

O-268-04

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 2278665
BY STEELCO LIMITED TO REGISTER THE TRADE MARK STEELCO IN
CLASS 20**

AND

IN THE MATTER OF OPPOSITION No. 80542 BY STEELCASE INC

DECISION

Introduction

1. This is an appeal against a decision of Mr. Reynolds, the Hearing Officer acting for the Registrar, dated the 30th January 2004, by which he dismissed an opposition by Steelcase Inc (“the Opponent”) to the application by Steelco Limited (“the Applicant”) register the trade mark STEELCO in Class 20 in respect of the following specification of goods.

“Office furniture; school furniture; chairs; stools; seating; desks and desk units; drawer units; desk pedestal units; desk links and returns; tables; work benches; partitions, screens and room dividers (furniture); blinds; filing cabinets; storage cabinets; storage cupboards; stationery cupboards; storage units; shelving; storage racks; magazine racks; bookcases; showcases; display stands and display boards; whiteboards; sign boards; bulletin boards; computer furniture; workstations;

3. The Opponent objected to the application:
 - (i) under section 5(2)(b) of the Trade Marks Act 1994 in the light of its earlier trade marks, and
 - (ii) under section 5(4)(a) of the Act having regard to its earlier use of the trade mark STEELCASE.

4. The matter came on for hearing on the 19th January 2004. At the hearing the Opponent accepted that the decision under section 5(2)(b) would be determinative of the opposition. The Hearing Officer concluded that that ground of opposition failed and accordingly he dismissed the opposition. On the 11th March 2004 the Opponent filed a notice of appeal to an Appointed Person against that decision.

The decision of the Hearing Officer

5. The Hearing Officer first compared the goods in issue. Attention was focused on the Opponent's CTM registration which has a broader specification than the UK registration. He concluded that the Applicant's specification was either identical or similar to a high degree to that of the Opponent.

6. The Hearing Officer then turned to consider the distinctive character of the earlier trade mark STEELCASE. He first of all assessed the inherent character of the mark and said:

“33. Mr Gregory submitted that the element STEEL is descriptive of the goods and that meant that -CASE was the distinctive and dominant component of the opponents' mark. The applicants have filed evidence to show that the word STEEL is used in the office furniture market in relation to goods made of steel or incorporating steel structural members

etc. The word 'metal' is also used and may be rather more common not least perhaps because it allows some latitude in the choice of materials. However, even without evidence on the point I would not have found it at all surprising that manufacturers would want to use words such as steel or metal as they are simply descriptive terms.

34. Mr Hooper in his evidence for the opponents says that CASE is not common in the UK office furniture field, the usual words being 'frame' or 'carcass'. I accept that on the material available to me that this is indeed the position. I can see no reason why STEELCASE as a totality should be considered as anything other than a mark of at least average distinctive character even if it is used in relation to metal/steel furniture etc. Mr Vanhegan reminded me that his clients' CTM registration was not restricted as to materials. The goods concerned could equally, therefore, be made of wood, plastic or other materials (though even here the presence of STEEL- in the mark might simply be taken as indicating that the goods had steel frames or structural members). The element STEEL- may in those circumstances have no direct descriptive significance in relation to the goods but would still be being used in a similar commercial context (cf the Appointed Person's approach in *Fourneaux de France*, 0/240/02 in dealing with use of a descriptive term on commercially similar goods). Applied to wooden furniture, say, STEEL- does not seem to me to stand out as a strong element in its own right but I accept that that does not detract from the distinctive character of the mark STEELCASE as a whole."

7. He then considered a dispute between the parties as to whether or not the mark STEELCASE enjoyed an enhanced degree of distinctiveness as a result of the use made of it by the Opponent. The Opponent submitted this was an appropriate matter to take into account in the light of the decision of the European Court of Justice in *Sabel BV v. Puma AG* [1997] ECR I-6191. The Hearing Officer made the following findings upon which the Opponent relies:

"35. So far, of course, I have only considered the inherent qualities of the opponents' marks. I go on to consider the opponents' use and whether it supports Mr. Vanhegan's claim that STEELCASE enjoys an enhanced degree of distinctiveness through long and substantial use. There are clear indications in the evidence I have summarised above that the opponents have a UK business of substantial size; that they

are the market leader; that they enjoy a high degree of recognition in the market place; and that they have a prestigious customer list. Mr. Gregory's skeleton argument challenged the opponents' claim and the evidence provided in substantiation thereof. Thus, for instance, he says the £52 million per annum turnover is not corroborated by Companies House returns and the identity and size of the 20 UK distributors is not given. That is so but the applicants have not previously sought to challenge this information or called for the opponents' witnesses to be cross-examined on the evidence. I cannot, therefore, lightly dismiss the claims made on this account."

8. In considering the effect this use had on the issue before him the Hearing Officer then cited and was clearly guided by a decision of Mr. Simon Thorley QC, sitting as the Appointed Person in *DUONEBS Trade Mark 0/048/01*, where he said:

"In my judgment, I believe what the ECJ had in mind was the sort of mark which by reason of extensive trade had become something of a household name so that the propensity of the public to associate other less similar marks with that mark would be enhanced. I do not believe that ECJ was seeking to introduce into every comparison required by section 5(2) a consideration of the reputation of a particular existing trade mark."

9. The Hearing Officer proceeded to consider further aspects of the evidence and concluded:

"42. The office furniture market will embrace all kinds of needs from the home office requirement for little more than a single desk and chair to companies and organisations of all sizes some of whom may be undertaking large scale purchases or buying complete furniture systems. Office furniture will no doubt reach the market by a variety of different routes depending on the segment of the market that is being targeted. To the extent that the opponents' claim is that their reputation extends throughout the market then I am unable to say that the evidence demonstrates this to be the case. I think it is possible that the mark STEELCASE does enjoy an enhanced status in the market area that is the principal target of their promotional activities. There may also be a trickle-down effect as Mr Vanhegan sought to argue He rightly pointed out that Mr Bent, who has given evidence for the applicants, was well

aware of STEELCASE. But I remain unconvinced that the case has been made with sufficient clarity and substantiated to a sufficient degree to satisfy me as to the precise nature and extent of the opponents' reputation across the market as a whole. If that is too sweeping a judgment then I believe their reputation is likely to be primarily at the top end of the market.”

10. In considering the similarity of the marks, the Hearing Officer approached the matter from the perspective of the average consumer and concluded that while aural references and recommendations should not be discounted, visual considerations were of primary importance in the context of the goods in issue. In this regard he clearly considered the impression made by the two marks would be rather different. He said:

“47. Although, as Mr Vanhegan pointed out, both marks share the same first six letters STEELC- this is not how the marks would naturally be seen by consumers. The word STEELCASE is very clearly composed of two familiar words. Combining the words does not in my view disguise the component elements. Mr Vanhegan reminded me that consumers do not pause to analyse marks or look for meanings. I accept that there are dangers in analyses of this kind. But that is not to say that dictionary words cease to be recognised at all simply because they appear in the context of a trade mark. STEELCO may either be seen as a wholly invented word or as a combination of STEEL and CO, the latter being the abbreviation for company.

48. The issue is not simply whether there are points of similarity between the marks but whether the respective marks are distinctively similar (*Torremar Trade Mark*, [2003] RPC 4). There is inevitably a degree of visual similarity arising from the common element STEEL but beyond the fact that STEEL is the first syllable, it is not an element that stands out or would be the dominant focus of consumer attention within the context of the marks taken as wholes. In my view, therefore, the impact of the common element should not be overstated.”

11. Finally, the Hearing Officer turned to assess the likelihood of confusion. He approached this as a matter of global appreciation and concluded that a likelihood of a confusion had not been established:

“54. The position I have reached is that there are identical and closely similar goods in play; that there are certain similarities between the marks arising mainly from the first element; that the first element may be taken as alluding to a characteristic of certain types of goods (in which case less weight may be accorded to that element); that the specifications (save for the opponents' UK registration) are not restricted as to material but that does not necessarily raise the distinctiveness of the element STEEL- to an appreciable extent; that nevertheless the opponents' mark as a totality is of at least average distinctive character but has not been clearly shown to have an enhanced degree of distinctiveness through use or at least not across the whole spectrum of the office furniture market; that this is an area of trade where consumers of varying degrees of sophistication and knowledge can be expected to exercise a reasonable degree of care and attention when making their purchases; and finally that I regard visual contact with the goods/marks to be the most likely trading circumstance. The high point of the opponents' case may be taken to be use of the marks on non-steel or metal products. The first element might in those circumstances carry a little more weight within the totality of the mark. Even so, making the best I can of the matter I am not persuaded that the combined effect of the above considerations (including the interdependency of similarities between the marks and identity/close similarity between the goods) is sufficient to hold that there is a likelihood of confusion. I do not believe that making due allowance for imperfect recollection causes me to come to a different view. This is particularly so as the opponents' mark is clearly made up of two common dictionary words.

55. It was held in *Canon v MGM* that "the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically - linked undertakings, constitutes a likelihood of confusion within the meaning of Article 4(1)(b) of the Directive" (Section 5(2)(b) of the Act). The opponents point out that of the seventeen named manufacturers in the pie chart at JH2 only they have a name commencing with STEEL-. Would the applicants coming into the marketplace with the mark STEELCO give rise to the mistaken belief that they were in some way connected with the opponents? I can see no obvious reason why this should be the case. STEEL- is not in itself a particular distinctive element. The opponents use other

(sub) brands but nothing that seems to me to encourage any expectation amongst consumers that STEELCO would be another of their brands. Furthermore, the word STEEL being no more than the name of a material is a weak basis for making assumptions about consumer expectation and reaction. The objection under Section 5(2)(b) fails accordingly.”

The Appeal

12. On the appeal the Opponent was represented by Mr. G. Tritton, instructed by Barlin Associates, and the Applicant was represented by Mr. T. M. Gregory of T.M. Gregory & Co.
13. The primary ground of appeal relied on by the Opponent was that the Hearing Officer fell into error as a matter of principle in that he failed properly to take into account the reputation attaching to the mark STEELCASE when considering the likelihood of confusion. It was submitted that he was wrong in considering, on the basis of the decision in *DUONEBS*, that it is only necessary to consider acquired distinctiveness in cases where, by reason of extensive trade, the earlier mark has become something of a household name.
14. It is well established that the likelihood of confusion is to be assessed globally, taking into account all factors relevant to the marks and goods in issue. In *Sabel* the European Court of Justice said:

“22. As pointed out in paragraph 18 of this judgment, Article 4(1)(b) of the Directive does not apply where there is no likelihood of confusion on the part of the public. In that respect, it is clear from the tenth recital in the preamble to the Directive that the appreciation of the likelihood of confusion ‘depends on numerous elements and, in particular, on the recognition of the trade mark on the market, of the association which can be made with the used or registered sign, of the degree of similarity between the trade mark and the sign and between the goods or services identified’. The likelihood of

confusion must therefore be appreciated globally, taking into account all factors relevant to the circumstances of the case.

23. That global appreciation of the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components. The wording of Article 4(1)(b) of the Directive - '... there exists a likelihood of confusion on the part of the public ...' - shows that the perception of marks in the mind of the average consumer of the type of goods or services in question plays a decisive role in the global appreciation of the likelihood of confusion. The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details.

24. In that perspective, the more distinctive the earlier mark, the greater will be the likelihood of confusion. It is therefore not impossible that the conceptual similarity resulting from the fact that two marks use images with analogous semantic content may give rise to a likelihood of confusion where the earlier mark has a particularly distinctive character, *per se* or because of the reputation it enjoys with the public.”

15. The position was further explained by the European Court of Justice in *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* [1998] ECR I-5507:

“17. A global assessment of the likelihood of confusion implies some interdependence between the relevant factors, and in particular a similarity between the trade marks and between these goods or services. Accordingly, a lesser degree of similarity between these goods or services may be offset by a greater degree of similarity between the marks, and vice versa. The interdependence of these factors is expressly mentioned in the tenth recital of the preamble to the Directive, which states that it is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion, the appreciation of which depends, in particular, on the recognition of the trade mark on the market and the degree of similarity between the mark and the sign and between the goods or services identified.

18. Furthermore, according to the case-law of the Court, the more distinctive the earlier mark, the greater the risk of confusion (*SABEL*, paragraph 24). Since protection of a trade mark depends, in accordance with Article 4(1)(b) of the Directive, on there being a likelihood of confusion, marks with a highly distinctive character, either *per se* or because of

the reputation they possess on the market, enjoy broader protection than marks with a less distinctive character.

19. It follows that, for the purposes of Article 4(1)(b) of the Directive, registration of a trade mark may have to be refused, despite a lesser degree of similarity between the goods or services covered, where the marks are very similar and the earlier mark, in particular its reputation, is highly distinctive.

.....

24. In the light of the foregoing, the answer to be given to the first part of the question must be that, on a proper construction of Article 4(1)(b) of the Directive, the distinctive character of the earlier trade mark, and in particular its reputation, must be taken into account when determining whether the similarity between the goods or services covered by the two trade marks is sufficient to give rise to the likelihood of confusion.”

16. Finally, I must refer to the decision of the European Court of Justice in *Lloyd Schuhfabrik Meyer v. Klijsen Handel* [1999] ECR I-3819. The assistance of the Court was requested in clarifying the criteria to be applied in assessing the likelihood of confusion within the meaning of Article 5(1)(b) of the Directive.

The Court held:

“18. According to the same case-law, likelihood of confusion on the part of the public must be appreciated globally, taking into account all factors relevant to the circumstances of the case (see, to that effect, *SABEL*, paragraph 22).

19. That global assessment implies some interdependence between the relevant factors, and in particular a similarity between the trade marks and between the goods or services covered. Accordingly, a lesser degree of similarity between those goods or services may be offset by a greater degree of similarity between the marks, and vice versa. The interdependence of these factors is expressly mentioned in the tenth recital in the preamble to the Directive, which states that it is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion, the appreciation of which depends, in particular, on the recognition of the trade mark on the market and the degree of

similarity between the mark and the sign and between the goods or services identified (see *Canon*, paragraph 17).

20. Furthermore, the more distinctive the earlier mark the greater will be the likelihood of confusion (*SABEL*, paragraph 24), and therefore marks with a highly distinctive character, either *per se* or because of the recognition they possess on the market, enjoy broader protection than marks with a less distinctive character (see *Canon*, paragraph 18). "

21. It follows that, for the purposes of Article 5(1)(b) of the Directive, there may be a likelihood of confusion, notwithstanding a lesser degree of similarity between the trade marks where the goods or services covered by them are very similar and the earlier mark is highly distinctive (see, to that effect, *Canon*, paragraph 19).

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-2779, paragraph 49).

23. In making the 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).

24. It follows that it is not possible to state in general terms, for example by referring to given percentages relating to the degree of recognition attained by the mark within the relevant section of the public, when a mark has a strong distinctive character (see, to that effect, *Windsurfing Chiemsee*, paragraph 52)."

17. The global assessment of the likelihood of confusion must therefore be based on all the circumstances. These include an assessment of the distinctive character of the earlier mark. When the mark has been used on a significant scale that distinctiveness will depend upon a combination of its inherent nature and its factual distinctiveness. I do not detect in the principles established by the European Court of Justice any intention to limit the assessment of distinctiveness acquired through use to those marks which have become household names. Accordingly, I believe the observations of Mr. Thorley Q.C in *DUONEBS* should not be seen as of general application irrespective of the circumstances of the case. The recognition of the earlier trade mark in the market is one of the factors which must be taken into account in making the overall global assessment of the likelihood of confusion. As observed recently by Jacob L.J. in *Reed Executive & Ors v. Reed Business Information Ltd & Ors*, EWCA Civ 159, this may be particularly important in the case of marks which contain an element descriptive of the goods or services for which they have been registered. In the case of marks which are descriptive, the average consumer will expect others to use similar descriptive marks and thus be alert for details which would differentiate one mark from another. Where a mark has become more distinctive through use then this may cease to be such an important consideration. But all must depend upon the circumstances of each individual case.
18. Before considering the application of these principles in the present case, it is first convenient to consider the analysis by the Hearing Officer of the inherent characteristics of the mark STEELCASE, contained in paragraphs 33 to 34 of

the decision. In summary, he considered that the mark was very clearly composed of two familiar words and would be recognised as such. Moreover, the STEEL element of the mark did not stand out as a particularly strong element in its own right because it would frequently be an entirely apt description of the composition of the whole or part of the furniture in relation to which it is used. By contrast, the Hearing Officer considered that the mark STEELCO was likely to be perceived as either a wholly invented word or a combination of the elements STEEL and CO, the latter being an abbreviation for a company.

19. The Opponent criticised this approach of the Hearing Officer, contending that he erred in principle in “looking behind” the distinctive mark STEELCASE and in failing to give due account to the absence of other competitors having the word STEEL as part of their brand names. In my judgment these criticisms are not well founded. As the decision of the European Court of Justice in *Sabel*, at paragraph 23, makes clear, the global appreciation of the similarity of the marks must be based upon the overall impression which they give, but bearing in mind, in particular, their distinctive and dominant components. This is how the Hearing Officer carried out his assessment. He considered that the mark STEELCASE did have a distinctive character as a whole, but that the element STEEL was not a distinctive or dominant component in its own right. The reasoning which, to my mind, justifies this conclusion is that STEEL is a word which would be instantly recognised by the average consumer as one which is entirely appropriate to use in relation to many items of furniture. This is supported by the fact that it is frequently used

in the trade in its natural descriptive sense, as found by the Hearing Officer in paragraph 33 of his decision.

20. I must now consider the effect of the use of the trade mark STEELCASE. The Hearing Officer made certain findings as to the scope of the Opponent's trade and reputation in paragraph 35 of his decision, although I think these must also be seen in the context of the more qualified conclusions contained in paragraph 42. It was submitted that, in the light of these findings and upon the application of the principles explained by the European Court of Justice in *Sabel*, *Canon*, and *Lloyd*, he ought to have found that the earlier trade mark STEELCASE was highly distinctive in fact and that this increased the likelihood of confusion.
21. By the relevant date, the Opponent had established a substantial business in the UK office furniture field with a turnover of about £52 million per annum and some 20 UK distributors. It was the market leader. There was some evidence that it had a market share of about 9%, albeit with little supporting explanation. It seems to me that it is very likely that, at the relevant date, the Opponent therefore did have in the UK a significant goodwill and reputation under the mark STEELCASE and this is a matter which, in my judgment, requires consideration in making the global assessment called for by Article 4(1)(b) of the Directive.
22. Nevertheless, I have come to the conclusion that in the context of this case it does not affect the result. I believe the acquired factual distinctiveness must

have been distributed over the whole mark. There is no reason to suppose that it attached more to the prefix STEEL than the element CASE. Moreover, the word STEEL was and is in such common use and so instantly recognisable that I believe that, despite the use made of the mark STEELCASE, the prefix STEEL would still not have stood out as a strong element in its own right as at the date of the application.

23. Finally, I must reach an overall conclusion as to the likelihood of confusion taking into account all factors relevant to the circumstances of the case. Here I largely agree with the conclusions of the Hearing Officer; there are identical and closely similar goods in issue; there are certain similarities between the marks arising essentially from the common use of the prefix STEEL; this prefix did not stand out as the dominant element of the mark STEELCASE at the relevant date, despite a measure of enhanced distinctiveness of the mark as a whole arising from its use; the average consumer was unlikely to recognise the prefix STEEL in the earlier mark as denoting that the goods came from any particular source and was more likely to see it as the name of a metal commonly used in many items of furniture, and this remained the case even when used on non metal products. The goods in issue are such that the average consumer is likely to exercise a reasonable degree of care and attention when making a purchase and the selection process is likely to involve a visual inspection of the goods at some point. Accordingly, while aural and conceptual considerations must play a part, visual considerations are likely to be particularly important. In all the circumstances, I believe that at the relevant date the average consumer would have noticed the difference in the suffix of

the two marks, and this remains the case even taking into account defective recollection.

24. Overall I believe that the Hearing Officer ultimately came to the right conclusion and the appeal must therefore be dismissed. I order the Opponent to pay to the Applicant the sum of £2,000 by way of a contribution to the costs of the appeal.

David Kitchin QC

23rd August 2004