to capitalize on the renown and goodwill of the Healthspan business”.

14) In support of the claim to bad faith, Mr Lawther highlights that Span runs a retail shop on the island of Jersey and has done so since July 2004. He states that he understands the owners and directors of Spark to be Jersey based individuals and, therefore, owing to the small size of the island and Span’s retail presence on it, it would be impossible for them not to know of Span. Mr Lawther also highlights that the goods sought for registration by Spark are: coffee, tea, artificial coffee, supplements that constitute food, whereas the goods it actually sells are vitamins and supplements. He believes it unusual for a business to apply for goods it does not sell and to leave out goods which it does. He believes that this was done to gain trade mark protection but avoiding any exposure to its application. Mr Lawther emphasizes that Spark appear to have no food based interest – he refers to Spark’s counterstatement and to the details on its website where reference is made to supplements etc rather than food.

15) Mr Lawther refers to the clear similarities between the marketing of the two businesses, the product offerings they make, and the terminologies they use in marketing. He refers to Span’s own marketing information (Exhibit ML5 contains some advertisements etc) which, again, refer to supplements etc. A copy of Spark’s online blog is provided in Exhibit ML6 which reads: “This is the official blog of Healthspark – the UK’s fastest growing natural vitamins and supplements online store.”

16) The rest of Mr Lawther’s evidence is submission rather than fact, this will be borne in mind but not summarised here. I note, though, that Mr Lawther refers to section 5(4)(a) of the Act and the law of passing-off, however, I also note that this ground was not pleaded in its opposition so I will say no more about it. The nature of the case, though, is one that if Span cannot succeed under section 5(2) or 5(3) then it would be unlikely to succeed under section 5(4)(a).

Span’s primary evidence – witness statement of David Evans dated 7 September 2009

17) Mr Evans is a director of IP Lab Limited, Span’s representatives in these proceedings. After providing a brief comparison of the marks in question, Mr Evans states that an increasing amount of Span’s business is conducted online which means that more emphasis is placed on protecting word marks to provide the best form of protection. This is because of the use of text based advertisements or where search results are returned which often only display a text based result. He then details some searches he conducted on *Google* using

search terms of either Healthspan or Healthspark. He provides details of a number of results where both Span's and Spark's trade mark appeared on the same page and he says that such results might cause confusion. I do not need to summarise the evidence any further than this but I do note, as per Mr Evan's evidence, that the name HEALTHSPARK and HEALTHSPAN were found in use in close proximity to each other, sometimes one above the other. Most of the use exhibited is word only use, one, though, displays the respective logo versions.

Spark's primary evidence – witness statement of Philip John Balderson dated 11 December 2009

18) Mr Balderson is a director of Spark. He explains that he personally filed the trade mark application in question. The application initially also included goods in class 3 and class 5, but he believed class 30 to be the most pertinent class as supplements that constitute food represented what he thought to be a good description of some of the goods (such as acai berry pulp) his company sells. He now believes class 29 to be more pertinent and may re-apply for this class at a later date. He refers to the examination of his trade mark by the Intellectual Property Office and that he withdrew classes 3 & 5 due to the existence of earlier marks which were based on the word SPARK.

19) Reference is made to the preliminary indication issued in these proceedings in relation to the section 5(2) ground of opposition. No cognisance can be taken of the preliminary indication as per the judgment of Lindsay J in *esure Insurance Limited v Direct Line Insurance plc* [2007] EWHC 1557 (Ch) where he stated:

“As a subsidiary argument, esure argues before me that the Hearing Officer was wrong to reject the Registrar's preliminary view in the way that he did. Mr Hobbs, drawing attention to the Rules to which I have referred and also to Article 6 ECHR, argues that the Hearing Officer was right in doing as he did. I have no doubt but that the Hearing Officer was right to do as he did. The Registrar's view was arrived at before there was any evidence on either side, before there was any argument on either side and in a context in which it could not be regarded as a decision against the interests of either side without the prospective loser being given an opportunity to be heard, an opportunity which was not given. So far from it being an error of principle to fail to take the Registrar's preliminary view into account, it would, in my judgment, have been a serious error of principle for it to have been taken into account.”

20) In relation to Span, Mr Balderson states that it is not the market leader in the UK in relation to the sale of vitamins and supplements. He provides information from *UK Vitamins and Supplements Market Development 2008* showing market share in the UK in the VMS (I presume this to mean the vitamins and minerals sector). Span is not listed. Data is also provided from *Hitwise Experian*. On a graph, some % figures are given for four companies (Span, Spark, Peak-Nutrition

and Holland & Barratt). Span appear at around 0.0016% and Spark at 0.00014%. It is not clear, though, exactly what this is measuring.

21) Mr Balderson then provides a table showing the terms people are searching for (on the Internet) in the health and beauty sector. Healthspan is at no 27. The source of this data is not clear. He notes that Span have not provided detailed turnover figures to support its claim to being a market leader and that the claims it has made are unsubstantiated. He believes Span's claim to being a market leader is grossly exaggerated.

22) Mr Balderson provides a number of charts that relate to search terms that have driven traffic to the website of Span. No search terms related to HEALTHSPARK have driven traffic to Span's website nor have users visited Spark's website before or after Span's website. The vice versa also appears to be true.

23) Mr Balderson notes that there has been no confusion after 18 months of [parallel] trading. He states that Spark have spent over £250,000 in building the business and that it has an online spend now in excess of £250,000 per annum and that the business is growing at over 15% per month. Annualised turnover is over £1.2 million and projected 2 year turnover is said to be £3.5 million. He states that Span have over 8000 customers with a repeat order rate of 25%. He believes that if the marks were confusable, confusion would have occurred by now.

24) In relation to the claim of bad faith, he says that he coined the mark and that he did not give the HEALTHSPAN trade mark a thought when doing so. The name was chosen as he wanted to include a reference to health (which Span cannot claim a monopoly in) and the use of the word SPARK was chosen so as to convey the "spark of (health) life idea". He says that if he thought there would be confusion with Span then that would harm his long term business plan because sales could be lost to them.

25) In relation to Mr Evan's evidence he makes little comment other than to highlight the conceptual difference between SPAN and SPARK.

Span's reply evidence – witness statement of Michael Lawther dated 23 February 2010

26) Mr Lawther states that after taking advice (from whom it is not clear) on the classification of supplements, he considers them to be in class 5 not class 29 or 30. Exhibit ML1 consists of an extract from *Alicante News July 2006* relating to the treatment by the Office for Harmonization in the Internal Market of classification terms for food supplements. Exhibit ML2 consists of a print from the *Euroace* classification system showing various supplement based terms. He also highlights that Spark have applied for a number of new trade mark filings in

classes 30, 3 & 5. He notes that one (Acai Extreme) that was applied for in class 30 notified the owner of an earlier mark in classes 5 & 32, so showing the relationship between class 5 & class 30. Also highlighted is that the majority of Spark's filings relate to vitamins and supplements and not to food.

27) Mr Lawther refers, again, to the same market that both businesses operate in. He highlights Spark's website which has changed since his last witness statement. He notes that it now includes a reference to "green coffee" but that this is actually a weight loss capsule.

28) In relation to the various charts provided by Mr Balderson, Mr Lawther explains that Span's claim is that it is the market leader in relation to the direct sales to the public of vitamin and minerals and that this means through mail order/Internet. At Exhibit ML6 there is a report from *Euromonitor* showing the leading retailers of vitamins and dietary supplements. Although some retailers appear above Span, Mr Lawther says that these other companies have retail shops and are not, therefore, in the area claimed. He also highlights that the chart relating to health and beauty is misleading as such a sector is much wider than vitamins and supplements. A number of charts are provided to illustrate this and which give Span a higher ranking when a more contextualized approach is made.

29) In relation to the click-streams, Mr Lawther states that sites such as *Google* and *Facebook* must be removed from the analysis and when this is done Span and Spark (and vice versa) do appear as pre and post visited websites. Mr Lawther suggests that there is a rapidly rising click-stream traffic and that this can be attributed to confusion between the brands.

30) In relation to bad faith, he considers it inconceivable that Mr Balderson did not consider the similarity between the names when coining the mark. He repeats his view that the similarity will mean that Spark will benefit from the reputation of Span. He says that the consumer does not query the rationale behind the names and merely acts on recall in order to associate products with brands.

Span's reply evidence – witness statement of David Evans dated 23 February 2010

31) In his witness statement Mr Evans states that he agrees with Mr Balderson that the average consumer in this market may purchase the goods without a great deal of time for consideration. This is why Mr Evan's believes that confusion may arise. I should record here that I do not consider that Mr Balderson has conceded that the average consumer will not expend a great deal of time when considering a purchase of the goods in question. All Mr Balderson said was that the conceptual difference between the words SPAN and SPARK will be obvious to anyone familiar with the English language and even to what is known in the trade mark profession as a "moron in a hurry". This is not a

concession that the average consumer in this case is a “moron in hurry” but that the conceptual difference will be noticed even by such a person.

Section 5(2)(b) of the Act

32) This section reads:

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

(a)

(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.”

33) In reaching my decision I have taken into account the guidance provided by the European Court of Justice (“ECJ”) in a number of judgments: *Sabel BV v. Puma AG* [1998] R.P.C. 199, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* [1999] R.P.C. 117, *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V* [2000] F.S.R. 77, *Marca Mode CV v. Adidas AG + Adidas Benelux BV* [2000] E.T.M.R. 723, *Medion AG V Thomson multimedia Sales Germany & Austria GmbH* (Case C-120/04) and *Shaker di L. Laudato & Co. Sas* (C-334/05).

34) The existence of a likelihood of confusion must be appreciated globally, taking into account all relevant factors (*Sabel BV v Puma AG*). As well as assessing whether the respective marks and the respective goods/services are similar (and to what degree), other factors are relevant including:

The nature of the average consumer of the goods in question and the nature of his or her purchasing act. This is relevant because it is through such a person’s eyes that matters must be judged (*Sabel BV v Puma AG*);

That the average consumer rarely has the chance to make direct comparisons between trade marks and must, instead, rely upon the imperfect picture of them he or she has kept in mind (*Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel B.V.*) This is often referred to as the concept of “imperfect recollection”;

That the degree of distinctiveness of the earlier trade mark (due either to its inherent qualities or through the use made of it) is an important factor because confusion is more likely the more distinctive the earlier trade mark is (*Sabel BV v Puma AG*);

That there is interdependency between the various factors, for example, a lesser degree of similarity between the marks may be offset by a greater

degree of similarity between the respective goods, and vice versa (*Canon Kabushiki Kaisha v Metro- Goldwyn-Mayer Inc*).

The average consumer and his or her characteristics

35) As matters must be judged through the eyes of the average consumer, I will begin with an assessment of who this is. Spark's goods include coffee, tea and artificial coffee. These are simple everyday consumer goods purchased by the public at large. The average consumer will, therefore, be such a person.

36) The other term sought to be registered reads:

“supplements that constitute food”.

37) This term is indicative of some form of finished food product that has had added to it some form of additional nutrient such as vitamins or minerals. The goods are likely to be sold and purchased on the basis of the supplementary nature of the added constituent. The average consumer, though, is still the public at large. Whilst some specific forms of supplement constituting food may be purchased by only a narrow subset of the general public (for example, where the supplement is targeting a particular and narrow vitamin/mineral deficiency), there will be other types of supplement constituting food where the specific supplement is directed at the general health of all.

38) In relation to Span's goods and services, these cover quite a broad range. However, focusing on those terms where it says that there is most similarity to those of Spark (its own supplements in class 5 and its services relating to food and drink), then, again, a very similar analysis to the goods of Spark applies. Whilst its supplements in class 5 may not necessarily constitute food itself, they are still products aimed at the public at large. Some may be purchased by a particular subset of the public, but others may be directed more generally at the health of all. In relation to the food and drink services, the average consumer will simply be a member of the general public.

39) The case-law informs me that the average consumer is reasonably observant and circumspect (*Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V* paragraph 27). However, this general presumption can change (or at least the degree of attention that the average consumer displays during the purchasing act) depending on the particular goods in question (see, for example, the decision of the General Court (“GC”) in *Inter-Ikea Systems BV v OHIM* (Case T-112/06)). Span submits that the average consumer is not very vigilant. Spark makes no specific comment. In my view, and in relation to the goods and services under consideration here, coffee and tea, and the food and drink related services, strike me as ones where the average consumer will pay a reasonable degree of care and attention, no higher or no lower than the norm. However, supplements and supplements constituting food may be purchased with a

reasonably high degree of care and attention. This is because the nature of the supplement together with the positive benefit it is intended to have on the consumer will play an important role in the selection of the goods. As stated earlier, supplements constituting food will be purchased on the basis of their supplementary nature and not simply as a basic food item.

Comparison of the goods and services

40) When comparing the respective goods and services I note the judgment In *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* where the ECJ stated:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, *inter alia*, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary.”

41) Guidance on this issue also comes from Jacob J In *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281 where the following factors were highlighted as being relevant in the assessment of similarity of goods and/or services:

“(a) The respective uses of the respective goods or services;

(a) 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.”

42) In terms of understanding what a “complementary” relationship consists of, I note the judgment of the General Court in *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-325/06 where it was stated:

“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).”

43) 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 the trade⁴. I must also bear in mind that words should be given their natural meaning within the context in which they are used; they cannot be given an unnaturally narrow meaning⁵. In relation to services, I must also be conscious not to give a listed service too broad an interpretation; in *Avnet Incorporated v Isoact Limited* [1998] F.S.R. 16 Jacob J 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.”

44) In relation to coffee, tea and artificial coffee, I can see no real similarity between these goods and Span’s goods in class 5. The goods that Span particularly rely on are its supplements etc and it seems to me that the nature, purpose, methods of use and trade channels are all quite different. Span’s services do, though, relate to services for the provision of food and drink. This would include services such as coffee and tea houses. To that extent, both the service and the goods relate to the provision of tea/coffee to the average consumer, albeit that one is ready prepared to be consumed straightaway on the premises (or taken away to drink) whereas the other consists of the raw ingredient for the beverage to be prepared (normally at home) later on. The method of use of the service and the goods is, inevitably, different. Neither does the decision between buying the goods or using the service represent a real competitive choice. The average consumer will, on occasion buy the goods and will, on occasion, use the service, but not necessarily as alternatives to each other. In terms of any complementarity, there is a degree of complementarity one way in that a coffee or tea house could not operate without coffee or tea, but the vice versa is not true. I also know from experience that coffee houses will often

⁴ See *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281.

⁵ See *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd and Another* [2000] FSR 267.

sell coffee in its establishment so there is some overlap in trade channels, however, this is unlikely to equate to the most common method of purchasing the goods so this factor should not be overplayed. Overall, I consider there to be a moderate degree of similarity between these goods and the services.

45) In relation to “supplements that constitute foods”, as I have already stated, these are goods sold on the basis of being a supplement (albeit constituted into food) and, therefore, share a similar purpose with a supplement as covered by Span’s specification in class 5. The nature is different given its constitution but they both contain particular vitamins, minerals etc. The method of use is similar in that both are swallowed, although one, obviously, follows mastication. No evidence is provided as to channels of trade but I would imagine that they will both be sold through health food type establishments. There is likely to be a degree of competition as a consumer may chose a simple capsule based supplement over a food based supplement and vice versa. Overall, there is a strong degree of similarity between these goods.

Comparison of the marks

46) When assessing this factor I must do so with reference to the visual, aural and conceptual similarities between the respective marks bearing in mind their distinctive and dominant components (*Sabel BV v. Puma AG*, paragraph 23). Span has two earlier marks, but its device and word mark is not similar in style to any extent to Spark’s mark and, as such, Span’s best case is likely to lie with its word mark. The word mark also has the broadest specification. For ease of reference, the marks are set out below:

| Span’s mark | Spark’s mark |
|-------------|--|
| HEALTHSPAN |  |

47) In terms of the dominant and distinctive elements of the respective marks, Span submits that the letters HEATHSPA appear as the beginning and body of the marks and, therefore, is the dominant feature of the marks themselves. Spark do not address the dominant and distinctive elements as such, but it is clear that they consider that more focus will be placed on the SPAN/SPARK elements, particularly given that the word HEALTH is descriptive.

48) Spark’s mark is a composite mark made up of a number of elements. In terms of its dominant and distinctive elements, I consider these to consist of the word Spark and the accompanying device. The device element is not de minimus as Span submits. Indeed, both have an equal degree of impact (and distinctiveness) with neither really dominating the other. The word Health does

not count as one of the distinctive and dominant elements given that it has less impact, but, more significantly, the word has strong descriptive qualities. It will not, though, be completely ignored from the comparison as the average consumer perceives marks as wholes and it is not a completely negligible element in the mark (see *Shaker di L. Laudato & Co. Sas*) so the comparison cannot be made purely on the basis of the dominant and distinctive elements.

49) Span's mark is not a composite mark as such, but in relation to its composition is it fair to say that the SPAN part of the mark will be the most memorable part of it given that it is distinctive per se whereas the HEALTH element is not. Again, the whole mark will still be considered.

50) I should record that Span's argument relating to the use by Spark of its mark without stylization is not relevant. The tribunal can only consider the mark put forward for registration and not a variant of it. The mark as presented (and depicted above) is the mark that will be compared to Span's mark.

51) In terms of visual similarity, whilst it may strike the eye that the word HEALTH appears in both marks and that the words SPAN and SPARK share the first three letters, the greater prominence given to the word SPARK and the consequent noticeable difference between the construction of the marks and, furthermore, that the endings of the SPAN and SPARK elements are quite different, are all key differences. The presence of the device element in Spark's mark also contributes to a visual difference. Any similarity between the marks on a visual level is in my view outweighed to a large extent by the differences. Any degree of similarity is of only the most superficial nature; the marks are, therefore, only similar to an extremely low degree.

52) In terms of aural similarity, one mark will be pronounced as HEALTH-SPAN, the other as HEALTH-SPARK (the average consumer is unlikely to refer to the device element orally). The pronunciations are of similar length and both begin with the word HEALTH. The second part of the respective pronunciations are SPAN and SPARK. Both begin with a SPA sound but the endings of these individual components are quite different – an "n" sound against an "rk" sound. There is, of course, the possibility that when taken against the mark as whole (which as I have said is the correct test) the difference in the endings may have less impact. This is a factor to bear in mind, but, even so, I still consider the endings to still have a relatively clear difference. Given the differences, my view is that the degree of aural similarity must be assessed as low to moderate.

53) In terms of conceptual similarity, for a meaning to be relevant it must be one capable of immediate grasp⁶. To that extent neither HEALTHSPAN nor HEALTH SPARK will create a clear meaning in totality capable of immediate grasp. That being said, Spark's mark has as its dominant and distinctive elements the word

⁶ This is highlighted in numerous judgments of the GC and the ECJ including the *Ruiz Picasso v OHIMI* [2006] e.c.r. –I-643; [2006] E.T.M.R. 29

SPARK and a device which I believe the average consumer will understand to be a stylised representation of a spark. If the device were presented alone then this may not be true but when combined with the word it will give meaning to the device. In view of this, the point of conceptual recall that the average consumer will store away will be that of a SPARK. This word has a clear meaning capable of immediate grasp. This, therefore, creates a conceptual difference from SPAN's mark which will either be considered as having no real meaning in totality, or, alternatively, the average consumer will focus upon and store away the word SPAN as a point of recall. Either way, there is a conceptual difference.

Distinctive character of the earlier trade mark

54) The distinctiveness of the earlier mark is another factor to consider because the more distinctive it is (based either on inherent qualities or because of the use made of it) the greater the likelihood of confusion (see *Sabel BV v. Puma AG*, paragraph 24). The earlier mark consists of the word HEALTHSPAN. I have already said that this does not have any real specific meaning and would be regarded by the average consumer as an invented word combination. As such, it is a mark already possessed of at least a reasonably high degree of distinctiveness based purely on its inherent qualities.

55) In terms of the use made of the earlier mark, both sides evidence has focused to a large extent on the claim that HEALTHSPAN is a market leading brand. Spark considers such a claim to be exaggerated whereas Span considers it to be an accurate description in relation to the market it operates in.

56) I have considered the evidence in detail and I agree with Span that the criticism made of its claim is unjustified. Span targets direct sales to consumers through the medium of mail/telephone/internet ordering. It does not operate through retail establishments (save for one on Jersey) nor do other retailers sell HEALTHSPAN products. Its product range is quite limited and does not, on the basis of the evidence, extend much beyond the vitamin, mineral and other supplement type products. When the various charts and graphs supplied by the parties are considered against this context, the HEALTHSPAN mark appears to have been a successful one. This is supported by its advertising figures, order numbers and numbers of customers. Whilst no turnover figures have been provided, this is not fatal to the issue. Whilst I cannot say with certainty that it is the market leader in this contextualized market, it is clearly one of the market leaders. That being said, the average consumer identified earlier was the public at large. Therefore, although Span may be a market leader in relation to a particular market, such a position does not guarantee that its mark is generally well known by the public at large. Most of Span's advertising is through particular publications. It is not supported by national newspaper advertising or television advertising. This does not diminish the success of Span's business, but without knowing the demographics of the publications that it does advertise in, I am in a difficult position to fully understand the degree to which the HEALTHSPAN mark

is known by the public at large. Therefore, whilst I am prepared to say that the HEALTHSPAN mark, though its use, will have enhanced its distinctive character to a certain degree, so that it is regarded as a highly distinctive mark, I cannot say that it is the sort of mark with the highest possible degree of distinctive character such as would be enjoyed by a house-hold name.

Likelihood of confusion

57) It is clear that the relevant factors have a degree of interdependency (*Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 17) and that a global assessment of them must be made when determining whether there exists a likelihood of confusion (*Sabel BV v. Puma AG*, paragraph 22). However, there is no scientific formula to apply. It is a matter of considering the relevant factors from the viewpoint of the average consumer and determining whether they are likely to be confused.

58) I will consider the position in relation to “supplements constituting food” in the first instance. I have found such goods to have a strong degree of similarity with the various supplements in Span’s specification. I have, though, found that the degree of similarity between the marks is low to moderate (aural similarity) or extremely low (visual similarity) and that there is a conceptual difference. The conceptual difference is an important point because it is clear from the case-law that a conceptual difference can counteract visual and aural similarity. This is a case in point because the visual and aural similarity between the marks is not high so the conceptual counteraction is even more likely to occur. Another factor is that the average consumer will display a reasonably high degree of care and attention in product selection than the norm. This is, again, important because with a relatively low starting point in terms of mark similarity, together with a conceptual counteraction, and bearing in mind the degree of care and attention deployed, this all points away from confusion rather than towards it even though there may be a strong degree of similarity between the goods. I must, of course, factor in the concept of imperfect recollection and I must bear in mind that the earlier mark is high in distinctive character. In relation to the former factor, the degree of care and attention applied, together with the conceptual difference between the marks will, in my view, mitigate to a large extent against confusion arising out of an imperfect recollection. In relation to the distinctiveness factor, while I have borne it in mind, the other contributing factors are not overridden by the distinctiveness argument and I cannot see, in all the circumstances of this case, that the fact that HEALTHSPAN may be a highly distinctive mark will, any more or any less, cause confusion with Spark’s mark for the goods being considered. **There is no likelihood of confusion be it direct (effectively mistaking one mark for the other) or indirect (where the average consumer believes that the goods sold under the respective marks are from the same or an economically linked undertaking). The objection under section 5(2)(b) of the Act fails.**

59) In the above assessment I have not referred to large parts of the evidence/argument including the evidence relating to traffic-streams between the respective parties web-sites and the reference to the fact that no confusion has arisen thus far. The evidence/arguments have been duly considered but I do not consider that it takes matters further forward. The traffic-stream argument may simply indicate that consumers have checked out the competition before purchasing rather than indicating that any confusion has arisen. In relation to confusion free trading, the length of time of parallel trade is fairly limited thus far and the absence of confusion (or more accurately that there is no evidence of confusion) should not be regarded as a significant factor; in any event, I have found that there is no likelihood of confusion so the argument is academic. Furthermore, the argument from Span that both parties being based in the Channel Islands may increase the likelihood of confusion has, similarly, little relevance as I consider such a factor to be extraneous to the assessment to be made.

60) In relation to the other goods covered by Spark's specification, I do not consider it necessary to make a detailed assessment. Span is only in worse position given that I found that there was only a moderate degree of similarity between the goods/services. There is no likelihood of confusion.

The section 5(3) ground of opposition

61) Section 5(3)⁷ of the Act reads:

“5-(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 Community trade mark, 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.”

62) In order to succeed under this ground the earlier mark(s) must have a reputation⁸ and the average consumer must make a link⁹ between the respective marks. If both those criteria are established then I must be satisfied that the use of Spark's mark (without due cause) will take unfair advantage of, or be detrimental to, the distinctive character or the repute of Span's mark. The heads

⁷ Section 5(3) was amended by The Trade Marks (Proof of Use, etc) Regulations 2004 (SI 2004 No. 946) giving effect to the judgments of the ECJ in *Davidoff & Cie SA and Zino Davidoff SA v Gofkid Ltd* (C- 292/00) and *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd* (“Addidas-Salomon”) (C-408/01).

⁸ As per *General Motors Corp v Yplon SA (Chevy)* [1999] ETMR 122 and [2000] RPC 572

⁹ *Intel Corporation Inc v CPM (UK) Ltd* (C-252-07) & *Addidas-Salomon*

of damage/injury are three-fold and can be summarised as free-riding, tarnishing or dilution. At this point I turn to Span's pleaded case which reads:

"Healthspan is the market leader in the UK in the sale of vitamins and food supplements by mail order and through the Internet. The use of the applied for mark takes unfair advantage of and is being detrimental to the repute and distinctiveness of the earlier mark. The Healthspan marks have the sufficient degree of knowledge that enables an association between them and the applied for mark capable of detrimentally affecting the earlier mark."

and

"The opponent contends that any use or registration of the Healthspark name in relation to the same or similar goods will only seek to undermine the reputation of the market leader in this field and will cause confusion in regard to the end users of its products. In addition, the confusion caused in the market place when both marks are placed side by side can only dilute the reputation of the Opponent's name and standing."

63) In its written submissions Span say little in relation to the section 5(3) ground. What is said relates to Span having chosen its mark to take advantage of Span's dominant position in the market. In its evidence Span argues that the use of the latter mark will affect its reputation, sales and erode its goodwill. Having considered the nature of its pleadings, submissions and evidence, it seems to me that the majority of the injuries envisaged relate, or are tied to, the consequences of the relevant public being misled into believing that there is an economic connection between Span and Spark. Having already rejected that argument in relation to the section 5(2)(b) ground of opposition, Span can be in no better position to make a similar argument under section 5(3).

64) The remaining claims are simply broad, unsubstantiated and unreasoned allegations with no supporting evidence. Span has not identified any reason, absent confusion, as to why the use of Spark's mark will give it an unfair advantage or why such use would tarnish or dilute the reputation or distinctiveness of Span's mark. For the sake of completeness, I should say that I have fully considered the claim and the parameters of section 5(3), but I see no reason why, in the absence of any confusion, any injury will occur. Therefore, even if Span established a reputation and a link, there is no likelihood of any relevant injury. **The ground of opposition under section 5(3) of the Act fails.**

The section 3(6) ground of opposition – bad faith

65) Bad faith includes dishonesty and “some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular field being examined”¹⁰. It is necessary to apply what is referred to as the “combined test”¹¹. This requires me to decide what Spark knew at the time of making its application and then, in the light of that knowledge, whether its behaviour fell short of acceptable commercial behaviour. Bad faith impugns the character of an individual or the collective character of a business, as such it is a serious allegation. The more serious the allegation the more cogent must be the evidence to support it. I summarised Span’s pleading earlier as:

“The application has been made with full knowledge of the existence of the opponent’s mark and brand and they are attempting to trade on the established reputation of a market leader in its field. Whilst the applicant’s trade mark application contains similar goods to those of the opponent, its web site and full product range is aimed entirely at the same end users as those of the opponent, comprising solely vitamins and food supplements. “

66) Even if I accept that Spark knew of Span’s mark and reputation (there is no specific denial of knowledge per se, only a denial that Span’s mark was in Mr Balderson’s mind when he coined the mark), given my finding that the use of Spark’s mark would not trade on Span’s reputation then the claim as set out above is bound to fail¹². I also note the reference to the fact that both parties are based in the Channel Islands, but this does not, any more or any less, make the filing of the application an act of bad faith.

67) I note in Mr Lawther’s evidence for Span that he refers to the fact that Spark’s application is made in class 30 and, thus, it has applied for goods that it does not trade in and has left out goods for which it does, suggesting an attempt to gain trade mark protection but without exposing the application. Not only is this argument well outside the case as pleaded, it is wholly uncorroborated and, furthermore, it appears factually incorrect. As set out in the background to this decision, the application was initially made in a number of classes (including class 5 covering supplements per se) but the other classes were removed due to potential conflict with other trade marks unconnected with these proceedings.

¹⁰ See *Gromax Plastics Limited v. Don and Low Nonwovens Ltd* [1999] RPC 367.

¹¹ See the judgment in (1) *Barlow Clowes International Ltd. (in liquidation)* (2) *Nigel James Hamilton and (3) Michael Anthony Jordon v (1) Eurotrust International Limited (2) Peter Stephen William Henwood and (3) Andrew George Sebastian* Privy Council Appeal No. 38 of 2004 and also the decision in *Ajit Weekly Trade Mark* [2006] RPC 25.

¹² A similar outcome was found in *Sheimer (M) Sdn Bhd's TM Application (Visa)* [2000] RPC 484

This action cannot be extrapolated to mean that the application itself was made in bad faith. The ground of opposition under section 3(6) of the Act fails.

Conclusion

68) All the grounds of opposition have failed. The opposition as a whole is dismissed.

Costs

69) Spark has been successful and is entitled to a contribution towards its costs. I hereby order Healthspan Limited to pay Healthspark Limited the sum of £1700. This sum is calculated as follows:

Preparing a statement and considering the other side's statement
£500

Considering Span's evidence and filing its own evidence
£800

Preparing written submissions
£400

70) The above sum should 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 30 day of June 2010

**Oliver Morris
For the Registrar,
The Comptroller-General**