

o/221/22

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATIONS NOS. 3473941 AND 3421921 IN THE NAME OF CITY ELECTRICAL FACTORS LIMITED

AND THE OPPOSITIONS THERETO UNDER NOS. 421466 AND 418644 BY IMO PRECISION CONTROLS LIMITED

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF T. PERKS (O/866/21) DATED 29 NOVEMBER 2021.

DECISION

Introduction

1. This is an appeal by IMO Precision Controls Limited (“**IMO**”) from decision O/866/21 of Ms T. Perks (“**Decision**”) concerning the opposition to the following applications (“**Applications**”) by City Electrical Factors Limited (“**City Electrical**”):

Mark	Number	Filing date
	3421921	16/08/19
	3473941	10/03/20

2. For both Applications, registration is sought for the following goods:

Class 6: *Ducting; trunking; ducting and cable trunking systems; cable management systems and installations; conduit systems; metal struts and framework comprised of metal struts; metallic trunking systems for electrical cables; metal ceiling roses; trunking channels of metal; metallic cavity trunking; metallic lighting trunking; conduits; cavity trunking; steel framework systems; cable trays, ladder racks, basket trays, boxes, conduit boxes and covers; power poles; metal hardware; locks, plates, clamps, brackets, bolts covers, end caps, fixings, washers, nuts, bolts, screws; cable clips of metal; parts and fittings for the aforesaid goods.*

Class 9: *Electrical switchgear; electrical and electronic apparatus, devices, instruments and components for the control, distribution and monitoring of electric current; ducting; ducting systems for electrical cables; cable management systems and installations; non-metallic cable management systems and installations (electric); conduit systems; conduits; switches, sockets, socket outlets, digital socket outlets, fused connection units, cooker outlets, plugs, coaxial/satellite socket outlets, telephone socket outlets, dimmers, spur units, adaptor boxes,*

switch boxes, socket boxes, junction boxes, fuse boxes; computer data sockets, clip-in lighting distribution accessories; electrical distribution units comprising assemblies of plugs, sockets, switches, fused connection units, fuses, indicator lamps and cables; power distribution systems, power distribution units; fuses; electrical circuit protection devices circuit breakers, earth leakage breakers, relays, consumer units; electric relays, consumer units, electricity panel boards; electricity distribution boards, electricity distribution boxes, electrical distributing busbar chambers; switchboards; earth bars, termination boards; terminals; emergency stop push buttons; motor starters; contactors; fire alarm switches; feeder pillars; insulated enclosures for electrical apparatus; transformers, bells and timers; cables, power leads; battens; ammeters; parts and fittings for the aforesaid goods.

Class 17: *Non-metallic flexible pipes; non-metallic fittings, couplings, connectors, seals and joints for flexible pipes and/or hose; non-metallic fittings, couplings, connectors, seals and joints, bends, elbows, tees, washers, adaptors; cable insulators; insulators for electric mains; electrical insulation tapes, pvc tapes, adhesive sealants for general industrial use, adhesive tapes (for technical purposes), sealants; parts and fittings for all the aforesaid goods.*

Class 19: *Ducting; ducting systems; flexible hose; flexible ducting, ducting (non-electrical) made from insulating materials; cavity trunking; non-metallic ceiling roses; conduit systems; conduits; non-metallic struts and frame work comprised of non-metallic struts; boxes; power poles; parts and fittings for the aforesaid goods.*

Class 20: *Non-metallic trunking; non-metallic trunking for cables and leads; non-metallic cable trunking systems; non-metallic trunking systems for electrical cables; non-metallic cable management systems and installations (other than electricity); non-metallic trunking channels; non-metallic cavity trunking; non-metallic lighting trunking; non-metallic cable trays; non-metallic ladder racks; non-metallic fasteners; non-metallic cable clips; non-metallic hose clips and clamps; non-metallic cable straps, grips; non-metallic nuts; cable boxes of non-metallic materials; cable couplings and connectors of non-metallic material; non-metallic racks; non-metallic plates, clamps, brackets, bolts covers, end caps, fixings, nuts*

3. On 5 December 2019 and 29 June 2020, IMO opposed the above two Applications respectively. The oppositions were based upon Sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994. IMO relied upon the following marks (“**Earlier Marks**”) in respect of its oppositions under s. 5(2)(b) and 5(3):

Mark	Number	Filing & registration date	Class	Specification relied upon
IMO	UK00001491359	15/02/92, 23/01/98	7,9	<p>Class 7: <i>Variable speed drives for motors and starters for motors and parts and fittings therefor; all included in Class 7.</i></p> <p>Class 9: <i>Motor control equipment, alternating current drives, inverters, motor controllers, relays, sockets, electronic timers, counters, meters, volt meters, ammeters, frequency meters, temperature controllers; control panels, switch boxes; switches; photo electric switches, proximity</i></p>

				<i>switches, limit switches; level controllers, programmable controllers, computers, computer programmes, connectors, opto electronic devices, fuses and fuse-holders, sounders and sound transducers; parts and fittings for all the aforesaid goods; but not including meters for fluids.</i>
IMO	EU000678110	13/11/97, 18/04/02	7,9	<p>Class 7: <i>Variable speed drives for motors and starters for motors; motors (standard and geared) and parts and fittings thereof; all included in class 7; all the aforementioned goods not intended for installation in fully automatic car washers.</i></p> <p>Class 9: <i>Electronic and electrical apparatus all for controlling machines, machine tools, robots and industrial processes; data terminals; programming devices; electrical and electronic drives and controls, motor control equipment, alternating current drives, inverters, drivers, motor controllers, relays, sockets, electronic timers, counters, meters, volt meters, ammeters, frequency meters, temperature controller; control panels, switch boxes; switches; photo electric switches, proximity switches, limit switches; level controllers, programmable controllers, computers, computer programmes, connectors, opto electric devices, fuses and fuse holders, sounders and sound transducers; parts and fittings for all the aforesaid goods; all the aforementioned goods not intended for installation in fully automatic car washers.</i></p>

4. In the Decision, T. Perks for the Registrar held that the opposition was unsuccessful.
5. On 22 December 2021 IMO filed a Notice to Appeal to the Appointed Person against the Decision under Section 76 of the Trade Marks Act 1994.

The Hearing Officer's decision

6. The Hearing Officer held as follows (in summary, and insofar as is relevant to this appeal):
 - a. The average consumer for the goods is a business user, i.e. a building company or a tradesman. The goods are most likely to be self-selected from retail outlets, websites or catalogues. Visual considerations are likely to dominate the selection process, although

an aural element cannot be discounted. The average consumer will pay at least a medium degree of attention.

- b. The Earlier Marks are inherently distinctive to a slightly lower than medium (but not low) degree. The Hearing Officer rejected IMO's contention that the Earlier Marks have gained enhanced distinctiveness through use.
- c. The Applications are visually similar to the Earlier Marks to a low degree, aurally similar to a very low or medium degree (depending on whether the words 'THE NAME BEHIND THE BRANDS' are pronounced or not), and conceptually dissimilar.
- d. The Hearing Officer divided the Applicant's goods into categories, ranging from similar to a low degree to identical.
- e. There is no likelihood of direct or indirect confusion between the Applications and the Earlier Marks, even in respect of goods which are identical.
- f. IMO failed to show reputation sufficient to support its claim under Section 5(3).
- g. As for the opposition under s. 5(4)(a), even if IMO established goodwill in respect of goods identical to those in the Applications, the visual differences are such that there is no misrepresentation.

Grounds of Appeal

7. In its Statement of Grounds of Appeal, IMO made the following criticisms of the Decision:
 1. When comparing the marks in issue, the Hearing Officer:
 - (a) wrongly discounted evidence of the common use of an electrical pulse device; and
 - (b) found the slogan 'the name behind the brands' to contribute towards distinctive character, when the Applicant had conceded it would not.
 2. The Hearing Officer improperly limited the ways in which a likelihood of confusion could arise.
 3. The Hearing Officer was wrong to find it unlikely that a significant number of relevant consumers would articulate or perceive the sign the subject of application 3421921 as 'IMO'.
 4. As a result of the aforementioned errors, the Hearing Officer wrongly held that neither trade mark application would give rise to a likelihood of confusion.
 5. The Hearing Officer did not decide in respect of which goods IMO was the owner of goodwill in the sign 'IMO'. The Hearing Officer should have held that such goodwill extended to all the goods identified in paragraph 10 of the Decision in respect of which the Hearing Officer did not find there was no use.
 6. The errors set out in Grounds 1 to 3 above are repeated. The Hearing Officer was wrong to hold that there would be no misrepresentation.
 7. Absent the aforementioned errors, the Hearing Officer should have refused both trade mark applications in respect of all their specified goods which:

- (a) the Hearing Officer had held (or City Electrical had admitted) were identical or similar to the goods the subject of the Hearing Officer's fair specification of IMO's earlier marks; and/or
- (b) were identical or similar with those in respect of which IMO had goodwill.
8. The parties' Counsel, Mr Hall and Mr Hollingworth, filed skeleton arguments in relation to the above, and expanded upon their arguments at the hearing, and I set out below further details as are necessary to understand my overall conclusions. Both Counsel made clear and helpful written and oral submissions, which were of considerable assistance to me.

Standard of review

9. The approach to be adopted in an appeal hearing has been laid down a number of times in case law, both in general terms (e.g. by the Supreme Court in *Actavis Group PTC v. ICOS Corporation* [2019] UKSC 1671) and specifically in relation to appeals before the Appointed Person (Daniel Alexander Q.C. sitting as the Appointed Person in *TT Education Ltd v Pie Corbett Consultancy Ltd* (O/017/17), approved by Arnold J in *Apple Inc. v Arcadia Trading Limited* [2017] EWHC 440 (Ch)). These cases establish the following principles:
- Appeals to the appointed person are by way of review, not re-hearing;
 - It is necessary for the appellant to satisfy the appeal tribunal that there was a distinct and material error of principle in the Hearing Officer's decision, or that the Hearing Officer was wrong;
 - The decision will be "wrong" if the Hearing Officer makes an error of law, which might involve asking the wrong question, failing to take account of relevant matters or taking into account irrelevant matters. Absent an error of law, the appellate tribunal would be justified in concluding that the decision of the Hearing Officer was wrong if the conclusion was "outside the bounds within which reasonable disagreement is possible";
 - In the case of conclusions on primary facts it is only in a rare case, such as where that conclusion was one for which there was no evidence in support, which was based on a misunderstanding of the evidence, or which no reasonable judge could have reached, that the Appointed Person should interfere with it;
 - In the case of a multifactorial assessment or evaluation, the Appointed Person should show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle. Special caution is required before overturning such decisions. In particular, where an Appointed Person has doubts as to whether the Registrar was right, he or she should consider with particular care whether the decision really was wrong or whether it is just not one which the appellate court would have made in a situation where reasonable people may differ as to the outcome of such a multifactorial evaluation;
 - Situations where the Registrar's decision will be treated as wrong encompass those in which a decision is (a) unsupportable, (b) simply wrong (c) where the view expressed by the Registrar is one about which the Appointed Person is doubtful but, on balance, concludes was wrong. It is not necessary for the degree of error to be 'clearly' or 'plainly'

wrong to warrant appellate interference but mere doubt about the decision will not suffice;

- The Appointed Person should not treat a decision as containing an error of principle simply because of a belief that the decision could have been better expressed. Appellate courts should not rush to find misdirections warranting reversal simply because they might have reached a different conclusion on the facts or expressed themselves differently. Moreover, in evaluating the evidence the Appointed Person is entitled to assume, absent good reason to the contrary, that the Registrar has taken all of the evidence into account.

10. In addition to the above, Mr Iain Purvis QC sitting as the Appointed Person in *ROCHESTER Trade Mark*, BL O/049/17, made the following observations at paragraph 33 in respect of assessment of likelihood of confusion, an issue he described as “indeterminate and open to debate”:

“... the reluctance of the Appointed Person to interfere with a decision of a Hearing Officer on likelihood of confusion is quite high for at least the following reasons:

(i) The decision involves the consideration of a large number of factors, whose relative weight is not laid down by law but is a matter of judgment for the tribunal on the particular facts of each case

(ii) The legal test ‘likely to cause confusion amongst the average consumer’ is inherently imprecise, not least because the average consumer is not a real person

(iii) The Hearing Officer is an experienced and well-trained tribunal, who deals with far more cases on a day-to-day basis than the Appellate tribunal

(iv) The legal test involves a prediction as to how the public might react to the presence of two trade marks in ordinary use in trade. Any wise person who has practised in this field will have come to recognize that it is often very difficult to make such a prediction with confidence

Any sensible Appellate tribunal will therefore apply a healthy degree of self-doubt to its own opinion on the result of the legal test in any particular case.”

11. I shall bear all the above in mind when reviewing the Decision.

Discussion

12. Looking at the various grounds of appeal in turn, my analysis is as follows.

Ground (1)(a): The Hearing Officer wrongly discounted evidence of the common use of an electrical pulse device

13. With regard to the Applications, shown below, the Hearing Officer held that the device on the left (the “Device”) and the letters IMD/imd made an equal contribution to the overall impression of the marks.



14. IMO contended that the Device would be “immediately understood as depicting an electrical sign”, and put forward in its evidence three examples of allegedly similar devices, shown below.



15. The Hearing Officer said, at paragraph 86 of the Decision, “I note that the evidence contains an example of use of a similar sign by an electrical company,²¹ that is far from establishing ‘common place’ use”. The footnote in question makes clear that she was referring to the Lew Electrical Distributors sign shown above.
16. IMO contends that the Hearing Officer, in referring to “an example”, therefore failed to take into account the other two examples it had submitted, and had she done so she ought to have concluded that the Device was of less distinctive importance than the letters IMD/imd.
17. During the hearing, Mr Hall on behalf of IMO conceded that the final example shown above (the Spike Buster double socket), whilst included within an exhibit to one of IMO’s witness statement, was not expressly drawn to the Hearing Officer’s attention. In consequence, in my view the Hearing Officer cannot be criticised in any way for failing to notice the final example (if indeed she did fail to notice it), and I do not take it into account in this appeal.
18. The CDL sign was expressly drawn to the Hearing Officer’s attention in paragraph 43 of IMO’s Written Submissions dated 8 October 2021, in which it asserted that “The basic depiction of an electrical signal is non-distinctive and common place. Indeed, pages 111 and 113 of Exhibit FF1,

which are webpages of two of the distributors of IMO products feature similar depictions of electrical signals...”.

19. Page 113 of FF1 is the Low Electrical Distributors sign, whereas page 111 is the CDL sign. I regard it as unlikely that the Hearing Officer would have looked at only one of the pages of Exhibit FF1 which was expressly drawn to her attention, and simply ignored the other. I am also mindful of the principle mentioned in the last bullet point of paragraph 9 above: in evaluating the evidence the Appointed Person is entitled to assume, absent good reason to the contrary, that the Registrar has taken all of the evidence into account.
20. I agree with the Respondent that the better explanation is that the Hearing Officer did look at the CDL sign, but decided that the device is markedly different to that in the Applications. I consider that she was correct to do so – the device in the Applications is a spiky pulse, whereas in the CDL sign it is a smooth sine wave, which looks quite different.
21. I therefore reject this first sub-ground, and hold that the Hearing Officer was justified in deciding that the Device and the letters IMD/imd make an equal contribution to the overall impression of the marks.

Ground (1)(b): The Hearing Officer found the slogan ‘the name behind the brands’ to contribute towards distinctive character, when the Applicant had conceded it would not

22. At paragraph 86 of the Decision, the Hearing Officer said “Both the device and the letters ‘IMD’ make an equal contribution to the overall impression of the marks ... The phrase ‘THE NAME BEHIND THE BRANDS’ will also contribute to the overall impression although to a lesser degree due to its smaller size”. At paragraph 93, she said “The words ‘THE NAME BEHIND THE BRANDS’ conveys the concept that the name ‘IMD/imd’ is the main brand and it is responsible for other brands – although I have said that that concept will be perceived as descriptive of the user of the mark, it is not descriptive in the context of the goods, and so it is distinctive”.
23. IMO contends that these conclusions are an error of principle, because i) IMO’s position, as set out in its written submissions, was that the slogan would make no distinctive contribution to the mark, and ii) City Electrical, in its written submissions, said that the device and the letters were co-dominant, and that it was those two elements through which the consumer would “identify the mark”. The Hearing Officer had therefore departed from the parties’ agreed position that the slogan would not contribute to the overall impression of the mark from the perspective of the average consumer.
24. City Electrical denied making any concession that ‘THE NAME BEHIND THE BRANDS’ (the “**Slogan**”) should be ignored when assessing the overall impression of the Applications. Whereas, in its written submissions, it contended that the device and letters were co-dominant, it was not thereby suggesting that the Slogan made no contribution towards the distinctive character of the mark as a whole.
25. At paragraph 45 of the Decision, the Hearing Officer cited the well-known principles of assessing likelihood of confusion, drawn from a number of decisions of the EU courts. Principle (d) states “*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*”. Principle (e) states “*nevertheless, the overall impression conveyed to the public by a composite*

trade mark may be dominated by one or more of its components". It is clear, therefore, that in principle an element of a complex mark can be ignored when assessing overall impression, but only when that element is negligible.

26. In my view, in the absence of a clear concession by City Electrical that the Slogan does not contribute to the overall impression, the Hearing Officer was entitled to take it into account and give it such weight as she saw fit. Did City Electrical make such a concession, as is contended by IMO? At paragraph 32 of its written submissions, it said:

"In the case of composite marks, it is generally understood that one element is considered dominant. In this case, it is submitted that the stylised blue pulse device and the IMD/imd acronyms are co-dominant on account of the fact that the blue pulse device is distinctive and short word marks are generally considered of lower distinctiveness. It is therefore submitted that a consumer, when faced with the mark, will give each element the same level of importance and will identify the mark through both elements together. Further, the stylised element of the Applications will help identify the brand of the Applicant, rather than the identifying element being the word element alone. The importance and prominence of the visual elements of the Applications renders the marks visually dissimilar".

27. I do not accept that a submission that two elements are co-dominant, and that the average consumer will identify the mark through those elements, constitutes a clear concession that the Slogan would make no distinctive contribution to the mark. Furthermore, at paragraph 38 of its written submissions, City Electrical said "it is possible that a consumer will read aloud the element 'the name behind the brands'. As this element comprises five separate words, when read in addition to the IMD/imd acronym, it adds significant aural differentiation from the Earlier Mark".

28. Far from conceding that the Slogan makes no contribution to overall impression, therefore, City Electrical relied on it to distinguish the Applications over the Earlier Marks. As such, the Hearing Officer was entitled to choose between the parties' respective positions, IMO having contended at paragraph 45 of its written submissions:

"The words 'THE NAME BEHIND THE BRANDS' appear in a small size at the bottom of the Application Marks in a light font. They are likely to go unnoticed by the average consumer and would be attributed little weight in terms of denoting the origin of the goods as it is a descriptive marketing slogan. In fact, the words indicate that the name of the business is IMD and therefore emphasise that IMD is the distinctive element of the Application Marks".

29. Evidently she disagreed with IMO – there was no error of principle on her part in doing so. Furthermore, in deciding to take the Slogan into account but giving it less weight than the other elements, she cannot be said to have been wrong (and in fact, I believe she was correct). I therefore reject this second sub-ground.

Ground (3): The Hearing Officer was wrong to find it unlikely that a significant number of relevant consumers would articulate or perceive the sign the subject of application 3421921 as 'IMO'.

30. It is convenient to consider the third ground before the second ground. At paragraph 89 of the Decision, the Hearing Officer said "I also accept that the stylisation of the letters in the First Application slightly increases the degree of similarity between the letter 'D' in the contested

mark and the letter 'O' in the opponent's mark making the two elements 'IMD' and 'IMO' similar, overall, to a medium to high degree". The sign in question is shown again below for convenience.



31. Nonetheless, at paragraph 106, the Hearing Officer concluded that "it is unlikely that the average consumer of the goods at issue will misread 'IMD' for 'IMO'".
32. IMO contends that the Hearing Officer was simply wrong to reach this conclusion. Specifically, it contends that "there will be a significant number of traders who will read the letters as 'IMO', whether because they make the mistake on a first read or because at a later time they imperfectly recollect the visual features of the mark. Either way, those traders will see and pronounce the Applicant's mark (whether verbally or in their head) as 'IMO'".
33. As is clear from the principles cited at paragraph 9 above, the threshold for establishing that a Hearing Officer's decision is "wrong" is high. It is not enough that a different Hearing Officer, or even the Appointed Person hearing the appeal, may have reached a different decision. Instead, in the absence of an error of principle (and none is contended under this head), the conclusion must be "outside the bounds within which reasonable disagreement is possible" in order to be held to be wrong.
34. IMO submits, and I agree, that if likelihood of confusion is established amongst a significant body of relevant persons, such a finding is not nullified because there also happens to exist another significant body of persons who are not confused. This principle is drawn from the decision of the Court of Appeal in *Interflora Inc v Marks & Spencer plc* [2014] EWCA Civ 1403, where the Court said (at paragraph 129):

"But in light of the foregoing discussion we do not accept that a finding of infringement is 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 perceptions 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" (my underlining).

35. It is clear from the above that determining what constitutes a "significant proportion" is not a mathematical exercise, but is rather a value judgment on the part of the decision-maker – the proportion must be significant enough to warrant intervention.
36. The Hearing Officer gave the following reasons for her decision at paragraph 106:

"Although the letter 'D' in the First Application is more similar to an 'O' than a letter 'D' written in standard typeface, it is still sufficiently clear that it is a 'D', not an 'O'. Despite the stylisation, the legibility of the letter 'D' as an 'O' is unrealistic and it is unlikely that the average consumer of the goods at issue will misread 'IMD' for 'IMO', especially given the medium degree of attention that will be paid during the purchase. There are great many acronyms on the market and the public is accustomed to differentiating them so it is also unlikely that the average consumer will misremember the earlier mark and confuse

it with the later marks because two of the three letters making up the acronyms in the conflicting marks are the same”.

37. I consider that she approached this issue in a balanced and principled manner. She accepted that the possibility of misreading “D” as “O” is “slightly increased” as a result of the stylisation, but ultimately decided that other factors outweigh the stylisation and remove any realistic likelihood of misreading. Whereas the Hearing Officer was probably not (on the basis of paragraph 89) completely discounting the possibility of some consumers reading ‘D’ as ‘O’, she must have been satisfied that the proportion of consumers who would do that is not high enough to warrant intervention.
38. This is not a clear-cut issue. I remind myself of the observations of Iain Purvis QC cited in paragraph 10 above. Although Mr Purvis QC was discussing likelihood of confusion, his observations are in my view equally applicable to the assessment of likelihood of misreading/misremembering. The issue of a likelihood of misreading/misremembering is just as “indeterminate and open to debate” as that of likelihood of confusion, and “involves a prediction as to how the public might react to the presence of two trade marks in ordinary use in trade”.
39. Adopting the precautionary approach urged by Iain Purvis QC, whereas I expect that at least some other Hearing Officers may have reached a different view, I cannot say that the conclusion reached by the Hearing Officer was “outside the bounds within which reasonable disagreement is possible”. Accordingly, I reject this ground of appeal.

Ground (2): The Hearing Officer improperly limited the ways in which a likelihood of confusion could arise

40. IMO contends that the Hearing Officer made the following errors of principle when rejecting a likelihood of confusion:
 - First, she mixed up the concepts of direct and indirect confusion; and
 - Secondly, she wrongly limited the ways in which confusion might occur.
41. The basis of both alleged errors is paragraph 104 of the Decision, where she said:

“the only way indirect confusion could possibly arise is if the average consumer ... misread ‘IMD/imd’ for ‘IMO’ or misremember ‘IMO’ for ‘IMD/imd’ and, on the basis of that error or imperfect recollection, conclude that the applicant’s marks are variant marks used by the same user of the ‘IMO’ mark”.
42. IMO’s first criticism is that if the average consumer read both marks as ‘IMO’, that would tend to lead to direct, rather than indirect, confusion. I do not agree with IMO in this regard. I consider that a misreading or misremembering of ‘IMD/imd’ for ‘IMO’ could lead to either type of confusion. The average consumer may, in such circumstances, conclude that goods bearing the mark which is the subject of the Applications emanate from IMO (i.e. direct confusion). Alternatively, the average consumer might, on the basis of the other elements of the Applications - the Device and the Slogan - conclude that the brands are different, but make an assumption, on the basis of the common element IMO, that there is a link between the brands (i.e. indirect confusion). In any case, however, given that I have upheld the Hearing Officer’s finding that ‘IMD/imd’ would not be misread for ‘IMO’, IMO’s first criticism falls away.

43. IMO's second criticism is that indirect confusion might occur even where 'IMD/imd' is not misread for 'IMO', on the basis of the common prefix "IM-". The Hearing Officer's failure to consider this possibility is said to be an error of principle. City Electrical, in response, points to the absence of any submissions by IMO as to how confusion might occur. At paragraph 102, the Hearing Officer said "However, what the opponent did not say is why consumers are likely to be confused and how confusion could happen". I note that in the section of IMO's written submissions dealing with likelihood of confusion (paragraphs 50-55), there is no mention of the concepts of direct or indirect confusion, nor any mention of confusion based on the common prefix "IM-".
44. As such, I agree with City Electrical that IMO's criticism of the Hearing Officer in this regard is unfair. Nonetheless, for completeness I shall address IMO's contention that there is a likelihood of indirect confusion on the basis of the common prefix "IM-".
45. On 5 August 2021, the Court of Appeal handed down its judgment in *Liverpool Gin Distillery Limited v Sazerac Brands LLC*, [2021] EWCA Civ 1207, in which Arnold LJ provided a detailed exposition of the law relating to indirect confusion. Arnold LJ gave approval to Iain Purvis QC's (sitting as the Appointed Person) approach in *LA Sugar Ltd v Back Beat Inc.* (O/375/10), in which he set out a non-exhaustive list of instances in which indirect confusion can be made out. Arnold LJ further approved James Mellor QC's (sitting as the Appointed Person) statement in *Cheeky Italian Ltd v Sutaria* (O/219/16) at [16] that "a finding of a likelihood of indirect confusion is not a consolation prize for those who fail to establish a likelihood of direct confusion".
46. Overall, Arnold LJ held that "there must be a proper basis for concluding that there is a likelihood of indirect confusion given that there is no likelihood of direct confusion". Whereas *Liverpool Gin* probably does not represent any change in the applicable law insofar as it is relevant to this dispute, it emphasises that a finding of indirect confusion is not a given, and that to make such a finding a Hearing Officer needs to provide sufficient rationale to establish the "proper basis" required by Arnold LJ.
47. The Hearing Officer cited paragraphs 16 and 17 of the *LA Sugar decision*, quoting in full the examples of instances in which indirect confusion can be made out set out by Iain Purvis QC in his judgment:
- “(a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right (“26 RED TESCO” would no doubt be such a case).
- (b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as “LITE”, “EXPRESS”, “WORLDWIDE”, “MINI” etc.).
- (c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension (“FAT FACE” to “BRAT FACE” for example).”

48. I do not accept that changing “IMO” to “IMD” falls within any of the above categories. That is not necessarily fatal to a finding of indirect infringement – Arnold LJ, whilst approving *LA Sugar*, said in *Liverpool Gin* at [12]:

“This is a helpful explanation of the concept of indirect confusion, which has frequently been cited subsequently, but as Mr Purvis made clear it was not intended to be an exhaustive definition. For example, one category of indirect confusion which is not mentioned is where the sign complained of incorporates the trade mark (or a similar sign) in such a way as to lead consumers to believe that the goods or services have been co-branded and thus that there is an economic link between the proprietor of the sign and the proprietor of the trade mark (such as through merger, acquisition or licensing).”

49. Nonetheless, there is nothing in the Hearing Officer’s various findings which would lead me to conclude that the average consumer, whilst recognising that the Applications are different from the Earlier Marks, would nonetheless conclude that the Applications are another brand of the owner of Earlier Marks. Specifically, I do not regard the substitution of “D” for “O”, and the addition of the Device and Slogan, as consistent with a brand extension exercise by IMO. There is, accordingly, no basis, let alone a proper basis, for concluding that there is a likelihood of indirect confusion. I reject this ground of appeal.

Ground (4): As a result of the aforementioned errors, the Hearing Officer wrongly held that neither trade mark application would give rise to a likelihood of confusion

50. I have rejected each of the alleged errors in grounds 1-3, and accordingly ground 4 falls away.

Ground (5): The Hearing Officer did not decide in respect of which goods IMO was the owner of goodwill in the sign ‘IMO’. The Hearing Officer should have held that such goodwill extended to all the goods identified in paragraph 10 of the Decision in respect of which the Hearing Officer did not find there was no use

51. In paragraph 119 of the Decision, the Hearing Officer stated that IMO was in no better position under section 5(4)(a) than under section 5(2)(b), and accordingly dealt with (and dismissed) the s5(4)(a) opposition “very briefly”.

52. IMO contends that in the event that its appeal under section 5(2)(b) is successful, certain of the uses of the IMO mark relied upon by IMO fall outside the specifications of the Earlier Marks, but are identical to goods listed in the specification of the Applications. I was invited, in such circumstances, to make a determination myself rather than remit the matter to the Hearing Officer.

53. Had I upheld the appeal under section 5(2)(b), I would have acceded to IMO’s request, relying on the detailed and helpful submissions in Mr Hall’s skeleton argument. However, I have rejected the appeal under section 5(2)(b). IMO conceded, in its skeleton argument, that if “The correct result is that all the goods that the Hearing Officer held to be similar to one degree or another should be rejected under section 5(2)(b) ... the section 5(4)(a) opposition adds nothing”.

54. Accordingly, I need say nothing further in respect of this ground of appeal.

Ground (6): The errors set out in Grounds 1 to 3 above are repeated. The Hearing Officer was wrong to hold that there would be no misrepresentation

55. I have rejected each of the alleged errors in grounds 1-3, and accordingly this ground 6 falls away.

Ground (7): Absent the aforementioned errors, the Hearing Officer should have refused both trade mark applications in respect of all their specified goods which (a) the Hearing Officer had held (or City Electrical had admitted) were identical or similar to the goods the subject of the Hearing Officer's fair specification of IMO's earlier marks; and/or (b) were identical or similar with those in respect of which IMO had goodwill

56. I have rejected each of the alleged errors in the above grounds, and accordingly this ground 7 falls away.

Costs

57. The Hearing Officer ordered IMO to pay City Electrical the sum of £1,200. Clearly, City Electrical has been the successful party in this appeal. I order that IMO should pay City Electrical a further £1,200 by way of costs, comprising:

- Preparation of skeleton argument: £600; and
- Attendance at hearing: £600.

58. All the above sums should be paid within 21 days of the date of this decision.

Dr. Brian Whitehead

14 March 2022

Representation

Mr Christopher Hall of Counsel for the Opponent / Appellant, instructed by Dechert LLP

Mr Guy Hollingworth of Counsel for the Applicant / Respondent, instructed by Marks & Clerk LLP