

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK NO 3,231,100 IN THE NAME OF CX02.COM (UK) LIMITED

AND IN THE MATTER OF AN APPEAL FROM THE DECISIONS OF ALLAN JAMES DATED 17 OCTOBER 2018 (O/658/18)

DECISION

Introduction

1. This is an appeal from the decision of Mr Allan James, for the Registrar, dated 17 October 2018, in which he dismissed the opposition of O₂ Worldwide Limited to CX02.COM (UK) Limited's application. The opposition was based on ss 5(2)(b) and 5(3) of the Trade Marks Act 1994. O₂ appeals.
2. CX02.COM's application (No 3,231,100) is for the word mark CX02 for goods and services in classes 9, 35, 36, 38, 42 and 45.
3. The opposition is based on five earlier trade marks; three of the marks are for O2 and two are for O₂. The earlier marks between them covered all the goods and services in respect of which the applicant seeks to register CXO2. Before the Hearing Officer it was accepted by the Respondent that all the goods or services were identical or similar save retail services. However, the Hearing Officer took the view retail services were similar as well and so, on appeal, it was not in dispute that all the goods or services are similar or identical.

Standard and grounds of appeal

4. An appeal before the Appointed Person is by way of review and not a rehearing. The standard of appeal was not in dispute between the parties, it being based on the principles set out by in *TT Education Ltd v Pie Corbett Consultancy* [2017] RPC 17 by Daniel Alexander QC and the more recent guidance on what is meant by an error of principle from the Supreme Court in *Actavis Group PTC EHF v ICOS Corporation* [2019] UKSC 15. I will apply these principles
5. The Appellant challenged the Hearing Officer's decision on three grounds. The first ground was that the distinctiveness of the mark O2 was not properly considered by the Hearing Officer. In particular, the Appellant argued that the assessment of distinctiveness would vary between the visual, aural and conceptual presentation of the mark. The second ground was that the Hearing Officer did not properly consider the enhanced distinctiveness and reputation of the O2 and O₂ marks and, in particular, that he made findings of fact which were contrary to an admission made by the Respondent. The final ground of appeal was that the Hearing Officer improperly amended the specification to resolve the opposition.

Distinctiveness

6. The Appellant challenges the Hearing Officer's finding on the distinctiveness of the O2 mark. The relevant findings are in paragraph 32 of his Decision (footnotes omitted):

Three of the earlier marks consist of the letter/numeral combination O2, or two numbers (if the 'O' is perceived as a zero). The other two marks consist of O₂ in stylised form. There is no suggestion that any of these marks are descriptive of the goods/services for which they are registered. Considering first the degree of inherent distinctiveness of the O2 group of earlier marks, I find that the marks are (at most) averagely distinctive. This is because the combination of a letter and number, or two numbers, is relatively banal. It is possible that some average consumers would recognise the combination as representing the chemical symbol for oxygen, but absent the presentation of the letter/numeral in the manner associated with chemical symbols, i.e. O₂, I am not prepared to accept that this would be a typical reaction. Therefore, there is no immediately apparent concept which might make O2 more inherently memorable than any other two letter/number combination. The earlier O₂ marks have a concept. When presented like this it looks like the chemical symbol for an oxygen molecule. I find that a significant proportion of relevant average consumers would recognise this meaning (although many of them would understand it as meaning simply 'oxygen'). That makes O₂ more inherently memorable than O2. The O₂ marks are therefore more inherently distinctive than the letter/numeral O2 per se. However, the degree of inherent distinctiveness of the O2 marks is still little more than average.

7. Mr Stobbs, for the Appellant, submitted the Hearing Officer's conclusion was wrong. He drew attention to the fact that when spoken O2 would be said in exactly the same way as O₂. So, he submitted, in the aural context the inherent distinctiveness of the two marks should be the same; and so the Hearing Officer should have found O2 to be slightly more distinctive than he in fact did. Mr McCleod suggested the distinctiveness assessment should be based on the mark as it is on the register. Accordingly, two issues present themselves: first, whether distinctiveness is based on the notional use of the mark or as the mark is represented on the register; secondly, whether distinctiveness should be assessed in a unitary fashion or have three assessments of its distinctiveness, that is visually, aurally and conceptually. I will address each issue in turn.

Notional and fair use

8. Mr Stobbs argued that the assessment of a mark's distinctiveness should be based on its notional and fair use in the marketplace (including how it would be spoken). The Respondent said it should be assessed by how the mark is represented on the register.
9. The Court of Justice has long established the basic approach to assessing distinctiveness: for instance, in C-398/08 *Audi v OHIM* [2010] ECR I-535 at paragraph 34 it reiterated:

According to equally settled case-law, that distinctive character must be assessed, first, by reference to the goods or services in respect of which registration has been applied for and, second, by reference to the relevant public's perception of the mark.

10. The shorthand for this principle in the United Kingdom is that a "notional and fair use" of the mark must be applied. For instance, *Kerly's Law of Trade Marks* (16th Ed) suggests at para 10-016 that:

Each applicable ground must be considered in relation to the sign or trade mark as a whole, and in respect of each of the goods or services in question. Where necessary the effect of the sign or trade mark must be gauged by considering notional and fair use of it and in respect of each of the goods and services in the application

11. This is also clearly how the registry assesses the matter. For example, in *Scranage's TM* [2008] ETMR 43 correspondence from the registry directly refers to the notional and fair use of a mark in the context of distinctiveness and this did not warrant any comment by the Appointed Person.
12. Accordingly, there can be no doubt that the assessment of a mark's distinctiveness should be based on how the mark would be used in the marketplace (that is notional and fairly used) in relation to the goods or services covered by the application.

Is distinctiveness unitary?

13. As is usual, the Hearing Officer assessed the inherent distinctiveness of the trade mark in a unitary fashion, by which I mean he considered the mark to have one level of distinctiveness and not different levels for visual, aural and conceptual comparisons.
14. The assessment of a trade mark's distinctiveness is largely settled, namely that a mark must identify the good or service in question as coming from a particular undertaking (see for instance, C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 34 and C-265/09 *OHIM v Borco* [2010] ECR I-8265, paragraph 31); that the assessment must be firstly, by reference to goods or services in respect of which the mark is applied for, and secondly by reference to the relevant public for those goods or services (C-25/05 P *Storck v OHIM* [2006] ECR I-5719, paragraph 25; and C-304/06 P *Eurohypo v OHIM* [2008] ECR I-3297, paragraph 67 and *Henkel*, paragraph 35); and any such assessment should be the same for different categories of mark (*Storck* at paragraph 26 *Borco* at paragraph 32).
15. None of the case law suggests that the assessment of distinctiveness should be anything other than unitary and in practice this is how the matter is dealt with.
16. Nevertheless, the Appellant's case is predicated on one of longest established principles of trade mark law, namely that the level of distinctiveness is material to the assessment of the likelihood of confusion and that assessment involves a comparison of the marks visually, aurally and conceptually (see C-251/95 *Sabel v Puma* [1997] ECR I-6191, paragraphs 23 and 24).
17. Put simply, Mr Stobbs submission was that as a matter of fact a trade mark can be more distinctive visually than it is aurally (or aurally than it is conceptually and so forth). Therefore, as the assessment of likelihood of confusion divides up the aural comparison from visual and conceptual comparisons the distinctiveness of the mark should be individually assessed for each of those comparisons. For instance, a mark might be inherently highly distinctive when heard but only averagely distinctive when seen. In the instant case, for instance, O₂ and O2 might have different levels of visual distinctiveness but they would be spoken in an identical fashion and so should have the same level of distinctiveness aurally.
18. There is clearly an inherent logic to this submission. In some cases, a trade mark might have a very distinctive concept but be much less distinctive visually or aurally leading to

a finding of “average” distinctiveness overall. This average distinctiveness being used to compare concepts is not, therefore, a true comparison of the marks.

19. Nevertheless, an assessment of different levels of visual, aural and conceptual distinctiveness would create substantial problems elsewhere in the system as the following demonstrate.
20. During examination the registry determines that a trade mark is conceptually distinct, but visually devoid of distinctive character. Should the mark be accepted? In assessing acquired distinctiveness the evidence demonstrates the mark is only ever used on the telephone (only aurally) or on the internet (only visually). Does this mean it can never reach the threshold for registration? What about sound marks (which can now be registered by use of digital file) are these essentially unregistrable because they can never be visually distinctive?
21. I also think it would be undesirable to apply different standards to assessing distinctiveness for the purposes of likelihood of confusion than applied under section 3. A registration system must have a degree of internal cohesion and consistency. Assessing distinctiveness in different ways at different points would undermine it.
22. In my judgment, therefore, it is quite proper for the Hearing Officer to assess distinctiveness on a unitary basis. I accept that this will mean in some instances that the level of distinctiveness is “averaged” up or down. And, in theory at least, the confusion assessment might be slightly more advantageous or disadvantageous for one party to an opposition than would be the case with individual assessments of visual, aural and conceptual distinctiveness.

The distinctiveness of two letters

23. The Appellant also raised a more straightforward challenge to the Hearing Officer’s assessment of distinctiveness. It was submitted that the Hearing Officer erred when in his distinctiveness assessment he found “This is because the combination of a letter and number, or two numbers, is relatively banal” (Decision, paragraph 32). This assessment, Mr Stobbs suggests, was arbitrary and not fully reasoned. He further submitted that the Hearing Officer improperly aligned C-265/09 *OHIM v BORCO* [2010] ECR I-8265 with the instant case. In *BORCO*, he submitted, the Court of Justice accepted that it may be more difficult to prove distinctiveness for a single letter than for other word marks (paragraph 39).
24. A flaw in Mr Stobbs argument was his skeleton argument set out paragraph 26 of the judgment of the Court of Justice and used this to suggest that the Hearing Officer was wrong. That paragraph, however, was a summary of the party’s submissions and not the court’s findings. In any event, the Hearing Officer determining the mark was “banal” is a factual assessment and one that he was perfectly entitled to make. He refers to *BORCO* in a footnote of his Decision saying it is relevant by analogy and no more. Furthermore, the Hearing Officer suggesting that it is more difficult for two letter characters to be distinctive than for more complex marks is a small, but not illogical, extension of *BORCO*. Indeed,

he went on to accept that O2 was (at most) averagely distinctive demonstrating that two characters can function as a trade mark.

Was enhanced distinctiveness in issue or admitted?

25. The next ground of appeal relates to the Appellant's claim to enhanced distinctiveness for its O2 and O₂ marks. The core of the issue is that the Hearing Officer concluded that in the absence of enhanced distinctiveness there would be no direct or indirect likelihood of confusion between the earlier marks and the application in suit (Decision, paragraph 47 and 51). But there would be an indirect likelihood of confusion where the mark has sufficient enhanced distinctiveness and, further, that it was sufficient in relation to phones and telephone communication services and closely related goods only (Decision, paragraphs 54 and 55).

26. The Appellant's case was that the Hearing Officer should have considered the enhanced distinctiveness to have existed more generally for telecommunication and entertainment services. Furthermore, Mr Stobbs submits any other finding was not one open to the Hearing Officer because the Applicant's had admitted O₂'s reputation. It is important, therefore, to consider what, if anything, was admitted.

27. In its Statement of Grounds, the Appellant pleaded that:

The Opponent has developed a massive reputation for its O2/O₂ marks throughout the United Kingdom and European Union in relation to its core telecommunication goods and services, retail services, financial services and its entertainment venue/services...

28. This pleading was denied by the Respondent (or at least proof was requested) in its counter-statement. Subsequently, in Mr McLeod's Skeleton for the hearing below it was stated at paragraph vi:

...However, we certainly do not accept that the opponent's evidence establishes that any of the earlier trade mark registrations on which the opponent relies... has a relevant reputation for the purposes of section 5(3) in relation to all the goods and services listed...

29. The Applicant then went on to say in the following paragraph of its skeleton that the evidence provided by the Opponent's witness (Peter Holmes) does not establish reputation.

30. However, in the Hearing Officer's decision it was stated in paragraph 35:

At the hearing, the applicant's representative accepted that the opponent's marks have acquired a reputation in relation to telecommunications and entertainment, but not otherwise....

31. In the hearing before me and in subsequent written submissions it was disputed what (if anything) had been admitted. I therefore obtained a copy of the transcript of the proceedings before the Hearing Officer. In those proceedings, the Opponent (now Appellant) addressed the reputation issue in some detail. However, Mr McLeod made very short submissions and addressed reputation only towards the end. The pertinent statement and the only thing he said in respect of reputation was (Transcript, page 41, paragraph A):

We do not disagree there is a reputation in telecoms and entertainment.

32. On appeal (and without a copy of the transcript) it was suggested that Mr McLeod had made a formal admission and therefore the existence of reputation in so far as it related to telecommunications and entertainment was no longer for the Hearing Officer to determine. Before continuing it is worth summarising the effect of formal admissions.
33. A party can make an unequivocal admission of a fact such as a trade mark having a reputation in relation to certain goods or services. Once such an admission is made it is deemed to be conclusively proved (a formal admission is sometimes called a “waiver of proof”: Phipson on Evidence (19th Ed), paragraph 4-03). This means neither party can lead evidence contrary to the admitted fact and, accordingly, a Hearing Officer cannot find a fact contrary to the admission (as doing so is the same as finding facts contrary to the evidence). An admission is usually made in writing, but it is possible to make it at any time during proceedings This basic rule was set out long ago by Lord Ellenborough in *Young v Wright* (1807) 1 Camp 139 (170 ER 905):

If a fact is admitted by the attorney on the record, with intent to obviate the necessity of proving it, he must be supposed to have authority for this purpose, and his client will be bound by the admission...
34. This basic premise remains. Therefore, when an admission is made during the course of a hearing (and so “on the record”) by a party or his or her agent and it is made for the purposes of dispensing proof then the admission is conclusive evidence of the matter (Phipson, paragraph 4-23).
35. Accordingly, the question is what was admitted in these proceedings and did the Hearing Officer act in accordance with the admission or contrary to it?
36. The difficulty in this case is the statement by Mr McLeod was made at the close of the case after the Opponent’s case had been put in full; throughout the written stages the Applicant’s case had been that the reputation had to be proved and this is exactly what the Opponent tried to do in the hearing. I do note, however, that after the statement was made, in his reply Mr Stobbs said, “I appreciate Mr. McLeod confirming its reputation.” (Transcript page 43, paragraph C).
37. Is Mr McLeod’s statement “we do not disagree” a formal admission (or concession)? Or does it indicate that he was not putting an alternative case to the Hearing Officer (what in a Statement of Case would be “not admitting” a fact)? If the fact was not admitted it was open to the Hearing Officer to consider the matter and make a finding, but if it was formally admitted (or conceded) it was not.
38. The decision is somewhat ambiguous in this respect. In contrast to paragraph 35 (the relevant extract set out above), in paragraph 36 the Hearing Officer states (footnotes omitted):

The opponent’s s.5(2)(b) case does not focus on the use and registration of its marks in relation to entertainment services, probably because the contested mark does not cover these services. Therefore,

the most relevant aspect of this part of the opponent's case is the extent and strength of the opponent's marks in relation to telecommunications goods/services. The conceded reputation of the earlier marks in relation to telecommunications services does not mean that the earlier marks are highly distinctive for all such services. As Judge Hacon stated in *Burgerista*, "*Reputation constitutes a knowledge threshold.*" The nature of the reputation may bring with it other qualities and values, but in the first instance it is simply a question of how many of the potential consumers of the goods/services covered by the earlier mark know about it. By contrast, distinctive character is a measure of how strongly the mark identifies the goods/services of a single undertaking. Distinctiveness and reputation are therefore different albeit related matters.

39. Before looking at the issue relevant to this case, I will make a comment on this passage. I agree with the Hearing Officer that reputation in itself does not make a mark highly distinctive. However, while distinctiveness and reputation are different, the nature, factors, and evidence used to prove enhanced distinctiveness are the same as for reputation. Furthermore, reputation for the purposes of section 5(3) is a higher threshold than for acquired distinctiveness. In other words, if there is a reputation then distinctiveness should be enhanced. Where it fits on the distinctiveness scale after this enhancement is a question of fact in each individual case.
40. Returning to admissions, the Hearing Officer in paragraph 35 seems to rely on the "conceded" reputation in relation to telecommunications but not entertainment services. Similarly, in paragraph 63 the Hearing Officer stated:

The earlier O2 mark has a strong reputation in relation to telephone communications services, especially mobile services. The O2 mark less so. I accept that this reputation radiates outwards in the telecommunications sector, but naturally diminishes the further one moves away from the key services. The earlier marks have a moderate reputation for entertainment services. This appears to be almost entirely because of the reputation of the O2 entertainment arena.

41. If Mr McLeod's words were a formal admission, then the mark's reputation for telecommunications and entertainment services would be the same (as the purported admission did not distinguish between the two services). The Hearing Officer, however, treated the reputation for each service differently both in paragraph 35 and paragraph 63 of his Decision. Most significantly, he was clearly forming his own view as to the reputation in paragraph 63 and he would not have done that had he seen the issue as closed.
42. It does not appear, therefore, that the Hearing Officer was treating Mr McLeod's statement as a formal admission. This presents the question whether he *should* have treated it as a formal admission. An admission needs to be unequivocal. As there are two possible interpretations of what he meant by his words "we do not disagree" (see paragraph 37) and the Hearing Officer did not treat it as a formal admission then it clearly was not unequivocal.
43. Furthermore, Mr McLeod's statement was made after the Opponent had closed its case. Accordingly, Mr Stobbs presented the Opponent's case on the basis that O₂'s reputation needed to be established. Thereafter, the Hearing Officer made a finding based on the evidence and the Appellant's submissions in the Hearing. The Appellant did not rely on the existence of an "admission" at any material time during the Hearing and so suffers no prejudice from the approach adopted by the Hearing Officer.

44. In future, however, it would be appropriate that a Hearing Officer clarifies with a party whether a formal admission is being made or not. Furthermore, she or he should make sure a party sets out exactly what is being admitted. For instance, in this case the Appellant originally pleaded a “massive” reputation whereas the statement by Mr McLeod was only that O₂ had a reputation. As acquired distinctiveness and, to some extent, reputation is assessed on a scale it should be clarified where on that scale the admitted use places the mark.
45. In some instances, the non-admitting party might seek to prove the acquired distinctiveness is higher up the scale (and so evidence has to be considered) and in others the admission might be accepted.
46. Furthermore, where a party is seeking to rely on an oral admission made by the other side it is equally incumbent on the party relying on that admission to ensure the scope and nature of that admission is clarified to the tribunal at the earliest opportunity.
47. In the circumstances, I dismiss the appeal challenging the Hearing Officer’s findings on enhanced distinctiveness

Section 5(3)

48. The Hearing Officer’s findings as to reputation for the purposes of section 5(3) were also challenged by Mr Stobbs. This too was based on the “admission” by Mr McLeod. For the reasons I have already set out, I dismiss the appeal on this ground as well.

The modified specification

49. The Appellant’s final ground of appeal was that the specification was re-written for various goods and services to include a “but not” exclusion. For these purposes only one needs to be set out. At the end of a long list of goods in class 9 the following words were added by the Hearing Officer to resolve the Opposition “but not including mobile or smart phones or parts, fittings or accessories for mobile or smart phones or firmware or software adapted for use with mobile or smart phones”.
50. The Appellant argued that the addition of these words was contrary to the decision of Geoffrey Hobbs QC, sitting as the Appointed Person, in *Citybond TM* [2007] RPC 13, paragraph 17 where he said the registrar should not “adopt narrower wording for the purpose of eliminating the objection(s) he considers to be well-founded unless that is a matter which has been properly and fairly raised for adjudication”. The Appellant submitted the law was that words could be “struck out” but not re-written and the “but not” proviso added by the Hearing Officer was effectively re-writing the specification.
51. The Appellant did not, however, cite the subsequent case on the issue *Giorgio Armani Spa v Sunrich Clothing Ltd* [2010] EWHC 2939 (Ch) where at paragraph 53(ii) Mann J expressly approved of an approach adopted by the Hearing Officer, namely carving out the goods where the opposition was successful. Furthermore, the carve out was also set

out as proper practice in Tribunal Practice Notice (TPN 1/2012). The Hearing Officer cannot, therefore, be criticised for amending the specification as he did.

Conclusion

52. I therefore uphold the Hearing Officer's decision and dismiss the appeal in its entirety.
53. I order the Appellant to make a contribution of £1,000 towards the Respondent's costs for the appeal. This sum to be paid within 14 days of the date of the order.

PHILLIP JOHNSON
APPOINTED PERSON
11 JULY 2019

For the Appellant: Mr Julius Stobbs of Stobbs IP

For the Respondent: Mr Chris McLeod of Elkington and Fife.