

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NUMBER 3,338,983 BY MICHAEL CODD

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF MARK KING (O/66/20) DATED 4 FEBRUARY 2020.

DECISION

Introduction

1. This is an appeal from the decision of Mr Mark King, for the Registrar, dated 4 February 2020 (O/66/20) where he rejected the opposition of Sacentro – Cinercio de Texteis SA to Michael Codd’s trade mark application (No. 3,338,983) under sections 5(2), 5(3) and 5(4)(a) of the Trade Marks Act 1994. Sacentro appeals.
2. Michael Codd applied to register the following mark:



3. The application was made in relation to the following goods in Class 18 and 25:

Class 18

Airline travel bags; Articles of luggage; Bags for travel; Banknote holders; Belt bags and hip bags; Belt pouches; Bum bags; Bumbags; Card wallets; Coin holders; Credit card holders; Credit-card holders; Daypacks; Dog collars; Fitted protective covers for luggage; Handbags, purses and wallets; Harness; Harness for animals; Harnesses; Leashes for animals; Luggage, bags, wallets and other carriers; Luggage covers; Pet leads; Pouches; Pouches for holding make-up, keys and other personal items; Purses; Ruck sacks; Rucksacks; Small backpacks; Small rucksacks; Travel baggage; Travel bags; Travel bags made of plastic materials; Travel luggage; Traveling bags; Travelling bags; Trunks and traveling bags; Trunks and travelling bags; Waist bags; Waist packs; Waist pouches; Wallets; Wallets for attachment to belts; Wallets including card holders; Wallets incorporating card holders; Wallets [not of precious metal]; Wallets (Pocket -); Wallets with card compartments.

Class 25

Belts (Money -) [clothing].

4. Sacentro based its opposition under section 5(2)(b) on three earlier marks. Use was found in relation to only some of the goods covered by those marks as set out below:

 <p>EUTM: 5,345,211 (the “Device Mark”)</p>	<p>Class 18 Travelling bags</p> <p>Class 25 Clothing and footwear for men, women and children</p>
<p>SACOOR Brothers</p> <p>EUTM: 1,409,556 (the “Stylised Mark”)</p>	<p>Class 25 Articles of clothing including men's suits, shirts, ties, shoes and waistcoats</p>
<p>SACOOR BROTHERS EUTM: 2723294 (the “Word Mark”)</p>	<p>Class 18 Travelling bags</p>

5. The opposition under section 5(3) relied upon the Device Mark only. The opposition under section 5(4)(a) was based on goodwill in the marks “SACOOR” and “SACOOR BROTHERS”.
6. There were numerous findings of the Hearing Officer which are not appealed. First, he found some of the goods covered by the application are identical, some highly similar, some similar, and some dissimilar. Secondly, he found that the average consumer would be a member of the general public, that there would be a medium degree of attention to the purchasing decision, and that the goods would be purchased following a visual inspection, though there would be some aural considerations. Thirdly, he found the earlier marks have a medium degree of inherent distinctive character which has not been enhanced through use. Finally, he found that the Appellant has goodwill in the signs SACOOR and SACOOR BROTHERS in respect of “Clothing, footwear and bags”.

Standard of review

7. The standard of appeal is by way of review. Neither surprise at a Hearing Officer’s conclusion nor a belief that he or she has reached the wrong decision will suffice to justify interference in this sort of appeal. Before that is warranted, it is necessary for me to be satisfied that there was a distinct and material error of principle in the decision in question 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 more recently by the Supreme Court in *Actavis Group PTC EHf v ICOS Corporation* [2019] UKSC 15. What is meant by a material error was explained by Lord Carnworth in the Supreme Court in *R (R) v Chief Constable of Greater Manchester* [2018] UKSC 47 at paragraph 64:

In conclusion, the references cited above show clearly in my view that to limit intervention to a “significant error of principle” is too narrow an approach, at least if it is taken as implying that the appellate court has to point to a specific principle—whether of law, policy or practice—which has been infringed by the judgment of the court below. The decision may be wrong, not because of some specific error of principle in that narrow sense, but because of an identifiable flaw in the judge's reasoning, such as a gap in logic, a lack of consistency, or a failure to take account of some material factor, which undermines the cogency of the conclusion. However, it is equally clear that, for the decision to be “wrong” under CPR r 52.11(3), it is not enough that the appellate court might have arrived at a different evaluation...

8. And, in *Z, R (On the Application Of) v London Borough of Hackney* [2019] EWCA Civ 1099 Lewison LJ at paragraph 66 highlighted that:

It is not enough simply to demonstrate an error or flaw in reasoning. It must be such as to undermine the cogency of the conclusion. Accordingly, if there is no such error or flaw, the appeal court should not make its own assessment.

9. When considering this appeal, and applying the principles I have outlined above, it is important to remember the high bar set.

The Appeal

10. The Appellant appeals on five grounds. First, it is submitted that the Hearing Officer incorrectly compared the earlier marks and SACURE. Secondly, that he made errors in his assessment of likelihood of confusion between the earlier marks and SACURE. Thirdly, that he erred in not finding that the Appellant had a sufficient reputation in the Device Mark to engage section 5(3) of the Trade Marks Act 1994. Fourthly, he wrongly found there to be no link between SACURE and the Device Mark. Finally, he incorrectly found there would not be the necessary misrepresentation required to sustain the objection under section 5(4)(a). I will address each ground in turn.

Ground 1: The comparison of the marks

11. Ms Blythe, for the Appellant, accepts that the Hearing Officer set out the correct test for comparing marks, but argues that he misapplied it. Her first criticism relates to paragraph 60 of the Decision:

In terms of overall impression, the applicant's mark consists of two elements. The first element is the word SACURE. The second element is the letter A which is presented in the form of a padlock. Both elements are distinctive. However, I find the word to be more dominant in the overall impression conveyed.

12. She submits that the Hearing Officer erred in finding both the word SACURE and the pad lock device to be equally distinctive. This it is claimed ignores the established principle that consumers refer to brands by their name rather than by describing figurative elements, a practice which leads to the word element being more distinctive: *T-312/03 Wassen International v OHIM* [2005] ECR II-2897, paragraph 37. However, *Wassen* is not support for the proposition that the word elements of a mark are always more distinctive than the figurative elements. It may be, for example, the only words in

the mark are descriptive or reproduced in a very small typeface whereas the figurative device can be easily verbalised.

13. In any event, I do not agree with the Appellant that the finding that “both elements are distinctive” should be read as “both elements are *equally* distinctive” neither do I agree with Ms Blythe’s submission that the sentence following should be read to mean the word element’s dominance is confined to visual dominance. The Hearing Officer found the word element to be more dominant than the padlock device and by this he means it “stood out more” – that is, it is more distinctive. I therefore reject this criticism of the Hearing Officer’s decision.
14. The Appellant makes two more criticisms of the Hearing Officer’s comparison of the signs.
15. First, Ms Blythe submits that the Hearing Officer should have found that the word “BROTHERS” (while a point of aural difference) does not have an important impact on the overall assessment of aural similarity. The Hearing Officer’s finding, in paragraph 65, was that SACURE and SACOOR end in two different syllables and the inclusion of the word BROTHERS in the second mark is another point of difference. He then goes on to find the aural similarity to be “below medium but not low”. This is a finding he was perfectly entitled to make. I see no basis in his reasoning to support the suggestion that he gave undue weight to the word BROTHERS. I therefore reject this criticism of his judgment.
16. Secondly, it is submitted by Ms Blythe that the Hearing Officer erred in his assessment of conceptual similarity. This submission is an attempt to isolate one element from each mark (SACOOR and SACURE) and ignore the rest of the mark. I entirely agree with the Hearing Officer that the mark SACOOR BROTHERS suggests that SACOOR is being used as a family name. It would be entirely wrong to ignore one element of the mark so as to remove its conceptual meaning. Likewise, it seems entirely logical to me that the addition of the padlock device to SACURE will allude to the concept of being secure or safe. Accordingly, I reject this criticism as well.

Ground 2: Likelihood of confusion

17. The Appellant’s second ground of appeal is also multi-faceted. First, Ms Blythe suggests that the Hearing Officer did not properly consider purchases which are made entirely verbally. Secondly, that the Hearing Officer placed too much emphasis on the conceptual dissimilarity of the marks. Finally, that the Hearing Officer failed to correctly apply the interdependency principle.
18. The basis of Ms Blythe’s first criticism is paragraph 70 of the Hearing Officer’s Decision:

The average consumer for the contested goods is the general public. The goods will be sold in physical retail stores as well as online and/or through mail order. The act of purchasing bags, wallets, etc will be a primarily visual process. The act of purchasing will be based on aesthetics and functionality. In physical retail premises, the average consumer will be viewing and

handling the goods. On an online website or mail order catalogue, a consumer will be viewing images of the goods prior to selection. Either way the goods would be purchased following a visual inspection, though I do not discount aural consideration such as seeking advice from sales staff or from word of mouth recommendations. Given that the price of the contested goods can vary between products, I conclude that the average consumer will be paying a medium degree of attention during the purchasing process.

19. She submits that, following this finding, it is possible that a consumer would only have encountered the mark aurally and that this is a scenario which was not properly considered by the Hearing Officer. Where a consumer goes into a shop looking for a bag based on a word of mouth recommendation and speaks to a shop assistant, the consumer would usually be presented with the bag either on the shop floor or at the till before the purchase was made. Accordingly, some visual comparison would be possible.
20. The purchasing decision would have to be entirely over the telephone for there to be no visual comparison at all. For this to happen in real life would involve an extraordinary leap of faith. A consumer would have to rely on a word of mouth recommendation alone. Next, without looking at a website, catalogue or other document, he or she would have to telephone a shop or mail order company and purchase a bag based on that recommendation alone. Finally, the consumer would do all this without any assessment of the functional or aesthetic merits of the bag. This series of events does not fit at all with the findings of the Hearing Officer.
21. The Hearing Officer was right to say a purchase of a bag might have aural considerations, but the Appellant's hypothetical telephone purchase without any sight of the product whether online or otherwise would be exceptional (not to mention unwise). Accordingly, I do not think the Hearing Officer's conclusions can be criticised in this respect.
22. Ms Blythe's next criticism under this ground is that the Hearing Officer gave too much weight to the conceptual difference between the marks. This is no more than an attempt to reopen the Hearing Officer's decision because the Appellant disagrees with it. I have already found he was right to identify the conceptual difference between the earlier marks and the SACURE mark. His conclusion on the role of the conceptual similarity – where he balances those differences with the level of visual and aural similarity, takes into account the identity of the goods, and concludes no direct confusion – cannot be faulted (see Decision, paragraph 81). Further, as I have just indicated, he clearly took account of the interdependency principle and so this criticism is also unwarranted. I accordingly dismiss this ground of appeal as well.

Ground 3: Reputation

23. The third challenge to the Hearing Officer's decision is that he incorrectly found the Device Mark to lack the necessary reputation to engage section 5(3). The Appellant accepts the Hearing Officer correctly set out the test for reputation, but argues he went on to make a series of mistakes.

24. The first alleged mistake relates to sales figures. The Appellant provided its total turnover figures between 2013 and 2018 (set out in Decision, paragraph 12). These show that over that period its total turnover was between approximately €31.5 and €38m. In reality, however, this turnover was substantially generated in Portugal (where it ranged from approximately €30m to €37m). There was no evidence of the size of the market in the relevant goods in Portugal, the United Kingdom, or throughout the EU. The Hearing Officer said the market was “vast” (Decision, paragraph 91) and, in the absence of evidence, this seems to be a reasonable statement even if a little imprecise.
25. The Hearing Officer went on to criticise the sales figures further in paragraph 92 of his Decision:
- ...the sales figures are broad and are not sufficiently focussed on which goods have a reputation. Further, they do not demonstrate that any reputation exists in a substantial part of the European Union.
26. Ms Blythe submits that a reputation can exist across clothing, footwear and fashion accessories for men, women and children. This is clearly true; a brand’s reputation can extend across a range of goods (and services). She continues by stating that it is common for brands in the fashion industry to sell a wide range of clothing and accessories. I also accept this statement. She then goes on to say it is therefore not necessary to break the sales figures down into each respective good. I do not agree.
27. For instance, it may be the case that almost the entirety of the sales by SACOOR were in footwear. This cannot be taken to give them a reputation in clothing just because the goods might be sold together in the marketplace. After all, there are many shoe sellers who do not sell clothing (and many clothes shops which do not sell shoes). Put simply, in the absence of evidence, it would be wrong for a Hearing Officer to apportion turnover to goods evenly, or conversely to allocate the entire turnover to one good. If the Appellant wanted to rely on a reputation across a range of goods or just a single good then the burden falls on it to substantiate its claimed reputation properly.
28. Ms Blythe also criticises the Hearing Officer’s approach to geographical scope. The Hearing Officer said the relevant territory for assessing reputation is the European Union. Ms Blythe submits that a reputation in one member state can be enough to establish a reputation in the EU. She is correct (see C-301/07 *PAGO International* [2009] ECR I-9429, paragraphs 30) but this does not mean the Hearing Officer was wrong.
29. It is important to understand what the Court of Justice meant when it indicated that reputation in a single member state may be sufficient. It was *not* saying that a reputation in a significant part of (say) the Portuguese territory is enough, but rather that having a reputation across enough of Portugal might quantitatively be sufficient to amount to having a reputation across a significant part of the EU. On the other hand, there will be cases where the reputation exists amongst a significant part of the Portuguese territory, but the size of that territory would not constitute a significant part of the overall territory of the EU. Accordingly, the Hearing Officer was right to treat the relevant market as the whole EU and I reject Ms Blythe’s criticisms.

30. Ms Blythe also argues that the marketing and promotional spend, the press coverage the brand had received, and the celebrity endorsements mean it must have a sufficient reputation. These were all considered by the Hearing Officer (Decision, paragraph 91) and he made his own judgment whether they were sufficient to generate a reputation. He concluded they were not enough, and he was entitled to do so. Accordingly, I dismiss this ground of appeal as well.
31. It is important to remember that the burden of establishing a reputation for the purposes of section 5(3) falls on the proprietor of the earlier mark. For a mark with an established reputation this may not be “a particularly onerous requirement” to satisfy: *Och-Ziff Management Europe Ltd & Anor v Och Capital LLP & Anor* [2010] EWHC 2599 (Ch), [2011] FSR 11, paragraph 126. However, this does *not* mean that the proprietor of an earlier mark who has filed only weak, incomplete, or irrelevant evidence to establish the reputation should be given the benefit of the doubt at the expense of the applicant. The reason it is not an onerous requirement is because collecting the evidence should be straightforward (even if time consuming) where a mark has the necessary reputation.

Ground 4: The Link

32. As I have rejected the third ground of appeal there is no need to consider this ground.

Ground 5: Misrepresentation

33. The Hearing Officer found that SACOOR BROTHERS and SACOOR had developed sufficient goodwill to support a claim for passing off. However, in respect of both marks he said there would be no misrepresentation. The reasoning for SACOOR BROTHERS was largely the same as it had been under section 5(2)(b), and the Appellant put forward no additional reasons as to why the result would be different under section 5(4)(a).
34. Where the earlier right was SACOOR then the comparison is between it and SACURE and device. The Hearing Officer undertook a visual comparison of the two marks. He then moved on and noted that he had already found that SACOOR on its own had no identifiable concept and so he was comparing a mark with no concept and one with a concept of being secure or safe. He concludes by finding that the two marks are aurally similar to a medium degree (see Decision, paragraphs 114 and 115).
35. The Appellant’s challenge on this ground is essentially a re-run of some of the submissions below. Ms Blythe argues the aural similarity between the SACOOR and SACURE marks was “very high” before the Hearing Officer (see Decision, paragraph 64). This was rejected. The Hearing Officer’s assessment that the aural similarity was “medium” was a value judgment and upon which there is no basis to disturb on appeal. Her criticisms of the visual comparison were that the differences would not be remembered where there was an imperfect recollection. The Hearing Officer undertook an extensive visual comparison and provided a logical and fully-reasoned decision in that regard. Finally, Ms Blythe submits that as SACOOR had no concept it could have a connection to “security” as this was common for travelling bags. It is not possible for

a mark to have both no concept and a concept, which is really what she is trying to argue.

36. In short, the Hearing Officer considered the issues, set out his reasoning clearly and concluded that section 5(4)(a) did not obtain. I therefore reject this ground of appeal as well.

37. I reject all the grounds of appeal and uphold the Hearing Officer's decision.

Costs

38. Mr Wood directed me to the decision of Mr Iain Purvis QC, sitting as the Appointed Person, in *Greybox* (O/106/20). In that decision Mr Purvis criticised appeals which are "little more than restatements of the case argued before the Hearing Officer on a particular point together with an assertion that the Hearing Officer was wrong" with little attempt to "to identify and plead only the points on which the Appellant may have a reasonable chance of success" (paragraph 10). Essentially, he was criticising what I would call blunderbuss appeals where a lot of points are run without proper regard to whether a particular point will succeed or not, all with the simple hope that at least one will hit home.

39. Mr Wood suggests that this case, like too many others, is a blunderbuss appeal. Further, he submits that the absence of any sanction for running these sorts of appeal means they will continue and will cost respondents a lot of money to defend. He suggests the only way to narrow down the grounds of appeal to those which have merit (turning the blunderbuss into a precision rifle) would be to award "off-scale" costs against any person bringing a blunderbuss appeal. Mr Wood accepts that the prevalence of blunderbuss appeals would make the award of off-scale costs quite common.

40. In support of this submission, he relies on the following paragraph of Anthony Watson QC's judgment in *Rizla Ltd's Application* [1993] RPC 365 at 377:

As a matter of jurisdiction, I entertain no doubt that if the Comptroller were of the view that a case had been brought without any bona fide belief that it was soundly based or if in any other way he were satisfied that his jurisdiction was being used other than for the purpose of resolving genuine disputes, he has the power to order compensatory costs. It would be a strange result if the Comptroller were powerless to order more than a contribution from a party who had clearly abused the Comptroller's jurisdiction. I conclude therefore that, in so far as the appeal is based on the argument that the compensatory costs order made was beyond the Comptroller's jurisdiction, it should fail.

Mr Watson continued:

However, the appellant has a second argument, namely that even if there is jurisdiction, the superintending examiner had no good grounds for finding the appellant's conduct to be so unreasonable that a special and, by the established standards of the Office, draconian costs order should be made against him...

The superintending examiner in his decision correctly, in my view, framed the issue he had to decide as:

"... whether the conduct of the referrer constituted such exceptional circumstances that a standard award of costs would be unreasonable."

41. I clearly have jurisdiction to award off-scale costs where an unarguable appeal is pursued. But a blunderbuss appeal may be a mixture of points which are arguable and those which are not. It would be possible to award issue-based off-scale costs where the unarguable is run alongside arguable points. But issue-based assessments would be complicated and would necessitate a determination of not only whether a ground of appeal succeeds but also whether it was arguable. This would substantially increase the cost and complexity of proceedings before the Appointed Person and thereby undermine the purpose of the tribunal.
42. I am not suggesting that it is acceptable for an appellant to run an unarguable ground of appeal. There is a professional duty on barristers, solicitors, and Trade Mark Attorneys not to do so (BSB, Rule C9.2.b; SRA, Rule 2.4; IP Reg, Rule 14.1). Neither am I saying that blunderbuss appeals should never attract off-scale costs, but Mr Wood's broad proposition simply goes too far.
43. The merits of the scale system used before the registry were explained by Geoffrey Hobbs QC, sitting as the Appointed Person in *AMARO GAYO COFFEE* (O/257/18) at paragraph 13:
- The long established practice in Registry proceedings is to require payment of a contribution to the costs of a successful party, with the amount of the contribution being determined by reference to published scale figures. The scale figures are treated as norms to be applied or departed from with greater or lesser willingness according to the nature and circumstances of the case. The use of scale figures in this way makes it possible for the decision taker to assess costs without investigating whether or why there are: (a) disparities between the levels of costs incurred by the parties to the proceedings in hand; or (b) disparities between the levels of costs in those proceedings and the levels of costs incurred by the parties to other proceedings of the same or similar nature. The award of costs is required to reflect the effort and expenditure to which it relates without inflation for the purpose of imposing a financial penalty by way of punishment on the paying party.
44. Mr Hobbs goes on to explain that the same basic approach is followed by the Appointed Person (see paragraph 14) and he continues by saying that “an award of costs is required to reflect the effort and expenditure to which it relates without inflation for the purpose of imposing a financial penalty by way of punishment on the paying party” (paragraph 17). Furthermore, in *Lion Entertainment v Telegraph Group* [2019] FSR 16, paragraph 41, I took the view that a costs award can reflect the poor conduct of a party even without awarding “off scale costs” by awarding costs higher in the scale than it might usually warrant.
45. It is true that this appeal, like *Greybox*, is a blunderbuss appeal. However, I have no reason to believe that the Appellant pursued the appeal believing it was without any merit. I also do not consider a blunderbuss appeal in itself is exceptional; indeed, it is far from it. However, dealing with a blunderbuss appeal will involve more “effort and expenditure” by the respondent and this can be reflected in my assessment of a “reasonable” contribution to costs. I therefore order that the Appellant must pay a contribution to the Respondent's costs in the sum of £2,500.

PHILLIP JOHNSON

THE APPOINTED PERSON
26 JULY 2020

For the Appellant: Charlotte Blythe instructed by Potter Clarkson

For the Respondent: Aaron Wood of Blaser Mills