

BL O/365/20

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO 3363871 BY
HARRINGTONS CLOTHING LIMITED

TO REGISTER THE TRADE MARK



IN CLASSES 18 AND 25
AND
THE OPPOSITION THERETO
UNDER NO 416042
BY
RETAIL ROYALTY COMPANY

BACKGROUND

1. On 29 December 2018, Harringtons Clothing Limited (“the applicant”) applied to register the above trade mark for a range of goods in classes 18 and 25 under the Nice Classification system¹.

Class 18

Gym bags; sports bags.

Class 25

Gym clothing; gym wear; sports clothing; leisure clothing; athletic clothing.

2. The application was published on 18 January 2019, following which Retail Royalty Company (“the opponent”) filed a notice of opposition against the application. The opposition is brought in respect of all of the applicants’ goods and services.

3. The opposition is based on the following grounds under the Trade Marks Act 1994 (‘the Act’):

i) Under section 5(2)(b) because the respective marks are extremely similar (each comprising the opponent’s AE mark), the goods and services are identical, or at least similar and there exists a likelihood of confusion between the application and the earlier marks.

ii) Under section 5(3) because the earlier marks enjoy a reputation for a wide variety of goods and services. The close similarities between the application and the earlier marks and the goods and services will give rise to a link which, without due cause, will be detrimental to the distinctive character of the earlier marks and will take unfair advantage of the reputation of the earlier marks.

¹ International Classification of Goods and Services for the Purposes of the Registration of Marks under the Nice Agreement (15 June 1957, as revised and amended).

iii) Under section 5(4)(a) that the opponent's extensive use, throughout the UK, of its AE sign has given rise to substantial goodwill. Use of the applicant's mark for the same or similar goods would amount to a misrepresentation which would cause damage to the opponent by leading the public to assume a trade connection between the parties.

4. The opponent relies upon the following trade mark registrations, goods and services in respect of its opposition under section 5(2)(b):

Mark details and relevant dates	Goods and services relied upon
<p>EUTM: 13945233</p> <p>AE</p> <p>Filed: 13 April 2015</p> <p>Registered: 25 September 2015</p>	<p>Class 18 Bags; backpacks.</p> <p>Class 25 Clothing; footwear; headgear.</p> <p>Class 35 Retail services and online retail services in relation to bags, backpacks, clothing, footwear and headgear.</p>
<p>EUTM: 12644365</p> <p>AE.COM</p> <p>Filed: 27 February 2014</p> <p>Registered: 18 July 2014</p>	<p>Class 25 Clothing; footwear; headwear.</p> <p>Class 35 Retail store services and electronic retail store services using a global computer network all in the field of clothing and clothing accessories, footwear, headwear, backpacks.</p>

<p>EUTM: 17728478</p> <p>AE x ME</p> <p>Filed: 25 January 2018 Registered: 25 May 2018</p>	<p>Class 35</p> <p>Retail and online retail store services in the field of clothing and clothing accessories, footwear, headwear, bags.</p>
<p>EUTM: 17393992</p> <p>AE STUDIO</p> <p>Filed: 26 October 2017 Registered: 22 February 2018</p>	<p>Class 35</p> <p>Retail and online retail store services in the field of clothing and clothing accessories, footwear, headwear, bags.</p>
<p>EUTM: 5287503</p> <p>AEO</p> <p>Filed: 31 August 2006 Registered: 15 May 2008</p>	<p>Class 18</p> <p>Bags of all kinds; backpacks.</p> <p>Class 25</p> <p>Clothing; footwear; headgear.</p> <p>Class 35</p> <p>Retail store services and electronic retail store services using a global computer network all in the field of clothing and clothing accessories, footwear, headgear, backpacks, bags.</p>

5. For the purposes of its opposition under section 5(3), the opponent relies only on the first mark shown in the table above.

6. Under section 5(4)(a) the opponent relies on the sign AE which it submits has been used since 2006 throughout the UK. That use has been in respect of bags, backpacks, clothing, footwear and headgear.

7. The applicant filed a counterstatement in which it denies the grounds on which the opposition is based and requested the opponent prove use of its AEO trade mark (EUTM 5287503). In particular, the applicant denies similarity between the parties' respective marks and denies that the application incorporates the opponent's earlier registration 'AE'.

8. The applicant filed submissions. The opponent filed evidence and a skeleton argument. A hearing subsequently took place before me on 6 May 2020, by video conference, at which the opponent was represented by Mr Matthew Dick of D Young & Co. The applicant did not attend.

EVIDENCE

The opponent's evidence

First witness statement of Alexander Walsh and exhibits AW1-AW22

9. Mr Walsh is the Assistant General Counsel of Intellectual Property for the opponent. His witness statement is dated 30 September 2019.

10. Mr Walsh submits that the opponent is most commonly referred to as AE by its customers. He describes the opponent's business as offering:

"3...high-quality, on-trend clothing, accessories and personal care products at affordable prices under various trade marks, two of the most important being 'AE' and 'AEO'. The Opponent's brand targets male and female consumers primarily between the ages of 15 and 25."

11. Mr Walsh submits that:

“4. The AE mark has been used extensively in relation to retail services relating to clothing products and accessories (as well as directly in relation to those products themselves) in the UK and throughout the EU for more than ten years. The AE mark has been used internationally either via online sales or in over 1,000 physical stores. There are now such physical stores in more than 18 countries, including Greece, Canada, United Arab Emirates, Kuwait, Hong Kong, Russia, China, Morocco, Israel, Japan, the Philippines and Thailand.

5. The Opponent has achieved significant commercial success in the UK and throughout the EU after starting to sell its products there in 2005 via its website www.ae.com and from 2014 via its UK stores (which stores have since closed). The Opponent also has stores located in Greece, the first of which opened in Fall 2015. The Opponent has also in recent years operated stores in Poland, which opened in 2012 but have since closed.”

12. Mr Walsh confirms that the opponent’s goods are sold to consumers directly, either through its own stores and websites, its mobile app, and in addition, through licensed retailers. The opponent maintains control of sales, as well as spending, creation and distribution of advertising materials.

13. The opponent operated two websites, www.ae.com and www.aeo.com, via which sales were made to EU and UK customers. The latter, www.aeo.com, now redirects to the former.

14. Mr Walsh provided a video of a purchase made from the UK via the opponent’s website and delivered to the opponent’s representative’s offices. The purpose of the video, as Mr Dick confirmed at the hearing, is to show that sales are made in dollars, irrespective of the location of the customer. Local currencies are not used.²

² Due to the current pandemic I have been unable to view the video, as the USB device on which it was submitted is not available to me. However, Mr Dick took me through the video at the hearing and I am content that it (and other evidence filed in these proceedings) supports the opponent’s position that all sales are processed in USD regardless of customer location.

15. Further corroboration is provided in the form of a print from the opponent's ae.com website, accessed via waybackmachine and dated 9 December 2018, showing a list of countries to which goods could be shipped. These include, inter alia, the UK, Ireland, France, Germany and Italy.³

16. The following online sales figures are provided:

Year	UK (£)	EU (excluding UK) (£)
2009	308,106	-
2010	236,747	-
2011	376,029	-
2012	513,294	-
2013	517,966	979,835
2014	347,634	813,468
2015	248,387	530,184
2016	272,044	1,107,075
2017	1,455,975	2,071,939
2018	1,370,488	2,320,499

17. With regard to sales figures for goods sold through the opponent's physical stores, Mr Walsh provides UK figures for 2014 which total £2,746,000.⁴

18. For stores in Poland, he provides the following:

Year	Sales (\$)
2013	1,818,028
2014	1,733,063
2015	1,420,324

19. And for stores in Greece:

³ See exhibit AW5.

⁴ Paragraph 26 of Mr Walsh's first statement confirms that the opponent's three UK stores opened in 2014.

Year	Sales (\$)
2016	5,349,275.43
2017	9,760,194.74
2018	2,092,473.63

20. Mr Walsh provides the following context for the UK sales figures:

“24. All sales to UK and EU consumers fulfilled via the AE Websites or through the Opponent's physical stores within the EU have been made by reference to the AE mark, or an AE-formative mark in some form (e.g. the mark features on the product itself; on each product's swing, inner tags or outer packaging; and/or each product has been sold by reference to an AE-formative mark in the product description or in other point of sale material)...the number of internet sales of such items to customers in the UK from 2009 to 2018 amounts to more than GBP 5.6 million. In each of the years 2017 and 2018 sales surpassed GBP 1.3 million. It is worth noting that such purchases were made by UK/EU consumers online at a time when there were either no, or only three, physical stores in the UK operated by the Opponent. Whilst the initial sales figures were in USD, I have converted figures to GBP using an exchange rate appropriate at 1 December for each year. As mentioned above, all sales to UK/EU-based consumers pre-dating 2012 were fulfilled via the AE Websites. Such sales are therefore exclusively online sales.”

21. Mr Walsh provides the following figures for worldwide advertising spend:⁵

Fiscal year	Advertising spend \$
2015	104.1 million
2016	124.5 million
2017	129.8 million

⁵ See exhibit AW17.

2018	143.2 million
Total:	501.6 million

22. I note that these figures will include markets outside the EU and the UK and will relate to goods sold under the AMERICAN EAGLE and AEO marks as well as goods branded AE.

23. Mr Walsh provides prints taken from waybackmachine dated between 2013 and 2018 showing use of the opponent's marks for tshirts, sweaters and hoodies⁶; sweatpants and shorts⁷; hats⁸.

24. Goods are usually described as 'AE' followed by the type, such as, 'AE LONG SLEEVE GRAPHIC HOODIE'. A wide range of examples of AE and American Eagle branding can be seen in the exhibits. Some examples of use of AE in a plain typeface on the surface of the goods themselves and in their descriptions, are as follows:

18 October 2018 –

White sweatshirt with large AE on the front. Described as 'AE graphic tee'.
Three t-shirts with AE/USA on the front (in a plain rectangle). Each described as 'AE graphic tee.'

26 September 2018 –

A page of goods each described as 'AE jogger'. One pair shows AE on the thigh. On the following page 'AE/USA' can be seen written down the right leg of the jogger.

18 January 2018 –

The front page of the opponent's website ae.com shows categories of goods including 'joggers'. A photograph of joggers shows AE inside the waistband.

⁶ See exhibit AW6.

⁷ See exhibit AW7.

⁸ See exhibit AW8.

14 February 2015 –

Goods described as AEO hats. Three of the hats have the plain letters AE displayed on the front.

25. The examples of branding on bags, provided by Mr Walsh, include only one example of the plain letters AE on a label inside a bag. The exhibit is not dated. The label includes 01/18, which may refer to a date. The remaining bags include the following version of the opponent's AE mark in both the descriptions and on the swing tags and bags themselves:



26. Mr Walsh provides examples of swing tags, plastic bags in which goods are packed, labels inside garments and bar code labels. These show a combination of marks including AMERICAN EAGLE, and eagle logo and AEO. All of the examples include either AE.COM or AE. Most of these are undated, though the labels inside a bag and what looks to be a sweatshirt appear to be dated 11/17 and 01/18.

27. Photographs from the inside of one of the opponent's stores in Greece (from 2017) show a poster with a model wearing clothing with AE on the left chest, and t-shirts and joggers displayed in store which have AE on the front. In the case of the joggers the 'eagle logo' also appears above the letters.

28. Example invoices are provided for the UK.⁹ These show sales of goods described as 'AE' and include underwear, jeans, polo shirts, button up shirts and jeggings. The invoices are dated between 7 February 2016 and 2 October 2018. Goods were shipped to addresses throughout the UK, including Surrey, London, Norfolk, Merseyside, West Yorkshire, the West Midlands and Fife.

⁹ See exhibit AW13.

29. Example invoices are provided for the EU.¹⁰ These show sales of goods described as 'AE' and include underwear, t-shirts, hoodies, jeans, polo shirts, button up, button down, western and military shirts, blouses, shorts, and jeggings. The invoices are dated between 21 November 2010 and 3 September 2018. Goods were shipped to addresses in Austria, Belgium, Bulgaria, Croatia, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Poland, Portugal, Romania, Slovenia, Spain and Sweden.

30. Mr Walsh provides a print relating to the opponent's brand ranking which he describes as:

"...from the independent third-party website www.fashionunited.uk setting out the world's Most Recognised Fashion Brands as at 2016, ranked by brand value. The Opponent's AE brand features at Number 85 on the list."

31. The listing at number 85 is 'American Eagle Outfitters'.

32. A table is provided which shows the number of page views and visits (website hits) for the opponent's ae.com website.¹¹ Results are shown for people located in the UK and the EU. The figures relate to the period 19 January 2013 to 18 January 2018. Page views from the UK are 34,556,197 and 119,771,024 for the EU, for the same period. The number of visits to the opponent's website from the UK is 5,180,377 with 15,667,216 for the EU. The table shows that in terms of website hits, the UK makes up 28.85% of the EU total for page views and 33.07% of the EU visits to the opponent's website.

33. Screenshots are provided which show the opponent's mobile app.¹² The version available from the *apple* store is shown as the letters AE in white on a square background with rounded corners. The equivalent app shown on *google* appears as white letters on a square black/dark background.

¹⁰ See exhibit AW14.

¹¹ See exhibit AW18.

¹² See exhibit AW19.

34. Mr Walsh provides prints taken from an independent third-party website www.appannie.com, which provides statistics relating to mobile apps.¹³ He says of the exhibit:

“38...As can be seen from the prints, the Opponent's app has been consistently highly ranked since 2011 (and up to 2019) in both the UK and many EU countries in terms of downloads. The rankings provided show the year in which the app has ranked the highest in each country. By way of example, in April 2017 the Opponent's AE app was No. 5 in the chart of shopping apps in Greece; and No. 13 in Cyprus. The Opponent's AE app ranked No. 69 in the chart of shopping apps in November 2015 in the United Kingdom.”

35. Representative examples of mail shots are provided, the majority of which are undated, though I note that Mr Walsh submits that all of the example mailshots were sent to all UK and EU consumers on the Opponent's mailing list, between September 2018 and November 2018.

36. An email promotion dated 2 October 2018 advertises an AMERICAN EAGLE sale. A click box at the bottom left shows the words ‘SHOP AE’. An undated page shows a drawing of a mobile phone under the words, “Sign up for AE texts to be the first to know about exclusive offers, events, new arrivals and more.”

37. Mr Walsh concludes:

“39...These emails and advertisements show use of the AE Mark in relation to various clothing items and accessories. As at September 2019, several thousand consumers within the UK alone are signed up to receive such mail shots, which are sent daily. There are several thousand more recipients across other EU countries.”

¹³ See exhibit AW20.

Second witness statement of Alexander Walsh and exhibits AXW1 – AXW10

38. Mr Walsh's second statement concerns the opponent's use of its AEO mark. I do not intend to outline that evidence here but will do so later in the decision, if it is necessary to do so.

DECISION

Approach

39. I will deal first with the opponent's case under section 5(2)(b) of the Act in respect of its AE mark (EUTM 13945233). At the hearing, Mr Dick identified this mark as the opponent's best case under the pleaded 5(2)(b) and 5(3) grounds.

40. Section 5(2)(b) of the Act states:

"5. - (2) A trade mark shall not be registered if because -

(a)...

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, or there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark."

41. The opponent's mark is an earlier mark which is not subject to proof of use. This is because, at the date of application of the contested mark, it had not been registered for five years.¹⁴

42. In making this decision, I bear in mind the following principles gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki*

¹⁴ See section 6A(3)(a) of the Act (added by virtue of the Trade Marks Regulations 2018: SI 2018/825) which came into force on 14th January 2019.

Kaisha v Metro-Goldwyn-Mayer Inc, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C -342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

Comparison of goods and services

43. In *Gérard Meric v Office for Harmonisation in the Internal Market*,¹⁵ the General Court (“GC”) stated that:

“29...goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by trade mark application (Case T-388/00 *Institut für Lernsysteme v OHIM-Educational Services* (ELS) [2002] ECR II-4301, paragraph 53) or where the goods designated by the trade mark application are included in a more general category designated by the earlier mark”.

¹⁵ Case T- 133/05.

44. The applicant's 'gym bags' and 'sports bags' are included within the opponent's broader term, 'bags' in class 18. The applicant's 'gym clothing; gym wear; sports clothing; leisure clothing; athletic clothing', are included within the broader term 'clothing' in the opponent's earlier specification. In accordance with *Meric*, the parties' goods are identical.

The average consumer and the nature of the purchasing act

45. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*¹⁶, Birss J. described the average consumer in these terms:

"60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The word 'average' denotes that the person is typical. The term 'average' does not denote some form of numerical mean, mode or median."

46. In accordance with the above cited case law, I must determine who the average consumer is for the goods at issue and also identify the manner in which those goods will be selected in the course of trade.

47. When considering the level of attention that will be paid to the purchase of goods in class 25 and the nature of the purchasing act, I am mindful of the decision of the GC in *New Look Ltd v Office for the Harmonization in the Internal Market* (Trade Marks and Designs) in which it commented:

"43. It should be noted in this regard that the average consumer's level of attention may vary according to the category of goods or services in question (see, by analogy, Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999]

¹⁶ [2014] EWHC 439 (Ch).

ECR I-3819, paragraph 26). As OHIM rightly pointed out, an applicant cannot simply assert that in a particular sector the consumer is particularly attentive to trade marks without supporting that claim with facts or evidence. As regards the clothing sector, the Court finds that it comprises goods which vary widely in quality and price. Whilst it is possible that the consumer is more attentive to the choice of mark where he or she buys a particularly expensive item of clothing, such an approach on the part of the consumer cannot be presumed without evidence with regard to all goods in that sector...

53. Generally in clothes shops customers can themselves either choose the clothes they wish to buy or be assisted by the sales staff. Whilst oral communication in respect of the product and the trade mark is not excluded, the choice of the item of clothing is generally made visually. Therefore, the visual perception of the marks in question will generally take place prior to purchase. Accordingly the visual aspect plays a greater role in the global assessment of the likelihood of confusion."

48. The average consumer will be a member of the general public. The goods may be purchased physically on the high street, online or by mail order. The selection process for the goods (including the goods in class 18) is primarily visual, though I do not discount the fact that there may be an aural element given that some articles may be selected or recommended aurally. The goods will vary in cost and frequency of purchase with the level of attention paid overall being reasonable, the consumer paying the attention necessary to obtain, inter alia, the correct size, colour, material and fit.

Comparison of marks

49. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The

CJEU stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

“...it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”

50. It would be wrong, therefore, to dissect the trade marks artificially, although, it is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

51. The competing marks are:

Opponent's mark	Applicant's mark
	

52. The applicant's mark comprises a black circle with two elements within it. The second element may be seen as a stylised lower case letter 'e'. The first element is less distinct and requires more work by the consumer to imbue it with a meaning. It may be seen as a shape or a letter 'n', or possibly, but less likely, a letter 'a' missing the usual crossbar, which would normally be necessary. Whatever the meaning given to the first element within the circle, a point I will come to shortly, the overall impression

of the mark rests in its totality, with no single element being more dominant than another.

53. The opponent's mark comprises two letters, AE. Neither letter is emphasised or stylised and the overall impression rests in the mark as a whole.

Visual and aural similarity

54. The applicant submits, at paragraph 10 of its submissions:¹⁷

“Visually, the earlier mark wholly consists of the letters AE. The Applicant's mark is a complex logo mark, comprising the letters "O", "N" and "E" and making up the word "ONE". Because of the highly stylized font of the Applicant's mark and the clever way in which the letters are positioned and interlocked with each other to create a complex and striking device, it may be that some consumers would see the mark as the letters "N - E" within a circle, or see it as a purely figurative mark. It is inconceivable that consumers would see the Applicant's mark as a representation of the letters AE.

Aurally, the earlier mark will be pronounced in singular letters as 'A – E'. The Applicant's mark will be pronounced as the word "ONE", 'N – E', or will be seen as a purely figurative mark with no pronunciation.”

55. With regard to the similarity of the respective marks the applicant submits that, bearing in mind their distinctive and dominant elements, the opponent's AE mark is, when compared to the application, *“clearly overall very different”*.

56. The opponent submits:

“13. The Earlier Marks either consist exclusively of the letters AE, or incorporate that mark as their dominant and most distinctive elements. The

¹⁷ Filed on 20 February 2020.

Applicant alleges that the Application is a complex logo mark which would be read and understood by consumers as the word 'ONE'.

14. *In an Appeal to the Appointed Person in case no. O/169/16, ALTI [at para 21], the Appointed Person stated the following in the context of assessing the similarity between word marks and marks containing stylised/figurative elements:*

'The approach to assessment which ought to have been applied in relation to the Applicant's stylised word mark in keeping with the case law of the supervising courts in Luxembourg is, in my view, accurately stated (in terms which repeat earlier guidance to the same effect) in paragraph 4.2.3. of Section 2, Chapter 4 of the Opposition Guidelines adopted by the President of the European Union Intellectual Property Office in March 2016:

"The question whether the verbal element is indeed 'lost' in the stylisation must be carefully assessed. The consumer intuitively looks for pronounceable elements in figurative signs by which the sign can be referred to. The high stylisation of one or more letters of a word may not prevent the consumer from identifying the verbal element as a whole... It should also be emphasised that if the complex stylisation of the verbal element of a sign does not make it totally illegible, but merely lends itself to various interpretations, the comparison must take into account the different realistic interpretations. Thus, it is only in the – rather rare – case where the legibility of the sign is truly unrealistic, without being assisted by a mark description or the other mark, that the verbal element will be disregarded in the comparison.'
[emphasis added]

15. *It is submitted that the verbal element in the Application is far from lost. Consumers will intuitively look for pronounceable elements in the Application and will clearly perceive the lowercase letters 'a' and 'e' in that order, within a basic, non-distinctive circle surround. The consumer will*

therefore read the sign as a slightly stylised form of the mark AE. The stylisation of the mark is not so great that it prevents the consumer from identifying that verbal element, nor is it particularly complex – it does not render the AE elements ‘totally illegible’. In fact, it is submitted that the only interpretation consumers will make is to read the Application as a stylised version of the mark AE; accordingly the Application does not comprise one of the ‘rather rare’ cases where the legibility of the mark is truly unrealistic – as such, the clear verbal element of which the Application is comprised cannot be disregarded.

16. The Application and the Earlier Marks all contain the element ‘AE’. The Opponent disagrees with the Applicant’s submission that “it is inconceivable that consumers would see the Applicant’s mark as a representation of the letters AE” (paragraph 10). They are clearly visually similar to a high degree; aurally identical; and conceptually identical (both representing the meaningless letters AE). What is inconceivable is that consumers would interpret the Application as comprising the word ‘ONE’, as the Applicant claims.

17. Consumers will see the Application and interpret it as being the mark ‘AE’, notwithstanding the Applicant’s claims that their mark will be viewed and pronounced as the word “ONE” or will be seen as a purely figurative mark with no pronunciation. The letters inside the circle will be read by consumers as a lowercase ‘AE’.”

57. I disagree with the applicant that its mark will be seen as the word ‘ONE’. The average consumer will see the circular surround as exactly that, an outline, containing two elements. Borders and outlines are commonly used in trade marks and I do not find it at all likely that the average consumer will consider the surround and the two elements within it as three individual letters which form a word between them. That may have been the applicant’s intention, but it is not how an average consumer would see it.

58. The opponent has provided a 'letter set' for illustrative purposes to show that the first element in the opponent's circle will be seen as an A rather than an N. This is not helpful. I must consider the mark as applied for and not speculate as to what the remaining alphabet may look like. It is not uncommon, in my experience, for trade mark applicants to stylise letters to fit within shapes or borders and I must make the comparison, in accordance with the relevant case law, including the paragraphs from ALTI, above, taking into account the different realistic interpretations of the marks.

59. I note that the opponent states that the 'letters' inside the circle will be read as a lowercase 'ae'. I do not find that the first element in the circle will be seen as a lower case 'a'. In my view, the first element within the circle is likely to be seen as a letter 'n', a shape, with no meaning, or possibly, but far less likely, a capital letter 'A' with the crossbar missing.

60. Visually, I find the respective marks to be similar to a very low degree. Aurally, if the consumer sees the application as a logo made up of shapes, it is possible that it may not be articulated at all. In which case there is no aural similarity. If the average consumer sees the first shape in the circle in the application as a letter N, then the comparison between pronunciation of the letters A-E and N-E gives rise to a medium degree of aural similarity. If the first shape is seen as a letter A then the marks will be aurally identical, though I find this far less likely.

Conceptual comparison

61. For a conceptual message to be relevant it must be capable of immediate grasp by the average consumer.¹⁸ The assessment must be made from the point of view of the average consumer.

62. With regard to the conceptual similarity between the respective marks the applicant submits:

¹⁸ *This is highlighted in numerous judgments of the GC and the CJEU including Ruiz Picasso v OHIM [2006] e.c.r.-I-643; [2006] E.T.M.R. 29.*

“Conceptually, the Opponent's AE mark has no semantic content. The Applicant's mark spells the word ‘ONE’ and will therefore portray the message of a number with a connotation of ‘FIRST’ or ‘BEST’. If consumers do not portray the Applicant's mark as the word ‘ONE’, the mark will have no semantic content.”

63. The opponent submits:

“From a conceptual comparison, the Application and the Earlier Marks each contain the letters ‘AE’, and will be perceived as such by consumers. To that extent, the marks are conceptually identical.”

64. The earlier mark is the two letters AE. Neither side has suggested a meaning for those particular letters and I am not aware that they would convey any particular message beyond the two letters in the mark. The application contains a shape (which may be seen as a device, the letter ‘n’ or possibly, but less likely, the letter ‘A’) and a second shape which may be seen as the letter ‘e’, within a circle. The applicant maintains that this will be seen as the word ‘ONE’. I disagree. It will be seen as two elements within a circle. I find that this marks also gives no apparent conceptual message to the average consumer.

Distinctive character of the earlier mark

65. In determining the distinctive character of a trade mark and, accordingly, in assessing whether it is highly distinctive, it is necessary to make an overall assessment of the greater or lesser capacity of the trade mark to identify the goods and services for which it has been used as coming from a particular undertaking and thus to distinguish those goods and services from those of other undertakings - *Windsurfing Chiemsee v Huber and Attenberger*.¹⁹ The distinctiveness of an earlier mark can be enhanced by virtue of the use made of it.

¹⁹ *Joined Cases C-108/97 and C-109/97* [1999] ETMR 585.

66. In terms of inherent distinctiveness, the opponent's AE mark has no descriptive or allusive meaning. However, trade marks consisting of two letters are a very common form of indicating trade origin and the two letters A and E are not unusual. Consequently, I find the earlier mark to be inherently distinctive to a lower than medium degree.

67. The opponent has filed evidence of use of its AE mark. The relevant market for this assessment is the UK market and there is no evidence of sales of bags on any of the invoices which relate to sales in the UK. There is very little use of the AE mark on bags, or in descriptions of bags filed in evidence. The turnover figures for the UK both online and through the opponent's stores are significant, but the evidence indicates that the vast majority of these sales relate to clothing rather than bags. Without further evidence, I cannot conclude the extent to which the AE mark has been used in respect of the opponent's goods in class 18 and consequently, cannot find that the opponent has enhanced the distinctiveness of its mark for those goods, due to the use made of its AE mark.

68. The opponent's turnover in the UK in 2014 was in excess of £3 million (store and online sales combined). For 2017 and 2018 online sales were in excess of £1 million. Invoices for the UK show sales of a range of clothing items under the AE mark, and clothing goods on the website are regularly referred to as AE followed by the description of the type of clothing. The opponent's mobile stores are branded AE and the website through which goods are sold to the UK market is ae.com. The Opponent's AE app ranked No. 69 in the chart of shopping apps in November 2015 in the United Kingdom. The evidence does not include a breakdown of advertising figures by country or region, but provides a large global figure. I note though, that this is supported by examples, such as mailshots, which Mr Walsh confirms were sent to all UK customers.

69. As a whole, the opponent's evidence shows that the opponent has increased the distinctiveness of its earlier AE trade mark to a degree in respect of clothing goods. Taking all of these factors into account, I find that the distinctive character of the earlier mark for the class 25 goods to be medium.

Likelihood of confusion

70. In assessing the likelihood of confusion, I must adopt the global approach advocated by case law and take into account the fact that marks are rarely recalled perfectly, the consumer relying instead on the imperfect picture of them he has kept in his mind. I must also keep in mind the average consumer for the goods, the nature of the purchasing process and have regard to the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and vice versa.

71. I have found the marks to be visually similar to a very low degree. Aurally, the marks are either not similar, where the application is not articulated, or similar to a medium degree where the application is pronounced N-E. The opponent's submission that the marks are aurally identical is only relevant where the application is seen as A-E within a circle, and I find this unlikely. Neither mark has a conceptual meaning and the parties' goods are identical. The average consumer is a member of the general public paying at least a medium degree of attention to the purchase, which is primarily a visual purchase, though I do not rule out an aural element. The earlier mark has a lower than medium degree of distinctive character for bags and a medium degree for clothing, as the distinctiveness for those goods has been enhanced by the use made of the AE mark.

72. The types of confusion were explained in *L.A. Sugar Limited v By Back Beat Inc*,²⁰ by Mr Iain Purvis Q.C., sitting as the Appointed Person:

“16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognised that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious

²⁰ BL O/375/10.

but, analysed in formal terms, is something along the following lines: The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark.”

73. The opponent’s submissions in this case seem to rely on a side by side comparison of the parties’ marks. Whilst it is true that in making decisions about the likelihood of confusion between competing marks, the decision maker is presented with the marks side by side, that is not the way in which the likelihood of confusion must be assessed. In fact, the case law is clear that the average consumer is unlikely to compare the marks in such a way.

74. I find that there is no likelihood of direct confusion for those consumers who do not view the elements within the circle in the application as the letters AE. This is likely to be far the largest group of consumers, including those who see the application as including the letter ‘e’ (for whom the high point of similarity between the application and the earlier right is the fact that they contain a letter ‘E’ or ‘e’); and those who give the application no meaning at all, beyond its figurative presentation. This is because, for those consumers, the differences between the marks are too great for them to be mistaken for each other.

75. For those same consumers, there is no reason for them to make a connection between the respective marks which would lead to a conclusion that the goods of one party originated from or were the responsibility of the other. I find this to be the case even if the opponent’s earlier mark was highly distinctive. Having considered the competing submissions and the respective marks carefully, I find that the opponent’s case requires too much of the average consumer to turn the first element in the circle of the application into an ‘a’ and then draw the conclusion that the conflicting marks are in some way connected economically.

76. I have accepted that there may be some consumers who see the letters AE in the application, but, I have also stressed that I find this to be far less likely than the ways I have already described. In other words, the numbers of consumers who see the

application as including the letters AE will certainly not represent a significant proportion of average consumers and would be insufficient for me to conclude that there would be a likelihood of confusion, either direct or indirect, between the parties' respective marks.

77. However, even if the number of consumers who see the application as including the letters AE were more statistically significant, the contested mark is much more than the letters AE with some stylisation. A degree of work is required by the consumer to arrive at the letters AE and the visual differences are such that they offset any likelihood of confusion in a case such as this, where the purchase is primarily a visual one.²¹The differences are also significant enough to point away from any confusion caused by imperfect recollection. Having carried out a careful global assessment, I find that there is no likelihood of direct confusion for these consumers and furthermore, I do not find it likely that these average consumers (who are likely very few in number) will see the contested mark as a development or variation of the earlier AE mark and consequently, I find no likelihood of indirect confusion.

78. I have made this assessment based on the opponent's best case, as identified at the hearing. Its mark 'AE', in plain, unadorned text and with no stylisation, allows the mark comparison to be made taking account of fair and notional use of that mark. It follows that for marks which are less similar and/or registered for goods and services which are less similar there will be no likelihood of confusion. Accordingly, I do not intend to consider the opponent's other marks or remaining goods and services as they put it in no better position.

79. I note that the opponent filed evidence and a second witness statement of Mr Walsh which relates to use of its AEO mark. This was filed specifically to address the applicant's point that the surrounding circle in its own mark would be seen as a letter O. As I have dismissed that point, I do not intend to go on to consider the opponent's AEO mark, for the reasons provided in the previous paragraph.

²¹ See *Royal Academy of Arts v Errea Sport S.p.a.* BL O/010/16

The opposition under s.5(3)

80. The opponent has the necessary reputation to get an opposition based on s.5(3) off the ground.²² That reputation is primarily for clothing. I bear in mind that a finding that there is no likelihood of confusion under s.5(2)(b) does not mean that a case under s.5(3) is bound to fail, but it is a factor to consider. The obvious visual differences between the respective marks would not be sufficient to result in the necessary link being established where one mark is two plain letters AE, and the other is a stylised circular device which, at best, contains a letter 'e' and another less obviously recognised element. The opposition under s.5(3) fails.

The opposition under s. 5(4)

81. The opponent's claim under this ground is summarised in its skeleton argument in the following terms:

"56. The claim under section 5(4)(a) encompasses elements of both the section 5(2) and 5(3) grounds. In short, as a result of the reputation and goodwill enjoyed by the Opponent in the AE mark, there is a genuine risk that consumers will be deceived into thinking that goods bearing or sold under the Application originate from the Opponent, contrary to the fact. The Opponent will suffer damage as a result, both in the form of lost sales and dilution to the distinctive character of the AE mark and the goodwill associated with that mark that the Opponent has built up over many years."

82. The relevant market for the assessment of goodwill is the UK market.²³ The opponent has shown that it has the necessary goodwill in the UK for clothing in respect of its AE mark,²⁴ but in accordance with my earlier finding that there is no likelihood of confusion, the opponent's pleaded case under this ground does not advance its position beyond the finding I have already made under s.5(2)(b). For the reasons set

²² See *General Motors*, Case C-375/97.

²³ See *Starbucks (HK) Ltd & Anor v British Sky Broadcasting Group PLC & Ors* [2015] UKSC 31.

²⁴ See *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL).

out above, the applicant's mark is unlikely to be mistaken for the opponent's mark and there is no likelihood that 'a substantial number' of the opponent's customers or potential customers will be deceived. Consequently, use of the applicant's mark could not constitute a misrepresentation to the public. The section 5(4)(a) ground of opposition is, therefore, rejected.

Costs

83. The applicant has succeeded and is entitled to an award of costs in its favour. In addition, on 16 September 2019, a case management conference (CMC) was held to consider the volume of evidence filed by the opponent.

84. In respect of the CMC, directions were given and a reduced evidence bundle was subsequently admitted. I find that the parties should bear their own costs in this regard.

85. In making an award in respect of the substantive matter, I bear in mind that the applicant did not file evidence or attend the hearing. The cost award is as follows:

Filing a statement and considering the other side's statement:	£300
Considering the other side's evidence:	£400
Total:	£700

86. I order Retail Royalty Company to pay Harringtons Clothing Limited the sum of £700. This sum is to be paid within 2 months of the expiry of the appeal period or within 21 days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 28th day of July 2020

Al Skilton

For the Registrar,

The Comptroller-General