

O/344/21

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION No. 3386572

BY DIGIT AGENCY LIMITED

AND IN THE MATTER OF OPPOSITION No. 416884

BY PUBLICIS GROUPE SA

AND IN THE MATTER OF AN APPEAL

TO THE APPOINTED PERSON

BY THE OPPONENT

AGAINST A DECISION OF MR ANDREW FELDON

DATED 4 DECEMBER 2020

DECISION

Introduction

1. This is an appeal from a decision of Mr Andrew Feldon, acting for the Registrar, dated 4 December 2020, in which he rejected the opposition brought by Publicis Groupe SA (“the Opponent”) against UK trade mark application number 3386572 (“the Application”) in the name of Digit Agency Limited (“the Applicant”).

UK Application number 3386572

2. On 26 March 2019 the Applicant applied to register the trade mark **digit** in relation to “Marketing agency services” in Class 35.
3. The Application was published in the Trade Marks Journal on 5 April 2019.

Opposition number 416884

4. The Opponent opposed the Application on the basis of section 5(2)(b), section 5(3) and section 5(4)(a) of the Trade Marks Act 1994 (“the Act”).
5. The Opposition under sections 5(2)(b) and section 5(3) were based on the Opponent’s European Union Trade Mark (EUTM) 6139919 registered for the mark **DIGITAS** for various goods and services in classes 9, 16, 35, 38, 41 and 42 as an earlier trade mark within the meaning of section 6(1)(a) of the Act (“the Earlier Mark”).

6. The Earlier Mark was filed on 26 July 2007 and registered on 18 August 2008.
7. The Opponent relied on the plain word **DIGITAS** in respect of the Opposition under section 5(4)(a), which it claimed has been used throughout the UK since 1999 in respect of the following services:

Advertising and marketing services; promotional services; public relations services; brand consultancy and brand creation services; marketing and advertising media management services; advertising and marketing management agency services, namely, the creation, development and dissemination of advertising and promotional materials via direct mail, newspaper, radio, television, mobile devices, a global computer network and other interactive media; research services and information services relating to all the aforesaid; direct marketing, database marketing, marketing by mail.
8. In its counterstatement the Applicant denied any likelihood of confusion, acknowledging that it “respects and appreciates the goodwill the opponent has built in their mark DIGITAS” but asserting that there was no similarity between the mark DIGITAS and the “generic word” digit.
9. The Applicant put the Opponent to proof of use of the Earlier Mark.
10. The Opponent filed evidence of use of the Earlier Mark and written submissions. The Applicant did not file any evidence or written submissions. Neither party requested an oral hearing so the Hearing Officer decided the Opposition on the basis of the papers before him.

The Hearing Officer’s decision

11. The Hearing Officer issued his written decision under reference number BL O/609/20 on 4 December 2020. His findings can be summarised as follows:

SECTION 5(2)(b)

The Opposition failed under section 5(2)(b).

Proof of use

- 1) The Hearing Officer found that the Opponent had made genuine use of the Earlier Mark within the UK during the relevant period in the provision of services to clients, and that the level of revenue generated and the expenditure on promotion and brand awareness was “quite substantial”. Clients of the Opponent’s wholly owned subsidiary company, which trades as Digitas in the UK (“Digitas UK”), included a number of high-profile undertakings, notably Honda, Lloyds Bank, HSBC, Kellogg’s, Formula One and Toyota, and the evidence showed that Digitas UK was proactively engaged in the UK marketing agency sector and had won a number of awards in the UK for campaigns and services (paras. 30 - 33).

Fair specification

- 2) The Hearing Officer found that the evidence of use was in the area of marketing and advertising services. The Opponent had relied on all of the goods and services covered by the Earlier Mark, but the evidence of use only supported a claim of genuine use on a part of the class 35 element of the Earlier Mark registration, leading to the Hearing Officer finding the following services to be a fair specification:

Class 35: Advertising and marketing services; promotional services; brand consultancy services; brand evaluation services; brand positioning; brand testing; brand strategy; marketing and advertising media management services; production of advertisements for radio, video, film, computers, internet web sites, television and mobile devices; all the aforesaid services also provided on-line via computer websites or through wireless transmissions; advertising and marketing management agency services, namely, the creation, development and dissemination of advertising and promotional materials via direct mail, newspaper, radio, television, mobile devices, a global computer network and other interactive media; design of publicity and advertising materials.

The findings on proof of use were not disputed (paras. 34 - 38).

Comparison of goods and services

- 3) Having undertaken a review of the relevant case law, the Hearing Officer found that the Opponent's 'Marketing services', 'marketing media management services' and 'marketing management agency services' were identical to the Applicant's 'Marketing agency services'.

There was no challenge to this finding (paras. 38 – 43).

Average consumer

- 4) The Hearing Officer agreed with the Opponent's submission that marketing and advertising services tended to be targeted at "a professional public i.e. businesses and other commercial entities (including sole traders)".
- 5) The Hearing Officer went on to say:

"These services may involve a tendering process as part of the selection process when entering a contract for their provision and are likely to be fairly infrequent and fairly expensive purchases. The selection process for these services is likely to be primarily visual, being made from a website or brochure, however I do not discount the fact that there may be an aural element, given that some of these services may be purchased as a result of word of mouth recommendation. Overall, I find that the average consumer is more likely to be a business or professional than a member of the general public and will pay a higher than medium level of attention to the purchase, though not the very highest level" (para. 46).

The Hearing Officer's findings on the average consumer formed part of the appeal.

Comparison of the marks

- 6) The Hearing Office's findings on similarity were as follows:
 - i. The marks were visually similar to at least a medium degree (para. 53).
 - ii. The Applicant's mark would be pronounced DIJ/IT. It was more likely that the Opponent's mark would be articulated as DIJ/EE/TAS, although it may be articulated as DIJ/IT/AS. In respect of both possible enunciations of the Earlier Mark, the marks at issue were aurally similar to a medium degree (para. 54).

- iii. The Earlier Mark was an invented term with no meaning. The Applicant's mark was a dictionary word which was fairly common in the English language and would be widely understood. The marks were conceptually neutral because a conceptual comparison could not be made (para. 55).

Each of these findings on similarity was the subject of challenge on appeal.

Distinctive character of the Earlier Mark

- 7) The Hearing Officer agreed with the Opponent's submission that the Earlier Mark had an enhanced degree of distinctiveness due to the word 'DIGITAS' being an invented word, or at least likely to be assumed as such by the average consumer. The word 'DIGITAS' was a coined expression with no dictionary meaning. The Hearing Officer found it to be inherently distinctive to a higher than medium degree and that this was further enhanced through the use made of the mark (para. 58).

There was no challenge to this finding.

Likelihood of confusion

- 8) There was no likelihood of direct confusion:

"61. I have already found that:

- the services at issue are identical;
- the marks are visually similar to at least a medium degree, aurally similar to a medium degree, and conceptually neutral;
- the average consumer will generally be a professional;
- the average consumer will pay a higher than medium level of attention when selecting the services at issue;
- the purchasing process will be largely visual however the role that an aural assessment may play in the process has not been discounted;
- the earlier mark has a higher than medium degree of inherent distinctiveness which has been further enhanced through the use made of it.

62. The opponent has provided information pertaining to previous opposition cases before the UK IPO, involving word marks containing five and seven letters (as is the case in this matter). I have taken note of this information however the state of the register evidence, which is what this information amounts to, is not binding upon me. Having considered these earlier cases however, I believe that the examples provided by the opponent are not on all fours with the marks before me in this case.

63. It is the case that 'DIGITAS' and 'digit' are both relatively short words, and as such it is easier to distinguish between them than it would be if longer words or combinations of words were involved. The addition of the letters 'AS' in the earlier mark creates an unusual and invented term which the opponent states was formed with the words 'digital' and 'veritas' in mind.

64. I find that the average consumer, notwithstanding the similarities between the marks, will immediately perceive the differences between the dictionary word 'digit', the meaning of which will be immediately understood, and the invented term 'DIGITAS', and will not mistake one mark for the other. I bear in mind my earlier finding that the average consumer will generally be a professional, paying at least a medium degree of attention, if not a higher than medium degree, when selecting the services at issue.

65. Taking all of the aforesaid into account, I find that direct confusion will not occur."

This finding was the subject of challenge on appeal.

9) There was no likelihood of indirect confusion:

"69. In my opinion, the earlier mark 'DIGITAS' will be perceived as a single word. The average consumer will make no attempt to dissect this word but will accept it as an invented term. That being the case, the word 'DIGITAS' cannot be said to be a logical extension of the 'digit' brand, or vice-versa.

70. The removal of the suffix '-AS' from the earlier mark cannot be said to be an obvious or logical step in the sense of brand evolution or extension. Neither can it be said that the addition of the suffix '-AS' to the word 'digit' represents the addition of a nondistinctive element that will be given little or no weight by the average consumer in the same sense that the addition of e.g. 'Diet' to the trade mark 'Pepsi' immediately informs the consumer that the word 'Diet' indicates a lack of calories or sugar in that version of the 'Pepsi' range of beverages.

71. In *Duebros Limited v Heirler Cenovis GmbH*, BL O/547/17, Mr James Mellor Q.C., as the Appointed Person, stressed that a finding of indirect confusion should not be made merely because the two marks share a common element. In this connection, he pointed out that it is not sufficient that a mark merely calls to mind another mark. This is mere association not indirect confusion.

72. Whilst I find that it is likely that the opponent's mark 'DIGITAS' would be brought to mind on exposure to the applicant's 'digit' mark, I do not consider it likely that indirect confusion would occur. I find that this would amount to no more than association and overall, I find no likelihood of indirect conclusion."

This finding was the subject of challenge on appeal.

SECTION 5(3)

The Opposition failed under section 5(3).

Reputation

10) The Earlier Mark satisfied the requirement of a reputation, at least for the registered services which amounted to the Hearing Officer's fair specification which I set out in paragraph 11(2) above. The evidence indicated "a significant presence in the market".

There was no challenge to this finding (paras. 82 - 84).

Link

11) The public would not make the required mental 'link' between the marks:

"85. An assessment of whether the public will make the required mental 'link' between the marks must take account of all relevant factors. The factors identified in *Intel* are:

The degree of similarity between the conflicting marks

For the reasons I have set out above, I consider there to be at least a medium degree of visual similarity between the marks and a medium degree of aural similarity between the marks. I have found the marks to be conceptually neutral.

The nature of the goods or services for which the conflicting marks are registered, or proposed to be registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public

I have found all of the contested services to be identical to some of the opponent's services in class 35.

The strength of the earlier marks' reputation

In respect of the services that I have found to be supported by the opponent's evidence, I consider the earlier mark to have a strong reputation in the UK.

The degree of the earlier mark's distinctive character, whether inherent or acquired through use

I have previously concluded that the earlier mark has a higher than medium degree of inherent distinctiveness, which is further enhanced through use.

Whether there is a likelihood of confusion

I have found there to be no likelihood of confusion between the marks.

86. Taking into account the nature of the services at issue, the purchase process of such services and the level of attention being paid by a professional consumer, I find that a member of the relevant public encountering the applicant's mark will not bring the earlier mark to mind in any more than the most fleeting manner, which will not create a positive enough link that damage might follow. In other words, any perceived link will be too weak to cause any damage to the earlier mark's reputation and distinctive character or to give an unfair advantage to the later mark."

This finding was the subject of challenge on appeal.

SECTION 5(4)(a)

The Opposition failed under section 5(4)(a).

Relevant date

- 12) As there was no suggestion that the Applicant had used its mark prior to the date of application for registration, the relevant date to assess the passing off claim was the date on which the application was filed, 26 March 2019 (para. 92).

Goodwill

- 13) The evidence of turnover and marketing spend of Digitas UK between 2015 and 2019 was significant, and the evidence referring to market share established Digitas UK as a major player in the advertising and marketing sector within the UK during that period of time. The Hearing Officer also took note of the Applicant's counterstatement which stated that it "respects and appreciates the goodwill that the opponent has built for their mark DIGITAS" and found that the Opponent had a strong goodwill in relation to the services set out in paragraph 11(2) above (paras. 94 – 96).

There was no challenge to this finding.

Misrepresentation and damage

- 14) Misrepresentation would not occur:

"100. In my opinion, due to the reputation of the earlier mark and the applicant's own admission that it is aware of and has respect for the goodwill generated in the earlier mark, there is no doubt that inspiration has been taken from the opponent's sign. Notwithstanding this however, there is no evidence that the applicant intended to deceive. If the applicant's intent was to deceive, then my finding that there is no likelihood of confusion under section 5(2)(b) suggests that it failed in that endeavour.

101. I recognise that the test for misrepresentation is different from that for likelihood of confusion in that it entails deception of a substantial number of members of the public rather than confusion of the average consumer. However, as recognised by Lewison L.J. in *Marks and Spencer PLC v Interflora*, [2012] EWCA (Civ) 1501, it is doubtful whether the difference between the legal tests will produce different outcomes.

102. The average consumer in this matter is a professional or business undertaking who will take at least a medium degree of care in the selection of the services at issue. It is unlikely, in my opinion, that that consumer, when exposed to the applicant's mark, will consider it to be e.g. a variant of the reputed 'DIGITAS' brand. The word 'digit' is a common dictionary word. The word 'DIGITAS' is an invented term which is inherently distinctive to a higher than medium degree. I find that the professional consumer will not perceive the applicant's mark as a new addition to the 'DIGITAS' brand or conclude that these marks are used by the same or a connected commercial undertaking, therefore, misrepresentation will not occur.

103. In *W.S. Foster & Son Limited v Brooks Brothers UK Limited*, [2013] EWPCC 18 (PCC), Mr Iain Purvis QC, as a Recorder of the Court stated that:

"54. Mr Aikens stressed in his argument the difference between 'mere wondering' on the part of a consumer as to a trade connection and an actual assumption of such a connection. In *Phones 4U Ltd v Phone 4U.co.uk Internet*

Ltd [2007] RPC 5 at 16–17 Jacob LJ stressed that the former was not sufficient for passing off. He concluded at 17:

‘This of course is a question of degree – there will be some mere wonderers and some assumers – there will normally (see below) be passing off if there is a substantial number of the latter even if there is also a substantial number of the former.’”

104. Bearing all of this in mind, I consider that whilst the proprietor’s mark may bring the applicant’s mark to mind, it will not lead to misrepresentation. The professional consumer may possibly wonder whether the contested mark originates from the opponent, but will not, I believe, assume that this is the case. As I have concluded that misrepresentation will not occur, it follows that damage will not occur.”

This finding was the subject of challenge on appeal.

Decision and costs

15) The Opposition was dismissed with costs in the sum of £200 awarded to the Applicant (para. 106 – 108).

16) The Opponent disputed the dismissal of the Opposition.

The appeal

12. On 4 January 2021 the Opponent filed a Notice of appeal to the Appointed Person under section 76 of the Act.
13. The Grounds of Appeal concluded that the Hearing Officer had exercised his discretion in an unreasonable fashion and that the Hearing Officer had made numerous distinct and material errors of principle which, cumulatively, resulted in him incorrectly refusing the Opposition on all grounds.
14. At the hearing, which was held remotely, the Opponent was represented by Mr Leighton Cassidy of Fieldfisher LLP. The Applicant has been unrepresented throughout the proceedings and Mr Pradeep Singh, the director of the Applicant, appeared on its behalf at the hearing.

Standard of review

15. The Opponent recognised that it is well established that in order to interfere with the decision of the Hearing Officer it was necessary to satisfy me that there was a distinct and material error of principle in the decision or that the Hearing Officer was wrong. The relevant principles were set out in *TT Education Ltd v Pie Corbett Consultancy* [2017] RPC 17 by Daniel Alexander QC and by the Supreme Court in *Actavis Group PTC EHF v ICOS Corporation* [2019] UKSC 15.

SECTION 5(2)(b)

The average consumer

16. The Opponent argued that the Hearing Officer’s finding that the average consumer was “a professional public i.e. businesses and other commercial entities (including sole traders)” did not take account of the various subcategories of businesses and other commercial entities who used advertising and marketing services, and placed “undue weight to a tendering process being involved” in the average consumer’s selection process. The Opponent

submitted in its Skeleton Argument that tendering is “nearly always used by larger businesses and organisations only”. In my view, these are two separate criticisms of the Hearing Officer – the first relates to who the average consumer is, and the second relates to the act of purchasing.

17. With regard to the first criticism, I consider that the Hearing Officer’s description of the average consumer correctly included the full range of different sized businesses from sole traders through to large corporations, each of which would fall within the notional user of marketing and advertising services.
18. The second criticism was directed towards what the Hearing Officer said about the manner in which those services were purchased by the average consumer. As those comments were relevant to the Hearing Officer’s assessment of the likelihood of confusion, I deal with that criticism below in the paragraphs dealing with the likelihood of confusion.

Visual similarity

19. The Opponent submitted that the Hearing Officer erred in finding visual similarity to “at least a medium degree”, arguing that he should have found visual similarity to a high degree. I consider that there is only a minor difference between the two degrees of similarity “at least medium” and “high”, and that the Hearing Officer’s finding was not one which was reached as a result of a distinct and material error of principle or was wrong.

Aural similarity

20. The Opponent submitted that the Hearing Officer incorrectly concluded that the marks were aurally similar to a medium degree, arguing “a higher than medium degree of aural similarity”, in particular because the shared element “digit” appears at the start of the Earlier Mark and is wholly contained in it. I do not accept the Opponent’s criticism that the Hearing Officer made “a false distinction” between the two pronunciations. In fact, any difference in pronunciation did not affect his conclusion on the assessment of aural similarity, because he found “in respect of both possible enunciations of the earlier mark, the marks at issue can be said to be aurally similar to a medium degree.” (para. 54). Again, I consider that there is only a minor difference between a “medium degree” and “a higher than medium degree” of similarity, and that the Hearing Officer’s finding was not one which was reached as a result of a distinct and material error of principle or was wrong.

Conceptual similarity

21. In its Grounds of Appeal the Opponent submitted that the Hearing Officer ought to have concluded that at least a medium degree of conceptual similarity existed between the two marks, rather than finding them to be conceptually neutral. In its Skeleton Argument and at the hearing the Opponent submitted that the marks will share “some degree of conceptual meaning” due to the common ‘digit’ element.
22. However, in its written submissions before the Hearing Officer, the Opponent said that because the Earlier Mark was a made-up word, whereas the Applicant’s mark was a generic word, “a conceptual comparison may therefore not be possible”. It is not open for the Opponent to argue a higher degree of conceptual similarity on appeal when the Hearing Officer effectively agreed with the position the Opponent had previously adopted.

Treatment of prior registry decisions

23. The Opponent criticised the Hearing Officer for distinguishing three previous decisions relied on by the Opponent, since they involved word marks containing five and seven letters, namely:

Earlier mark: STAGG Mark applied for: STAGGIS

Earlier mark: MIELE Mark applied for: Damiele

Earlier mark: Flexi (stylised) Mark applied for: FLEXITS

24. While the Opponent accepted that the Hearing Officer was not bound by these prior decisions, it criticised him for failing to provide an adequate justification for “departing significantly from the findings in these decisions”. The Hearing Officer stated that those cases were “not on all fours with the marks before me in this case” (para. 62). Although he did not expand on his reasoning, I consider that this was a reasonable conclusion for him to have reached. Each of the three cases relied on by the Opponent concerned earlier marks which were wholly contained in the marks being applied for. That is the opposite of this case, where it is the mark applied for which is wholly within the Earlier Mark. Consequently, the various factors relevant to the assessment of the likelihood of confusion could lead to a different conclusion.

Likelihood of direct confusion

25. The Opponent argued that the Hearing Officer’s statement (at para. 46) that marketing and advertising services “may involve a tendering process as part of the selection process when entering a contract for their provision and are likely to be fairly infrequent and fairly expensive purchases” was incorrect for two reasons.

26. Firstly, the Opponent submitted that the Hearing Officer gave undue weight to a tendering process by wrongly extrapolating the evidence relating to the well-known undertakings such as the companies listed in paragraph 11(1) above, which the Opponent had relied on in order to establish proof of use of the Earlier Mark, to conclude that a tender process would be used by the average consumer to purchase advertising and marketing services. In the Opponent’s view, this overlooked the fact that the majority of the UK economy consists of small and medium-sized enterprises (“SMEs”) and sole traders, who would be the largest procurer of such services. The Opponent argued that those businesses would be unlikely to have the time or financial resources to use tenders, but were more likely to rely on word of mouth, through electronic means such as a search engine or the brand’s website, or through a brochure.

27. Secondly, the Opponent submitted in its Grounds of Appeal that the Hearing Officer was wrong to state that advertising and marketing services were “infrequent and expensive purposes”. SMEs were more likely to make smaller, recurrent purchases, which would not be large-scale campaigns but could be the production of business stationery, materials for trade shows and advertising in trade publications. Even for moderately more expensive purchases, such as social media marketing and search engine optimisation services, the Opponent submitted that these would not be one-off purchases where a lot of time would be spent researching which brand to instruct.

28. I consider it appropriate to deal with these two criticisms together, as they both relate to the way in which the average consumer will purchase advertising and marketing services, which is relevant to the assessment of a likelihood of confusion.

29. Firstly I note that the Hearing Officer stated in paragraph 46 only that a tendering process may be involved as part of the selection process, which was “likely to be primarily visual, being made from a website or brochure”, while also acknowledging that “there may be an aural element, given that some of these services may be purchased as a result of word of mouth recommendation”. His conclusion that “the average consumer is more likely to be a business or professional than a member of the general public” did not confine the average consumer to larger, well-known undertakings of the type listed in paragraph 11(1) above. In particular, his acknowledgement that the average consumer consisted of “businesses and other entities (including sole traders)” in paragraph 46 of the Decision required him to take into account all sizes of business. At this stage in his analysis, therefore, I reject any criticism of the Hearing Officer’s findings relating to the identity of the average consumer and to the ways in which advertising and marketing services may be purchased.
30. I note that the Hearing Officer actually said “*fairly* infrequent and *fairly* expensive purchases” (emphasis added) rather than “infrequent and expensive” as the Opponent referred to in its Grounds of Appeal. Since the evidence that the Opponent filed was for the purposes of establishing proof of use, it appears to have focussed on its largest clients and high-profile TV advertising and marketing campaigns. There was therefore little evidence demonstrating the types of services typically used by SME clients, or their methods of purchasing such services. The Opponent referred to a few invoices which had been exhibited for relatively low amounts (ranging from £270 to £1,135) for services placed by the Opponent with third party publication companies or events companies (as opposed to services offered by the Opponent to its clients). Nevertheless, those invoices demonstrate that some marketing services are provided for relatively low amounts. For those lower value services, a purchaser is unlikely to undertake a tender process before buying them, relying instead on a website, brochure or word of mouth recommendation.
31. I therefore find that the Hearing Officer was required to take into consideration the full range of different sized businesses and the full range of advertising and marketing services which would fall within the broad scope of advertising and marketing services covered by the specification of the Applicant’s mark. These businesses include sole traders and SMEs purchasing lower value advertising and marketing services in addition to larger companies purchasing high value advertising and marketing services. Tendering may sometimes be involved in the selection process, but not always, and that process is likely to be primarily visual, being made from a website or a brochure. Selection through a word of mouth recommendation should also not be discounted. These visual and aural selection processes are likely to be particularly applicable for SMEs, who may be spending lower sums of money on their advertising and marketing services. In those circumstances, undertaking a tender process would be less likely.
32. At the hearing, I asked Mr Singh to comment on the Opponent’s assertions that smaller businesses making smaller purchases would not go through a tender process. Mr Singh distinguished the purchasing of advertising and marketing services from the purchase of a typical consumer good in the way in which the price was arrived at. For a consumer good, there is a set price, so the consumer simply decides whether to buy the good at that price or not. For advertising and marketing services, the pricing is not straight forward and the service provider will submit pricing proposals. I accept this explanation from the Applicant as to how pricing will be arrived at between the supplier and the purchaser of advertising and marketing services. However, I do not consider that negotiations relating to price will reduce the

likelihood of confusion, as by that stage the confusion is likely to have already occurred. For example, an SME purchaser who is confused into approaching the Applicant believing it to be the Opponent or in some way connected to the Opponent will continue to negotiate and agree prices under that misunderstanding as to the true identity of the Applicant. Negotiating price is not the same thing as undertaking a tender process where quotes are obtained from several competitors and where their services, as well as their prices, will be compared in detail.

33. If a tendering process is undertaken, I do consider that it is less likely that there is a likelihood of confusion. This is because, while the average consumer, whatever their size, may be initially confused by the visual and/or aural similarities between the marks into believing that the Applicant is the Opponent or that there is some connection between the two, they are likely to realise their mistake when they find out more information about the Applicant and other competitors as part of the tender process.
34. However, as explained above, the Hearing Officer was also required to consider the likelihood of confusion in a situation where a tender process was not undertaken, which I find is more likely to be the case for SMEs when purchasing lower value advertising and marketing services. Accordingly, even though I consider that the Hearing Officer was right to find that the average consumer will “pay a higher than medium level of attention to the purchase, though not the very highest level”, that does not rule out the risk that, having been confused into approaching the Applicant as a result of the visual and/or aural similarities between the two marks without having gone through a tendering process, they go ahead and instruct the Applicant believing it to be the Opponent or in some way connected to the Opponent.
35. For the reasons given above, I have not interfered with any of the Hearing Officer’s findings as summarised in paragraph 61 of his Decision. He reaches his conclusion that there was no likelihood of direct confusion in paragraphs 63 - 65 of the Decision (see para 11(8) above).
36. The first sentence of paragraph 64 of the Decision would appear to be a conclusion based on the conceptual differences between the two marks. I find this surprising in light of the Hearing Officer’s finding that the two marks were conceptually neutral and that the purchasing process would be largely visual, with some aural assessment not to be discounted. I also note that he makes no express reference to his finding that the Earlier Mark had a higher than medium degree of inherent distinctiveness which had been further enhanced through use. It is well established that the distinctive character of an earlier trade mark is a relevant factor in the global assessment of the likelihood of confusion, and that the more distinctive the earlier mark, either due to its inherent distinctiveness and/or distinctiveness enhanced through use, the greater the risk of confusion (Case C-235/05 P, *L’Oréal SA v. OHIM* EU:C:2006:271, para. 36, *Reed Executive plc v. Reed Business Information Ltd* [2004] EWCA Civ 159, para. 81).
37. Faced with the Applicant’s mark, which is visually and aurally similar to the Earlier Mark to a medium degree, with their conceptual similarity being neutral, and taking into account the increased likelihood of confusion following the finding that the Earlier Mark was inherently distinctive to a higher than medium degree which had been further enhanced through use, I find that the Hearing Officer erred in finding that there was no likelihood of direct confusion. I consider that SMEs and purchasers of lower value advertising and marketing services, who do not engage in a tender process, could well confuse ‘digit’ with ‘DIGITAS’ when seeing the Applicant’s mark displayed in a brochure or on a website, or misremember a word of mouth recommendation of ‘Digitas’ as ‘Digit’ (imperfect recollection being a recognised trait of the average consumer – (*Specsavers International Healthcare Ltd and others v Asda Stores Ltd*

[2012] EWCA Civ 24, para. 52)). Taking all the factors into account, the Hearing Officer should therefore have found that there was a likelihood of direct confusion.

Likelihood of indirect confusion

38. I do not agree with the Hearing Officer's statement that "the removal of the suffix '-AS' from the earlier mark cannot be said to be an obvious or logical step in the sense of brand evolution or extension.". In a similar way that, for example, 'Instagram' is now frequently shortened to 'Insta', I consider that the average consumer, and particularly SMEs and purchasers of lower value advertising and marketing services who do not engage in a tender process, may well consider that 'digit' is a shortened version of 'DIGITAS', or is a related sub-brand or sister brand. Having found that it was likely that the Opponent's mark 'DIGITAS' would be brought to mind on exposure to the Applicant's 'digit' mark, and that there was an increased likelihood of confusion following his finding that DIGITAS had a higher than medium degree of inherent distinctiveness which had been further enhanced through use, and taking all the other factors into account, the Hearing Officer was wrong to conclude that this would amount to no more than association, and that there was no likelihood of indirect confusion (the Decision actually states "indirect conclusion" but this must have been a typographical error).

39. The appeal therefore succeeds in respect of section 5(2)(b) of the Act.

SECTION 5(3)

40. The Hearing Officer summarised the case law applicable to section 5(3) in paragraph 80 of the Decision as follows (which the Opponent did not take issue with):

"80. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, Case 252/07, *Intel*, Case C-408/01, *Addidas-Salomon*, Case C-487/07, *L'Oreal v Bellure* and Case C-323/09, *Marks and Spencer v Interflora* and Case C383/12P, *Environmental Manufacturing LLP v OHIM*. The law appears to be as follows.:

a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors*, paragraph 24.

b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors*, paragraph 26.

c) It is necessary for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind; *Adidas Salomon*, paragraph 29 and *Intel*, paragraph 63.

d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks and between the goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark's reputation and distinctiveness; *Intel*, paragraph 42.

e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the

future; *Intel*, paragraph 68; whether this is the case must also be assessed globally, taking account of all relevant factors; *Intel*, paragraph 79.

f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious risk that this will happen in future; *Intel*, paragraphs 76 and 77 and *Environmental Manufacturing*, paragraph 34.

g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel*, paragraph 74.

h) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality which is liable to have a negative impact of the earlier mark; *L'Oreal v Bellure NV*, paragraph 40.

i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (*Marks and Spencer v Interflora*, paragraph 74 and the court's answer to question 1 in *L'Oreal v Bellure*).

81. The conditions of section 5(3) are cumulative. Firstly, the opponent must show that its mark is similar to the applicant's mark. Secondly, that the earlier mark has achieved a level of knowledge/reputation amongst a significant part of the relevant public. Thirdly, it must be established that the level of reputation and the similarities between the marks will cause the relevant public to make a link between them, in the sense of the earlier mark being brought to mind by the later mark. Fourthly, assuming that the first three conditions are met, section 5(3) requires that one or more of the three types of damage claimed will occur. It is unnecessary for the purposes of section 5(3) that the goods or services be similar, although the relative distance between them is one of the factors which must be assessed in deciding whether the public will make a link between the marks."

41. The respective marks are similar.

42. The Hearing Officer's findings that the Earlier Mark satisfied the requirement of a reputation at least for the services in respect of which the Opponent had shown use, and was known by a significant part of the public concerned across the UK, were not appealed.
43. As I have decided that the Hearing Officer should have found that there was a likelihood of confusion between the respective marks, when that is considered together with his other findings summarised in paragraph 85 of the Decision (see para. 11(11) above), he was wrong to find that the Earlier Mark would only be brought to mind in the most fleeting manner which would not create a positive enough link that damage may follow. The relevant public would make the requisite link between the marks (*L'Oréal SA and others v Bellure NV and others* [2007] EWCA Civ 968, para. 79).
44. I agree with the Opponent's written submissions that the Applicant's mark does take unfair advantage of the Earlier Mark analogous to 'free-riding' or 'coat-tail riding' as described in paragraph 80(i) of the Decision (see para. 40 above) in light of my finding of a likelihood of confusion.
45. With regard to detriment to the distinctive character of the Earlier Mark, paragraph 80(g) of the Decision (see para. 40 above) confirms that the more unique the earlier mark appears, the greater the likelihood that the use of a later similar mark will be detrimental to its distinctive character. It is therefore relevant that the Hearing Officer found the Earlier Mark to have a higher than medium degree of inherent distinctiveness which had been further enhanced through use. I consider that the likelihood of confusion between the two marks which will result through use of the Applicant's mark will weaken the Earlier Mark's ability to identify the services set out in paragraph 11(2) above. There is a serious risk that that will lead to a change in the economic behaviour of the average consumer through use of the Applicant's services rather than those of the Opponent (*Case C-252/07 Intel Corporation Inc v CPM United Kingdom Ltd* EU:C:2008:655 paras. 57, 72 - 78).
46. With regard to detriment to the reputation of the Earlier Mark, there is also a serious risk, given the likelihood of confusion, that the use of the Applicant's mark may be perceived by the public in such a way that the power of attraction of the Earlier Mark will be reduced.
47. The Hearing Officer did not comment on the requirement that the use complained of under section 5(3) must be "without due cause" and neither party addressed me on the issue at the hearing or in written submissions. The onus is on the party using the sign similar to the mark with a reputation to establish that he had due cause for using such a sign (*L'Oréal*, para. 83). Despite being invited to do so by me, the Applicant declined to make any detailed submissions at the hearing. Accordingly, I find that the use of the Applicant's mark would be without due cause as there is no evidence before me to suggest otherwise, and I have already noted the Hearing Officer's findings that the Applicant was aware of the goodwill in the Earlier Mark and had taken inspiration from it.
48. The appeal therefore succeeds in respect of section 5(3) of the Act.

SECTION 5(4)(a)

49. In paragraph 100 of the Decision the Hearing Officer found that there was no evidence of intention to deceive by the Applicant, and suggested that if that had been the Applicant's intention, then it failed in that endeavour following the Hearing Officer's finding that there was no likelihood of confusion. As I have found that there is a likelihood of confusion, that

suggested conclusion can no longer apply. However, even though the Applicant admitted that he was aware of the Opponent's goodwill in the Earlier Mark, and the Hearing Office found that the Applicant had no doubt taken inspiration from the Earlier Mark, mere knowledge of an earlier mark does not prove an intention to deceive. For example, the Applicant may have genuinely thought that there would be no likelihood of confusion. In any event, it is not necessary for there to have been an intention to deceive in order to establish passing off so I do not need to make such a finding (*Baume v Moore* [1958] Ch. 907 at page 916).

50. For the reasons set out above in relation to the section 10(2)(b) claim, I consider that there is a likelihood that business consumers who are aware of the strong reputation of the Earlier Mark are likely to be confused into believing either that the identical services to be provided under the Applicant's mark are those of the Opponent or that there is a connection between the Applicant and the Opponent. The similarity between the two marks will lead those professional consumers more than merely to wonder but amounts to a misrepresentation because it is likely to cause those consumers to mistake the Applicant's mark for the Earlier Mark, misremember the Earlier Mark as the Applicant's mark, or assume that the Applicant's mark is a sub-brand or sister brand of the Earlier Mark.
51. Such misrepresentation will, or is likely to, cause damage to the Opponent, for example by business lost to the Applicant as a result of the misrepresentation, as well as the same factors discussed above in respect of section 5(3) of the Act.
52. Use of the Applicant's mark is therefore liable to be prevented by the law of passing off protecting the Earlier Mark, and so the appeal succeeds in respect of section 5(4) of the Act.

CONCLUSION AND COSTS

53. As the appeal has been successful, application number 3386572 must be refused registration pursuant to sections 5(2)(b), 5(3) and 5(4)(a) of the Act.
54. The costs order made by the Hearing Officer at paragraph 109 of the Decision is reversed.
55. The Opponent is entitled to contributions towards the Opponent's costs of the opposition and the appeal.
56. I will order the Applicant to pay the Opponent the sums of £2,120 in respect of the opposition and £1,300 in respect of the appeal, to be paid by the Applicant to the Opponent within 28 days of the date of this decision.

Simon Clark
The Appointed Person
7 May 2021

Representation:

Appellant: Leighton Cassidy (Fieldfisher LLP)
Respondent: Pradeep Singh (director of the Applicant)