O/362/20

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NUMBER 3,325,473 BY PENG CHENG YU

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF MATTHEW WILLIAMS (O/758/19) DATED 11 DECEMBER 2019.

DECISION

Introduction

1. This is an appeal from the decision of Mr Matthew Williams, for the Registrar, dated 11 December 2019 (O/758/19) where he rejected the opposition of Seven S.p.A to Peng Cheng Yu's trade mark application (No. 3,325,473) under section 5(2)(b) of the Trade Marks Act 1994. Seven S.p.A appeals.

2. Peng Cheng Yu applied to register the following mark:

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

   Baby backpacks; Baby carrying bags; Back packs; Backpacks; Backpacks [rucksacks]; Baggage; Bags; Bags [envelopes, pouches] of leather, for packaging; Bags for carrying animals; Bags for carrying pets; Bags for clothes; Bags for school; Bags for sports; Bags for sports clothing; Bags for travel; Beach bags; Beach bags; Beauty cases; Belt bags; Belt pouches; Belts (Leather shoulder -); Card wallets; Cases for keys; Changing bags; Daypacks; Fashion handbags; Gym bags; Hand bags; Hiking bags; Messenger bags; Nappy bags; Shoulder bags; Sports bags; Sports packs; Suitcases; Toilet bags; Travel baggage; Travel bags; Travel cases; Travel luggage; Wash bags (not fitted);Waterproof bags.

4. Seven S.p.A opposed based on two earlier marks. The first was a word mark SEVEN (EUTM 8,728,651) relying goods in Class 18. The second mark was the following figurative mark (EUIR No 1,231,145) which was registered in Classes 9, 16, 18 and 35:

5. The Appellant proved use in relation to “Backpacks, rucksacks, school bags, bags, travelling bags, holdalls”. The Applicant (now Respondent) admitted before the Hearing Officer that the goods covered by its application were identical or similar to the goods covered by the earlier mark.

6. It was also conceded by the Appellant before the Hearing Officer that its best case was based on the work mark SEVEN. I therefore need not consider the figurative mark any further.

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. This Appellant’s submissions were largely directed towards challenging the Hearing Officer’s approach to composite marks. However, there were also several challenges to other findings by the Hearing Officer. I will deal with each in turn.

Composite marks

11. Mr Manaton, for the Appellant, challenges the Hearing Officer's assessment of the role played by the various components of the mark in the assessment of similarity. The Hearing Officer dealt with this in paragraph 19 of his Decision:

> I agree that the Applicant's mark is a composite mark, whose three component parts do not form a unit greater than their sum; I also acknowledge the limited significance of the LONDON component, and that the SEVENTEEN element is a distinctive element and that it has the greater degree of dominance within the mark as a whole. However, at paragraph 36 of his skeleton argument, Mr Manaton submits that "the relevant comparison is therefore essentially between SEVENTEEN and SEVEN." In my view that submission is too reductive and improperly denies the need for due account of the large and central "S" device element, which I consider to be neither negligible nor without distinctiveness and to have, owing to its size and position, a considerable degree of prominence in the mark overall.

12. It is asserted by Mr Manaton that this approach was wrong and that once the Hearing Officer had identified SEVENTEEN as a dominant distinctive element of the mark, it should follow that the remaining elements (including the "S" device) are, for the purposes of the comparison, "negligible".

13. The Appellant relied on paragraph 42 of C-334/05 *OHIM v Shaker* (LIMONCELLO) [2007] ECR I-4529. However, this paragraph must be read in the context of the preceding paragraph and so I will set out both:

> It is important to note that, according to the case-law of the Court, in the context of consideration of the likelihood of confusion, assessment of the similarity between two marks means more than taking just one component of a composite trade mark and comparing it with another mark. On the contrary, the comparison must be made by examining each of the marks in question as a whole, which does not mean that the overall impression conveyed to the relevant public by a composite trade mark may not, in certain circumstances, be dominated by one or more of its components (see order in *Matratzen Concord* v OHIM, paragraph 32; *Medion*, paragraph 29).
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> As the Advocate General pointed out in point 21 of her Opinion, it is only if all the other components of the mark are negligible that the assessment of the similarity can be carried out solely on the basis of the dominant element.

14. The general rule, as emphasised time and again, is that it is improper to compare just one component of a composite mark with another mark. This general rule is subject to some limited exceptions. One of these exceptions, based on C-120/04 *Medion* [2005] ECR I-8551, arises where a component of a composite mark has an independent distinctive character. Another exception, based on T-6/01 *Matratzen Concord* [2002] ECR II-4335 (upheld by the Court of Justice: C-3/03 *Matratzen* [2004] ECR I-3657), applies where a component of a mark is so dominant over other components that the dominant element is all that the relevant public would keep in its mind (and so everything else is negligible).

15. These are two different cases which, as the court made clear in *Shaker*, are not contradictory. It is important, therefore, not to mix up decisions which are dealing with individual distinctive character with those dealing with what could be called *Matratzen* dominance. Furthermore, even when these exceptions are engaged, the ultimate question remains as to whether, in following a global assessment of all the factors, there

is a likelihood of confusion (see *Whyte and MacKay Ltd v Origin Wine UK Ltd* [2015] EWHC 1271 (Ch), paragraph 21).

Independent distinctive character

16. The law dealing with components of marks which have independent distinctive character is built upon two Court of Justice cases: C-120/04 *Medion v Thomson Multimedia Sales* [2005] ECR I-8551 and C-591/12P *Bimbo SA v OHIM* ECLI:EU:C:2014:305. How this would apply to the current case only becomes relevant if the Hearing Officer had found that the word SEVENTEEN had an independent distinctive character within the Respondent's mark and so it is to this I first turn.

17. Mr Manaton submits that "most" of the finding that SEVENTEEN had an independent distinctive character was in paragraph 19 (set out above) and the rest should follow implicitly. Furthermore, he says, the Hearing Officer's failing to join these final dots was a material error.

18. Whether or not an element of a trade mark has an independent distinctive character is a question of fact. There can be no doubt that the issue was at the forefront of the Hearing Officer's mind when he was drafting paragraph 19. Immediately before he set out his findings, he recited four paragraphs of Mr Manaton's skeleton argument which included an argument that the word SEVENTEEN should be treated as having independent distinctive character.

19. The Hearing Officer (rightly) rejected this submission in paragraph 19. The fact he did not expressly say that the mark had no independent distinctive character does not make his finding that this was indeed the case any less clear. Accordingly, on appeal, all Mr Manaton is really trying to do is reopen a factual finding which the Hearing Officer was perfectly entitled to make. I accordingly reject this ground of appeal.

***Matratzen* dominance**

20. Mr Manaton's second complaint is that the Hearing Officer approached the test set out in *Matratzen* incorrectly. He suggests that the Hearing Officer wrongly identified the non-negligible features before forming his overall impression of the mark. He also claims that once the Hearing Officer had found that SEVENTEEN was the dominant distinctive element the remaining elements are by that fact negligible.

21. Mr Manaton relies upon T-412/08 *Trubion*, EU:T:2009:507 as supporting his submission that everything but SEVENTEEN was negligible. *Trubion* involved a word mark and device. The device while decorative was said not to be negligible (paragraph 45 and 46). This case reiterated the rule that some elements of a mark (the dominant elements) may have greater influence in an assessment of the overall impression. However, the court did not treat the device as negligible and it was taken into account in the comparison of marks. It is not clear, therefore, how this case really assisted the argument Mr Manaton is making.

22. He also relies upon *Eden Chocolat* (O/547/17) where a word and device mark was found to be confusingly similar to the mark EDEN. Once more, it is not clear how this helps the Appellant's case. The Appointed Person upheld the Hearing Officer's view that neither the device, the words, nor the slogan were negligible (paragraph 37.3) so each was taken into account in the overall assessment. Mr Manaton also refers to the *Bimbo* case but that related to how to deal with elements of a composite mark which have independent distinctive character, rather than *Matratzen* dominance.

23. Overall, I find that the Appellant is making a valiant attempt to stretch *Matratzen* dominance well beyond its furthest reach. The key part of the judgment in *Matratzen* is at paragraphs 33 and 34, where the Court explained why an element of a composite mark might dominate:

> …it must be held that a complex trade mark cannot be regarded as being similar to another trade mark which is identical or similar to one of the components of the complex mark, unless that component forms the dominant element within the overall impression created by the complex mark. That is the case where that component is likely to dominate, by itself, the image of that mark which the relevant public keeps in mind, with the result that all the other components of the mark are negligible within the overall impression created by it.
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> It should be made clear that that approach does not amount to taking into consideration only one component of a complex trade mark and comparing it with another mark. On the contrary, such a comparison must be made by examining the marks in question, each considered as a whole. However, that does not mean that the overall impression created in the mind of the relevant public by a complex trade mark may not, in certain circumstances, be dominated by one or more of its components.

24. Thus, what the Court is really saying is there might be an element of a trade mark which the average consumer, with imperfect recollection, will not remember (or even notice in the first place). This would arise where the element is so insignificant (negligible) compared to other elements in the trade mark that the average consumer would not try to remember it. An element of an earlier mark which has been "forgotten" in this way cannot form any part of the assessment of similarity or confusion (as the consumer would not consciously know that it exists).

25. Therefore, when the Hearing Officer is considering whether an element is "negligible" the question is really whether it is something the average consumer would remember during any "imperfect" recollection. The large "S" device in the application clearly does not fall into the category of elements that would be forgotten. Accordingly, the Hearing Officer was right to reject the proposition that the comparison should be between the mark SEVEN and SEVENTEEN. The Appellant's argument that dominant distinctive elements push everything else in the mark towards being negligible is clearly wrong in law. This ground of appeal is also rejected.

Other criticisms

26. The Appellant makes a raft of other criticisms of the Hearing Officer's decision. These grounds bring to mind the comments of Iain Purvis QC, sitting as the Appointed Person, in *Greybox* (O/106/20) at paragraphs 7 to 10:

> 7. The Grounds of Appeal in this case identify 15 separate errors alleged to have been made by the Hearing Officer. Although Ms Blythe accepted at the hearing that some of the alleged errors were 'minor', she contended that they nonetheless had a 'cumulative effect'. Having heard this appeal and considered the array of points made, I am forced to conclude that the Grounds of Appeal were in fact no more than a list of every point on which the Opponent disagreed with the Hearing Officer.
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> 8. I do not regard it as helpful either for the conduct of appeals generally or for the chances of success of an appellant in an individual case to proceed in this way.
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> 9. Most Opposition proceedings, including this one, involve evaluative, multi-factorial decisions, in which the Hearing Officer applies a generalized legal test by weighing up the evidence and coming to a nuanced overall impression. It is well-established that a wide latitude is given to Hearing Officers in relation to such decisions and no appeal is likely to succeed unless the appellant demonstrates a distinct and material error of principle. This may involve an actual mistake of law, or it may involve an error in the way the legal test has been applied – for example taking into account irrelevant evidence, or failing to consider relevant evidence. When compiling Grounds of Appeal, it is important for Appellants to have this in mind. The Grounds should identify errors of principle which would provide a proper foundation for the Appointed Person to overturn the Decision.
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> 10. It will become apparent that few if any of the Grounds of Appeal in this case identified alleged errors of this kind. Many 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 to make the finding she did. Others raise issues which were simply immaterial to the overall decision. Furthermore, there seems to have been no exercise of discrimination to identify and plead only the points on which the Appellant may have a reasonable chance of success.

27. In addition to the main grounds of appeal dealt with above, the Appellant tries to find fault with almost every adverse finding made by the Hearing Officer. As *Greybox* makes clear, it is imperative that Appellants, at least those who are professionally represented, identify the grounds of appeal which have a reasonable prospect of success and set out those grounds out as concisely as possible (adopting a similar approach to that expected under CPR, PD52B, par 4.2(d)).

28. In this appeal, the Appellant attempts to buttress every finding in its favour and criticise every adverse finding. Mr Manaton's criticisms rely on readings of the Hearing Officer's Decision which are predicated on approaches to language similar to those advocated in the *Treatise of Equivocation.* For instance, in paragraph 21:

> The word "seventeen" in the Applicant's mark contains the word "seven" which is the Opponent's word mark. Nonetheless, the additional four letters "teen" are very obvious and they of course give rise to a different and notably longer word. While the "seven" and "seventeen" could be considered visually similar to no more than a medium degree, when I take into account the additional visual difference resulting from the prominent "S" device, I consider the marks to be visually similar to a low degree (even disregarding the word LONDON).

29. Mr Manaton does not challenge the finding that SEVEN and SEVENTEEN are similar to no more than a medium degree (albeit he sought to down play the words "no more") but he does challenge the suggestion that the similarity was diminished by the addition of the S device. This cannot be right. The addition of a device so that it is an element of one mark but not the other must reduce the similarity between those marks to some

degree. How much it reduced the similarity was for the Hearing Officer to decide and his conclusion that it reduced the similarity to a low degree is perfectly proper.

30. Similarly, Mr Manaton adopts the finding that the marks when spoken would have no more than a medium degree of similarity (Decision, paragraph 22). He then suggests, despite the Hearing Officer reminding himself of his finding (Decision, paragraph 29), he "lost sight" of his earlier finding's significance. He is also criticised by Mr Manaton because he "downgraded" his assessment by suggesting the S device or the word "London" might be spoken, and this would reduce the aural similarity of the marks.

31. As he found neither the S device nor London to be negligible, it was entirely proper for the Hearing Officer to address the possibility that they might be spoken. Furthermore, as I have already said, the addition of a new element to one mark and not the other will inevitably downgrade the similarity between the marks (unless, of course, the additional element was similar to something in the earlier mark which was previously absent from the later mark). The Hearing Officer's decision in this regard cannot be impeached.

32. The Appellant also challenges the Hearing Officer's finding in respect of the purchasing decision at paragraph 12:

> The price of the goods may of course vary, but broadly bags are not especially expensive, although they are more occasional than regular purchases. The consumer will be engaged in the purchasing process at least to a degree to ensure suitability in terms of size, function and styling preference. I consider it fair to characterise as 'normal', or 'medium', the level of attention of the average consumer in buying the goods specified in this case.

33. The Appellant's complaint about this finding is that because the average consumer is concerned with size, function and styling they will have less interest in trade marks. This may or may not be so, but there is nothing in the Hearing Officer's finding which suggests this was not factored into the assessment. He properly directed himself on the legal test and so the factual assessment of the purchasing decision was one he was perfectly entitled to make. The Appellant's argument only works if additional words are read into the Decision and I find no basis to do so.

34. There are similar challenges to the distinctiveness of the SEVEN mark. The Appellant accepts the Hearing Officer's finding that its mark was distinctive (Decision, paragraph 15) but then suggests that this was inconsistent with the later finding that the same mark was "inherently distinctive to a degree that is lower than average" (Decision, paragraph 26). The Appellant calls this a finding of "reduced" distinctiveness. I see no inconsistency at any level. The first statement is that the mark has some degree of distinctiveness and the second sets out a factual finding as to the actual degree of distinctiveness. There is no "reduction" between the two statements. The Hearing Officer's findings were entirely logical and proper. Indeed, the Hearing Officer goes on to consider that even if he had been wrong and the distinctiveness was higher it would not affect his decision (Decision, paragraph 30). I also reject this challenge.

35. Mr Manaton's final criticism is difficult to follow. He claims the Hearing Officer had misapplied the interdependency principle. The Hearing Officer set out the principle in

its common form (Decision, paragraph 30), namely that “a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods”. The Appellant accepts this statement is correct but says it fails to take into account that the goods were found to be identical. Identity and similarity are not of a different order, but matters of degree: goods become more and more similar until they are identical. Thus, the principle as stated equally applies however similar the goods may be, including where they are identical. There is nothing in the Hearing Officer’s decision suggesting that he did not apply the principle correctly and so this ground is also rejected.

36. Accordingly, none of Mr Manaton’s criticisms has any merit and I dismiss them all. The appeal is therefore dismissed in its entirety and the Hearing Officer’s decision is upheld.

Costs

37. I order that the Appellant makes a contribution to the Respondent’s costs in the sum of £1,000. This sum must be paid within 21 days of the date of the order.

PHILLIP JOHNSON
THE APPOINTED PERSON
26 JULY 2020

For the Appellant: Ross Manaton of Bromhead Johnson

For the Respondent: Maya Muchemwa of Wilson Gunn