

O-216-15

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION
Nos. 3025744 & 3031944,
STANDING IN THE NAME OF
THE PAYMENTS COUNCIL LIMITED
AND
IN THE MATTER OF REQUESTS
FOR DECLARATIONS OF INVALIDITY
THERE TO UNDER Nos. 500384, 500430,
BY ICHEQUE NETWORK LIMITED**

AND

**IN THE MATTER OF REGISTRATION
Nos. 2616091 & 2617389
STANDING IN THE NAME OF
ICHEQUE NETWORK LIMITED
AND
IN THE MATTER OF REQUESTS
FOR DECLARATIONS OF INVALIDITY
THERE TO UNDER Nos. 500457 & 500458
BY THE PAYMENTS COUNCIL LIMITED**

BACKGROUND

1) The following trade marks are registered in the name of The Payments Council Ltd (hereinafter PCL).

Mark	Number	Registration Date	Specification
PAYM	3025744	28.02.14	Class 9: Computer software for processing electronic payments and transferring funds to and from others; authentication software that may be downloaded from a global computer network and/or recorded on computer media; computer software; authentication software; magnetically encoded credit cards and payment cards; wired and wireless computer peripherals; mouse pads; computer security device, namely a non-predictable code calculator for accessing a host data bank computer; computer software for use in developing other computer software and software applications; computer software development tools.
			Class 35: Advertising; business management; business administration; office functions; provision of business advice and information; advice relating to business organisation; advice relating to business management; advice relating to the business operation of co-operative payment services and schemes; advice relating to the business development of co-operative payment services and schemes; business advice relating to franchising.
			Class 36: Account debiting services; money transmission services; bill payment services provided through a website; money ordering services; clearing and reconciling financial transactions via electronic communication networks; clearing; providing a wide variety of payment and financial services, namely credit card services, issuing credit cards and lines of credit, processing and transmission of bills and payments thereof, payment services, providing guaranteed payment delivery, and money market funds; mobile and online payment services; financial services, namely providing financial fraud protection and prevention and dispute resolutions services; financial services, namely, enabling donations to be made to charities, all via electronic communication networks; foreign exchange; home banking; electronic funds transfer; online banking, telebanking; insurance; financial affairs; monetary transactions; real estate affairs; clearing and reconciling financial transactions via a global computer network; providing a wide variety of payment services and providing financial services, namely credit card processing and transmission of bills and payments thereof, conducted via a global computer network.
			Class 42: Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software; provision of computer software application solutions; provision of software for use in connection with the provision of financial payments.
			Class 45: Provision of information concerning security in relation to money transmission; advising on and co-ordinating fraud prevention activities; advising retailers, banks and their customers on precautions to be taken to reduce fraud; consultancy relating to the provision of security; provision of security information; security assessment of risks; security services; security assessments of risk relating to funds transfers and payments; consultancy relating to the provision of security of fund transfers and payments; security consultancy; identity theft and fraud prevention services; compilation of regulatory information; advisory and information services relating to standards; disciplinary services; regulation of financial, monetary

			and banking organisations; information, advice and consultancy services relating to the aforesaid.
	3031944	28.02.14	<p>Class 9: Computer software for processing electronic payments and transferring funds to and from others; authentication software that may be downloaded from a global computer network and/or recorded on computer media; computer software; authentication software; magnetically encoded credit cards and payment cards; wired and wireless computer peripherals; mouse pads; computer security device, namely a non-predictable code calculator for accessing a host data bank computer; computer software for use in developing other computer software and software applications; computer software development tools.</p> <p>Class 35: Advertising; business management; business administration; office functions; provision of business advice and information; advice relating to business organisation; advice relating to business management; advice relating to the business operation of co-operative payment services and schemes; advice relating to the business development of co-operative payment services and schemes; business advice relating to franchising.</p> <p>Class 36: Account debiting services; money transmission services; bill payment services provided through a website; money ordering services; clearing and reconciling financial transactions via electronic communication networks; clearing; payment and financial services, namely credit card services, issuing credit cards and lines of credit, processing and transmission of bills and payments thereof, payment services, providing guaranteed payment delivery, and money market funds; mobile and online payment services; financial services, namely providing financial fraud protection and prevention and dispute resolutions services; financial services, namely, enabling donations to be made to charities, all via electronic communication networks; foreign exchange; home banking; electronic funds transfer; online banking, telebanking; insurance; financial affairs; monetary affairs; real estate affairs; clearing and reconciling financial transactions via a global computer network; payment services and providing financial services, namely credit card processing and transmission of bills and payments thereof, conducted via a global computer network.</p> <p>Class 42: Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software; provision of computer software application solutions; provision of software for use in connection with the provision of financial payments.</p> <p>Class 45: Provision of information concerning security in relation to money transmission; advising on and co-ordinating fraud prevention activities; advising retailers, banks and their customers on precautions to be taken to reduce fraud; consultancy relating to the provision of security; provision of security information; security assessment of risks; security services; security assessments of risk relating to funds transfers and payments; consultancy relating to the provision of security of fund transfers and payments; security consultancy; identity theft and fraud prevention services; compilation of regulatory information; advisory and information services relating to standards; disciplinary services; regulation of financial, monetary and banking organisations; information, advice and consultancy services relating to the aforesaid.</p>

2) By applications dated 2 May 2014 (500384 & 500430) iCheque Network Limited (hereinafter ICN) applied for declarations of invalidity in respect of registrations 3025744 and 3031944 respectively. ICN is the registered proprietor of the marks shown below.

Mark	Number	Registration Date	Class	Specification
PAYR	2616091	14.09.12	36	Electronic payment services; facilitating payment using mobile phone networks.
	2617389	14.09.12	35	Electronic payment services, facilitating payment using mobile phone networks

a) In summary ICN contends that:

- both parties marks will be pronounced as two syllables and the only difference is the ending; “r” as opposed to “m”.
- PCL’s marks will be pronounced “pay em” or “pay them” as it advertised in its press release when launching its marks.
- ICN’s marks will be pronounced “payer”, “payor”, “pay-er” or “pay-or”.
- As speech often trails off towards the end of words, especially when those words are used in the middle of a sentence, it is likely that this subtle difference will be lost or missed by many people.
- When used as an icon alongside PayPal, Visa and Mastercard the images are very small.
- The marks are therefore visually and aurally similar as are the goods and services of the two parties.
- The marks therefore offend against Section 5(2)(b) of the Act.
- PCL’s marks being pronounced as “pay them” describes precisely the nature of the goods and services for which the mark is registered. Further, the mark could be seen as shorthand for “payment” as such the marks offend against section 3(1)(b) & (c) of the Act.

3) On 21 July PCL filed counterstatements. In them PCL points out that the invalidity must be determined upon the facts at the date of application; 10 October 2013 for 3025744 and 22 November 2013 for 3031944. PCL points out that its marks consist of four letters PAYM and no evidence has been provided to show that these letters would be viewed as a contraction of the phrase “pay them” or for the word “payment”. It denies that the marks offend against section 3(1)(b) or (c). It denies that the marks or goods and services are similar enough that there is a likelihood of confusion and so the ground of invalidity under section 5(2)(b) must fail.

4) The marks shown in paragraph 2 above are registered in the name of ICN. By applications dated 19 June 2014 (500457 & 500458) PCL applied for declarations of invalidity in respect of registrations 2616091 and 2617389 respectively. Broadly the ground is that ICN’s marks consist of the word PAYR which as ICN has contended in its invalidity actions will be pronounced as PAYER, PAYOR, PAY ER or PAY OR. Since the 13th century the word PAYER has meant one who pays especially one who pays a sum of

money. The mark is therefore non distinctive for payment services. The marks therefore offend against section 3(1)(b) and (c).

5) ICN provided counterstatements, dated 26 August 2014, in which it denies the above ground.

6) All of the cases were consolidated on 5 November 2014. Both sides filed evidence. Both ask for an award of costs. The matter came to be heard on 7 April 2015 when ICN was represented by Mr Silverleaf Queen's Counsel instructed by Messrs Farrer & Co LLP; PCL was represented by Mr Bryson of Counsel instructed by Messrs J.A. Kemp.

EVIDENCE OF ICN

7) ICN filed a witness statement, dated 14 November 2014, by Caerwyn Geraint Prothero the Chief Financial Officer of ICN a position he has held since July 2011. He states that the company has two main products. The first to be launched was a voucher which consumers could purchase for use when making purchases on the internet or via a phone and so not provide their credit card details, making the purchase more secure. The second product is an electronic prepaid credit card system. The PAYR card was demonstrated in April 2012 in the USA, before being formally launched in the UK in June 2014 after ICN had invested a considerable amount of time and money in the intervening two years bringing the card to launch. He estimates the development costs as exceeding £2 million. He describes the PAYR card as a virtual pre-paid MasterCard that can be used to purchase goods and services securely and privately online. It is anticipated that the majority of use of such cards will be via mobile phones and devices. The negotiations with MasterCard were considerable and took approximately six months to secure approval for the card under the PAYR branding. Cards can be purchased from a website (www.payrcard.com) and are issued by Prepaid Financial Services Limited under a licence from MasterCard. The cards are worth a given amount and cannot be reloaded. The idea is being further developed so that the cards can be reloaded.

8) Mr Prothero states that ICN were looking for a brand that could become a verb such as Google or Flickr, i.e. "I Payr'd it". Once they managed to acquire the domain name payr.com this clinched the name as four digit domain names are very rare. Following its registration of its marks in the UK, ICN licensed the marks to Easterbrook Ltd which is responsible for managing the day to day operation of the PAYR business. He states that in March 2014 his attention was drawn to an article on the BBC website announcing the intention to launch a system under the mark PAYM which related to a secure payment system using a mobile phone. The story mentioned that the mark was to be pronounced "pay em" as in the phrase used on a further press release by PCL "Paym back on pay day". This he contrasts with his company's mark which, he states, has no definite pronunciation, although he concedes one such might be "payer". Because of the concerns of ICN regarding confusion they instructed their solicitors to write to PCL who denied any likelihood of confusion, hence the instant action.

EVIDENCE OF PCL

9) PCL filed two witness statements. The first, dated 17 November 2014, is by Steven Jennings, PCL's Trade Mark Attorney. He provides a number of definitions for the word "payer" which unsurprisingly are consistent in providing a meaning of someone who pays

(money) for something. He contends that the average consumer when faced with the word PAYR will think of it and pronounce it as PAYER.

10) The second witness statement, undated, is by Manoj Priyamal Divaka Peiris the senior in-house legal advisor for UK Payments Administration Ltd a position he has held since February 2013. He states that he is a qualified lawyer in Australia and that his company provides corporate services including legal advice to the UK payments industry including PCL. He states:

“PCL is the owner of the intellectual property in the Mobile Payments Services (MPS), through which a “look up” service is offered to customers of participating banks to enable payments to be directed into a recipient’s bank account using the recipient’s mobile phone number as a proxy for the recipient’s bank account number.

The first working group discussions regarding the concept of MPS commenced in 2009. The physical development of the MPS database infrastructure commenced in 2012 following PCL entering into a contract dated 18 October 2012 with VocaLink pursuant to which VocaLink would provide the technical infrastructure to facilitate the look-up and transfer service for the participating banks.”

11) He continues:

“PCL because of its public profile and the nature of its membership tends to be extremely cautious in its approach to new products and new branding, not least because the adoption of any branding has to be agreed by a majority of all members.

Ahead of participating banks launching MPS to their customers, PCL engaged with external advisors to develop a brand identity for the MPS. Following a period of comprehensive market and legal research of both registered and common law rights, PCL and the participating banks agreed in September 2013 that MPS should be named “Paym”.”

12) Mr Peiris states that during these considerations the various trade mark registries were searched and that a large number of registered marks with the word “PAY” in them were found, approximately 1,270 having legal effect in the UK for services in class 36. The list is provided as exhibit MP1. At exhibit MP2 is a list of marks which are said to show “a high degree of co-existence between marks on the official registers”. Given that no use of any of these marks has been shown it is difficult to reconcile this comment with co-existence in the marketplace. He states that following registration in February 2014 the first use of Paym was on 2 April 2014. He states that all the leading UK banks are involved in the scheme. He states that he is not aware of any instances of confusion between the marks of the two parties.

13) That concludes my review of the evidence. I now turn to the decision.

DECISION

500457 & 500458

14) I turn first to consider the invalidity actions brought under section 47 of the Act against the marks of ICN. These actions were based upon 3(1)(b) & (c) of the Act. The relevant sections read:

“47.-(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.”

AND:

“3(1) The following shall not be registered –

- signs which do not satisfy the requirements of section 1(1),
- (b) trade marks which are devoid of any distinctive character,
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,
- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the *bona fide* and established practices of the trade:

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

15) When considering the issues under s.3(1)(b) as to whether PAYR is capable of distinguishing the payment services for which it is registered I take into account *OHIM v BORCO-Marken-Import Matthiesen GmbH & Co KG* Case C-265/09 P. In respect of section 3(1)(c) PCL referred me to the case of *Supreme Petfoods Ltd v Henry Bell & Co (Grantham) Ltd* [2015] EWHC 256 (Ch). This case was heard by Arnold J. and I do not believe that it adds anything to summary of the case law under s.3(1)(c) also written by Arnold J. in *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc* [2012] EWHC 3074 (Ch) which states:

“91. The principles to be applied under art.7(1)(c) of the CTM Regulation were conveniently summarised by the CJEU in *Agencja Wydawnicza Technopol sp.z o.o. v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-51/10 P) [2011] E.T.M.R. 34 as follows:

“33. A sign which, in relation to the goods or services for which its registration as a mark is applied for, has descriptive character for the purposes of Article 7(1)(c) of Regulation No 40/94 is – save where Article 7(3) applies – devoid of any

distinctive character as regards those goods or services (as regards Article 3 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40 , p. 1), see, by analogy, [2004] ECR I-1699 , paragraph 19; as regards Article 7 of Regulation No 40/94 , see *Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) v Wm Wrigley Jr Co* (C-191/01 P) [2004] 1 W.L.R. 1728 [2003] E.C.R. I-12447; [2004] E.T.M.R. 9; [2004] R.P.C. 18 , paragraph 30, and the order in *Streamserve v OHIM* (C-150/02 P) [2004] E.C.R. I-1461 , paragraph 24).

36. ... due account must be taken of the objective pursued by Article 7(1)(c) of Regulation No 40/94 . Each of the grounds for refusal listed in Article 7(1) must be interpreted in the light of the general interest underlying it (see, inter alia , *Henkel KGaA v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-456/01 P) [2004] E.C.R. I-5089; [2005] E.T.M.R. 44 , paragraph 45, and *Lego Juris v OHIM* (C-48/09 P) , paragraph 43).

37. The general interest underlying Article 7(1)(c) of Regulation No 40/94 is that of ensuring that descriptive signs relating to one or more characteristics of the goods or services in respect of which registration as a mark is sought may be freely used by all traders offering such goods or services (see, to that effect, *OHIM v Wrigley* , paragraph 31 and the case-law cited).

38. With a view to ensuring that that objective of free use is fully met, the Court has stated that, in order for OHIM to refuse to register a sign on the basis of Article 7(1)(c) of Regulation No 40/94 , it is not necessary that the sign in question actually be in use at the time of the application for registration in a way that is descriptive. It is sufficient that the sign could be used for such purposes (*OHIM v Wrigley*, paragraph 32; *Campina Melkunie* , paragraph 38; and the order of 5 February 2010 in *Mergel and Others v OHIM* (C-80/09 P), paragraph 37).

39. By the same token, the Court has stated that the application of that ground for refusal does not depend on there being a real, current or serious need to leave a sign or indication free and that it is therefore of no relevance to know the number of competitors who have an interest, or who might have an interest, in using the sign in question (Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, paragraph 35, and Case C-363/99 *Koninklijke KPN Nederland* [2004] ECR I-1619, paragraph 38). It is, furthermore, irrelevant whether there are other, more usual, signs than that at issue for designating the same characteristics of the goods or services referred to in the application for registration (*Koninklijke KPN Nederland*, paragraph 57).

And:

46. As was pointed out in paragraph 33 above, the descriptive signs referred to in Article 7(1)(c) of Regulation No 40/94 are also devoid of any distinctive character for the purposes of Article 7(1)(b) of that regulation. Conversely, a sign may be devoid of distinctive character for the purposes of Article 7(1)(b) for reasons other than the fact that it may be descriptive (see, with regard to the identical provision laid down in Article 3 of Directive 89/104, *Koninklijke KPN Nederland* , paragraph 86, and *Campina Melkunie*, paragraph 19).

47. There is therefore a measure of overlap between the scope of Article 7(1)(b) of Regulation No 40/94 and the scope of Article 7(1)(c) of that regulation (see, by analogy, *Koninklijke KPN Nederland*, paragraph 67), Article 7(1)(b) being distinguished from Article 7(1)(c) in that it covers all the circumstances in which a sign is not capable of distinguishing the goods or services of one undertaking from those of other undertakings.

48. In those circumstances, it is important for the correct application of Article 7(1) of Regulation No 40/94 to ensure that the ground for refusal set out in Article 7(1)(c) of that regulation duly continues to be applied only to the situations specifically covered by that ground for refusal.

49. The situations specifically covered by Article 7(1)(c) of Regulation No.40/94 are those in which the sign in respect of which registration as a mark is sought is capable of designating a 'characteristic' of the goods or services referred to in the application. By using, in Article 7(1)(c) of Regulation No 40/94, the terms 'the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service', the legislature made it clear, first, that the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service must all be regarded as characteristics of goods or services and, secondly, that that list is not exhaustive, since any other characteristics of goods or services may also be taken into account.

50. The fact that the legislature chose to use the word 'characteristic' highlights the fact that the signs referred to in Article 7(1)(c) of Regulation No 40/94 are merely those which serve to designate a property, easily recognisable by the relevant class of persons, of the goods or the services in respect of which registration is sought. As the Court has pointed out, a sign can be refused registration on the basis of Article 7(1)(c) of Regulation No 40/94 only if it is reasonable to believe that it will actually be recognised by the relevant class of persons as a description of one of those characteristics (see, by analogy, as regards the identical provision laid down in Article 3 of Directive 89/104, *Windsurfing Chiemsee*, paragraph 31, and *Koninklijke KPN Nederland*, paragraph 56)."

92. In addition, a sign is caught by the exclusion from registration in art.7(1)(c) if at least one of its possible meanings designates a characteristic of the goods or services concerned: see *OHIM v Wrigley* [2003] E.C.R. I-12447 at[32] and *Koninklijke KPN Nederland NV v Benelux-Merkenbureau* (C-363/99 [2004] E.C.R. I-1619; [2004] E.T.M.R. 57 at [97]."

16) ICN contended that the objections raised by PCL had been considered by the UK Registry as part of the examination process, and the marks deemed registrable. However, I do not attach any weight to the earlier decision as, in *inter partes* proceedings, only the arguments and evidence presented to the tribunal can be taken into account. However, I note that section 72 of the Act states that a registered trade mark should be treated as *prima facie* valid. Thus, the onus is on PCL to persuade me that ICN's marks are not valid.

17) It is clear that the two marks of ICN differ in that one (2616091) is simply the letters PAYR whilst the other (2617389) has an element of stylisation and device. However, to my mind the stylisation and device element do not add significantly to the letters PAYR which are clearly the distinctive and dominant element of the mark. In my opinion if I find that mark 2616091 is not acceptable under Section 3(1)(b) or (c) then mark 2617389 will also be unacceptable. The key issue under this heading is whether PCL is correct in submitting that ICN's marks would be seen as the word "payer" and, if so, whether this is descriptive of the services for which the marks are registered, and thus devoid of distinctive character.

18) In *Matratzen Concord AG v Hukla Germany SA*, Case C-421/04, the Court of Justice held that:

"24. In fact, to assess whether a national trade mark is devoid of distinctive character or is descriptive of the goods or services in respect of which its registration is sought, it is necessary to take into account the perception of the relevant parties, that is to say in trade and or amongst average consumers of the said goods or services, reasonably well-informed and reasonably observant and circumspect, in the territory in respect of which registration is applied for (see Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, paragraph 29; Case C-363/99 *Koninklijke KPNNederland* [2004] ECR I-1619, paragraph 77; and Case C-218/01 *Henkel* [2004] ECR I-1725, paragraph 50)."

19) PCL referred me to case T-640/11 *Boehringer Ingelheim International GmbH v OHIM* (RELYABLE) and contend that the jurisprudence of the General Court indicates that:

- a) Misspellings are not generally conducive to overcoming refusal of registration stemming from the fact that the content of the sign is immediately comprehensible as laudatory or descriptive;
- b) A misspelling does not generally amount to evidence of any creative aspect capable of distinguishing the applicant's goods from those of other undertakings;
- c) Where the misspelling of a word mark is not perceptible phonetically, it has no effect on the possible conceptual content that the relevant public will attribute to that mark.

20) PCL contends that the average consumer of the services ("Electronic payment services; facilitating payment using mobile phone networks.") will include the general public and businesses. PCL also contends that ICN's marks will be viewed as a misspelling of the word "Payer", and that some consumers will not notice the misspelling or will ignore it as it is common practice in electronic services to drop vowels at the end of words, such as FLICKR and TUMBLR. PCL's main contention is that:

"The word "payer" is plainly devoid of distinctiveness in relation to the services here in question. It is also descriptive of such services; the public might well refer to the service provided as "a payer service", in the sense of a service which makes payments."

21) PCL contends that consumers are used to marks being spelt without missing vowels, however it provides only two examples. I also take into account that the shorter the word

the harder it is for vowels to be omitted and yet the word still be recognisable. In the instant case it could just as easily be seen as PAY-R.

22) If I were to accept that the mark would be seen as the word PAYER I would have to determine if the average consumer of the services would see PAYR as distinctive and not descriptive I bear in mind that the mark can be seen as highly allusive yet still be distinctive. I disagree with PCL's contention at paragraph 20 above. I believe that the average consumer will view the word "payer" as being the person / entity that actually pays the money, whereas a company which offers to act as an intermediary in facilitating the transfer of monies will be described as offering a payment service. The mark PAYR clearly alludes to the services on offer but does not describe them, and as such it is not devoid of distinctive character. The invalidity action under section 3(1)(b) and (c) therefore fails.

23) In case I am wrong on this I note that ICN contended that its marks had acquired distinctiveness through use. However, its evidence does not support such an assertion, as although it mentions launching the product in the UK there is no evidence of actual use in the UK.

500384 & 500430

24) I next turn to the invalidity actions filed by ICN in respect of the marks of PCL. I will first consider the grounds of invalidity under sections 3(1)(b) & (c). Earlier in this decision I have set out the various authorities upon which both sides relied in respect of these grounds. It was agreed at the hearing that the average consumer for PCL's goods and services would be the same as that set out in paragraph 20 above.

25) It is clear that the two marks of PCL differ in that one (3025744) is simply the letters PAYM whilst the other (3031944) has an element of stylisation and device. However, to my mind the stylisation and device element do not add materially to the letters PAYM which are clearly the distinctive and dominant element of the mark. In my opinion if I find that mark 3025744 is not acceptable under Section 3(1)(b) or (c) then mark 3031944 will also be unacceptable. The key issue under this heading is whether ICN is correct in submitting that PCL's marks would be seen as the words "pay'em" a shorthand version of "pay them" and whether this is descriptive of the services for which the marks are registered, and thus devoid of distinctive character. Clearly the marks of PCL are registered for a range of services. To my mind, ICN's strongest case would lie with the following class 36 services "bill payment services provided through a website". If it fails in respect of these services it must fail in respect of all the other services for which the marks are registered. This was accepted at the hearing by ICN.

26) ICN contends that the letters PAYM would be seen by the average consumer as meaning "pay 'em" as in "pay them", or in the alternative as shorthand for the word "payment". ICN point out that if one of the meanings which may be reasonably attributed to PCL's marks is an abbreviation of "payment" then it would be barred from registration as it would be descriptive of a characteristic of the services. However, they have not adduced any evidence that "PAYM" is common shorthand for the word "payment". They contend that:

“We suggest that in the context of payment services the average consumer may well read the word PAYM as shorthand for payment, particularly where the consumer in question is a mobile phone user used to thinking in text speak (or txtspk as it should more properly be written). Consequently, we submit that this meaning is one that a significant number of consumers may attribute to the mark PAYM when used in relation to mobile services and that is within the prohibition of section 3(1)(c).”

27) To my mind, the more obvious text shorthand for the word “payment” would be “pymt” or “pymnt”. In the absence of any evidence to show that use of “paym” is commonplace I do not accept the contention that the average consumer would view the mark in this manner. I am willing to accept that the mark may be viewed as “pay ‘em” a shortened version of “pay them” as this is effectively how PCL advertised the mark from its initial press release. At the hearing PCL attempt to reverse away from this position claiming that at the time of registration the press release had not been issued and further posited the idea that the press release came about as people were not referring to the mark in this manner, i.e. that this was not the result of just normal and fair use of the mark. My comments in paragraph 22 regarding the letters “PAY” are relevant here also. However, if I were to accept that the mark would be seen as “payem” to my mind, this alludes to the fact that a payment will be made but I do not find the terms “pay ‘em” to be descriptive of a payment service as the average consumer will not refer to a “pay them service” as, even for the semi-literate this form of wording would seem contrived. This makes it unlikely that the average consumer would immediately equate PAYM with the words PAY THEM. The mark PAYM clearly alludes to the services on offer but does not describe them, and as such it is not devoid of distinctive character. The invalidity action under section 3(1)(b) and (c) therefore fails

28) I now turn to the ground of invalidity under section 5(2)(b) which 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.”

29) An “earlier trade mark” is defined in section 6, the relevant part of which states:

“6.-(1) In this Act an “earlier trade mark” means -

- (a) a registered trade mark, international trade mark (UK) or Community trade mark which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks.”

30) The opponent is relying upon its trade marks listed in paragraph 3 above which are clearly earlier trade marks. Given the interplay between the dates that the opponent's marks were registered and the dates that the applicant's marks were published, section 6A of the Trade Marks Act does not come into play.

31) When considering the issue under section 5(2)(b) I take into account the following principles which are gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

- (a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;
- (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;
- (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;
- (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;
- (f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;
- (g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;
- (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;
- (i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

The average consumer and the nature of the purchasing decision

32) As the case law above indicates, it is necessary for me to determine who the average consumer is for the respective parties' goods; I must then determine the manner in which these goods are likely to be selected by the average consumer in the course of trade. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

“60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median.”

33) ICN contend:

“17. The goods and services in issue in this case are payments services and the like. Whilst these are financial services, they are not financial services of a kind which have a huge impact on consumers. They are or include payment services for ordinary everyday purchases made using online or mobile devices. Many tens of billions of such transactions are made in this country every year. They are an inconspicuous and mundane event in people's lives. They are not matters to which great or even substantial attention is likely to be paid.

18. The people using such services cover the entire range of the purchasing population from 16 to 80+. Not all will be particularly careful. Many will take little account of the precise circumstances in which they are making a payment, however much interest they have in what is being paid for. We submit that accordingly the level of perspicacity and care which should be attributed to the user of the services in issue should be no greater than would be expected for someone shopping for mundane retail goods. And consideration of the average consumer in this case should consider those who may be relatively financially naïve as simplified mobile and online payment services are aimed particularly at those less sophisticated consumers who find more complex methods of payment intimidating.”

34) Firstly I do not accept the premise that payment by mobile phone is somehow restricted to, or dominated by, the financially naïve. There is no restriction in the specification, and whilst early adapters may well come mainly from younger consumers who may be regarded as being more technologically savvy, or at least more willing to use new technology, ultimately almost the whole population will use such applications. Also,

whilst the individual transactions carried out may be done with little thought, the average consumer firstly has to choose which service provider to entrust with details of his mobile phone number and bank account. This usually involves filling in various forms or web forms and potentially a face to face meeting. Once an account is set up then the consumer expects that the transactions will be carried out in a secure manner and will give little thought, other than basic security matters, to the actual method of transaction.

35) PCL's specifications cover a vast array of goods and services from the humble mouse mat which would be cheap and purchased with little thought through to payment services which could be expensive and complex and would only be purchased after considerable contemplation. The average consumer will be the general public including businesses. I will have to factor in the fact that the level of consideration given to each purchase will vary dependent upon price and complexity and that the purchasing process may include brochures, on-line and face to face discussions. In relation to ICN's services the average consumer will be the same, and as the services all relate to payments the level of attention paid will be high as the process of selection and gaining approval for such a service is likely to be relatively complex as outlined in paragraph 34 above. To my mind, any service which involves depositing money or providing bank details is likely to be selected with a high level of attention to the service provider.

Comparison of services

36) In the judgment of the CJEU in *Canon*, Case C-39/97, the court stated at paragraph 23:

"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".

37) The relevant factors identified by Jacob J. (as he then was) in the *Treat* case, [1996] R.P.C. 281, for assessing similarity were:

- a) The respective users of the respective goods or services;
- b) The physical nature of the goods or acts of services
- c) The respective trade channels through which the goods or services reach the market
- d) 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;
- e) 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.

38) I will initially consider the class 36 services of both parties which, for ease of reference are:

ICN's specification in class 36	PCL's specification in class 36
Electronic payment services; facilitating payment using mobile phone networks.	Class 36: Account debiting services; money transmission services; bill payment services provided through a website; money ordering services; clearing and reconciling financial transactions via electronic communication networks; clearing; providing a wide variety of payment and financial services, namely credit card services, issuing credit cards and lines of credit, processing and transmission of bills and payments thereof, payment services, providing guaranteed payment delivery, and money market funds; mobile and online payment services; financial services, namely providing financial fraud protection and prevention and dispute resolutions services; financial services, namely, enabling donations to be made to charities, all via electronic communication networks; foreign exchange; home banking; electronic funds transfer; online banking, telebanking; insurance; financial affairs; monetary affairs; real estate affairs; clearing and reconciling financial transactions via a global computer network; providing a wide variety of payment services and providing financial services, namely credit card processing and transmission of bills and payments thereof, conducted via a global computer network.

39) Clearly, the whole of ICN's specification is identical to PCL's specification of "bill payment services provided through a website;" and "mobile and online payment services". I shall use these identical services as it provides ICN with its strongest case.

Comparison of trade marks

40) I shall initially compare the plain letter marks of the two parties rather than those which include device elements, as this provides ICN with its strongest case. The trade marks to be compared are:

ICN's trade mark	PCL's trade mark
PAYR	PAYM

41) ICN also referred me to the comments at paragraph 129 in the recent Court of Appeal decision in *Interflora v M&S*.([2015] FSR 10). The Court stated:

"129. ... We do not accept that a finding of infringement is to be precluded by a finding that many consumers, of whom the average consumer is representative, would not be confused. To the contrary, if, having regard to the perspectives and expectations of the average consumer, the court concludes that a significant proportion of the relevant public is likely to be confused such as to warrant the intervention of the court, then we believe it may properly find infringement."

42) ICN contend:

“20. Taking the marks as a whole each comprises the word PAY with a single consonant at the end. Neither is as a result an ordinary English word but both are to some extent dominated by the initial element PAY. TPC’s pleading and evidence suggests that this must effectively be disregarded as it is a descriptive element and therefore cannot form part of the distinctive character of the marks. We disagree. The fact that an element of a mark is descriptive does not take it out of consideration. It merely means that the observer sees it as having a connotation or meaning related to the relevant goods or services.

21. The reality in a case such as the present is that both marks will be perceived by the average consumer as the word PAY with an additional letter. The word pay jumps out from the marks and means something. So it is necessarily perceived and recognised. This is not dissecting the marks but simply recognising what is bound to happen. They each contain only a single letter following the word PAY and therefore the difference in that letter is the only thing that can distinguish between them (the stylisation of the logo marks is not in our submission sufficient to give rise to its own inherent distinctive recognition in either case). Taking account of imperfect recollection, unless the average consumer is alert to the different final letter there is a real risk that the marks may be seen by some as being the same when encountered on different occasions. Even if the difference is noted, it may simply be assumed that the marks are related or even (mistakenly) that the consumer’s recollection that there is a difference is mistaken.

22. Once one appreciates this, it is clear that the two marks are essentially highly similar. They are clearly visually similar. They are aurally similar, although less so because the final consonant differs in sound. They are conceptually similar because of the way in which they are perceived.”

43) Clearly the marks share the same first three letters and differ only in the last letter. However, if the letters “PAY” jump out, as suggested it would be seen as descriptive of a payment service. Both marks are short four letter marks which differ only in their last letter. There are therefore clearly visual and aural similarities, however these similarities relate to the descriptive aspect of the mark when used in relation to the payment services under consideration. Conceptually, overall neither mark really conveys a message, merely alluding to some kind of payment service. Overall, the differences outweigh the similarities.

Distinctive character of the earlier trade mark

44) In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 the CJEU stated that:

“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-

109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

45) When used in relation to payment services the first three letters PAY are clearly allusive to a payment service and would not be seen as being distinct. I am mindful that I should not seek to artificially divide marks but as even ICN acknowledge the word “pay” jumps out at one.

46) In *Kurt Geiger v A-List Corporate Limited*, BL O-075-13, Mr Iain Purvis Q.C. as the Appointed Person pointed out that the level of ‘distinctive character’ is only likely to increase the likelihood of confusion to the extent that it resides in the element(s) of the marks that are identical or similar. He said:

“38. The Hearing Officer cited *Sabel v Puma* at paragraph 50 of her decision for the proposition that ‘the more distinctive it is, either by inherent nature or by use, the greater the likelihood of confusion’. This is indeed what was said in *Sabel*. However, it is a far from complete statement which can lead to error if applied simplistically.

39. It is always important to bear in mind what it is about the earlier mark which gives it distinctive character. In particular, if distinctiveness is provided by an aspect of the mark which has no counterpart in the mark alleged to be confusingly similar, then the distinctiveness will not increase the likelihood of confusion at all. If anything it will reduce it.’

40. In other words, simply considering the level of distinctive character possessed by the earlier mark is not enough. It is important to ask ‘in what does the distinctive character of the earlier mark lie?’ Only after that has been done can a proper assessment of the likelihood of confusion be carried out”.

47) At the time of PCL submitting its application ICN’s mark had not been launched and so it is unable to benefit from enhanced distinctiveness through use in respect of its mark. I also do not accept the contentions of PCL regarding the state of the Register, as without evidence of use in the marketplace of these marks such evidence can be given little weight. The opponent’s mark has only a low degree of inherent distinctiveness.

Likelihood of confusion

47) In determining whether there is a likelihood of confusion, a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective services and vice versa. As I mentioned above, it is also necessary for me to keep in mind the distinctive character of the opponent's trade mark as the more distinctive this trade mark is, the greater the likelihood of confusion. I must also keep in mind the average consumer for the services, the nature of the purchasing process and the fact that the average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them he has retained in his mind. Earlier in this decision, I concluded that:

- the average consumer is a member of the general public, who will select the services by predominantly visual means and who will pay a high level of attention when doing so;
- the competing services are identical;
- visually and aurally the similarities are outweighed by the differences; Conceptually, overall neither mark really conveys a message, merely alluding to some kind of payment service. Taken overall, the differences outweigh the similarities.
- the ICN's earlier trade mark is possessed of a low degree of inherent distinctive character, and cannot benefit from an enhanced distinctiveness as it has not been used in the United Kingdom.

48) In view of the above and allowing for the concept of imperfect recollection, there is no likelihood of a significant number of consumers being confused into believing that the services provided by PCL are those of ICN or provided by some undertaking linked to them. As the opposition fails in respect of identical services it must fail on all other goods and services. **The opposition under Section 5(2) (b) therefore fails in total.**

CONCLUSION

49) Both sides have failed in respect of their invalidity actions.

COSTS

50) As both sides have achieved a measure of success I do not propose to favour either side with an award of costs.

Dated this 12th day of May 2015

**G W Salthouse
For the Registrar
the Comptroller-General**