

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No 2181152 BY
INEX CORPORATION LTD TO REGISTER A SERIES OF MARKS
IN CLASS 14**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER No 49693
BY IWC INTERNATIONAL WATCH CO. AG**

TRADE MARKS ACT 1994

**IN THE MATTER OF Application No 2181152
by Inex Corporation Ltd to register a series of marks
in Class 14**

and

**IN THE MATTER OF Opposition thereto under No 49693
by IWC International Watch Co. AG**

DECISION

On 3 November 1998 Inex Corporation Ltd applied to register the following series of two marks:

EWC

A large, stylized logo consisting of the letters 'E', 'W', and 'C' in a bold, sans-serif font. The 'E' is a simple horizontal bar with a vertical stem. The 'W' is formed by two 'V' shapes joined at the top. The 'C' is a simple open-bottom curve.

for a specification of goods which reads:

"horological and chronometric instruments; clocks; watches; watch straps; cases for clocks and watches; chains for watches; parts and fittings for the aforesaid goods."

The application is numbered 2181152.

On 27 April 1999 IWC International Watch Co. AG filed notice of opposition to this application. They say they are the proprietors of, and have made extensive use of, the following registered mark:

No.	Mark	Class	Journal	Specification
1159147		14	5585/2480	Horological and chronometric instruments and parts and fittings therefor.

Objection is said to arise under Sections 3(1), 3(6), 5(2), 5(3) and 5(4) of the Act. There is also a reference to the exercise of discretion. It is now well established no such general power exists under the 1994 Act.

The applicants filed a counterstatement denying the above grounds.

Both sides ask for an award of costs in their favour.

5 Only the opponents filed evidence. The parties were asked whether they wished to be heard but no request for a hearing was received. Acting on behalf of the Registrar and after a careful study of the papers I give this decision.

Opponents' Evidence

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The opponents filed a statutory declaration by Denys Pasche, the Managing Director of DMH (UK) Ltd, the sole distributor in the UK of IWC watches.

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Mr Pasche exhibits (DP2) a copy of the current catalogue which includes a brief history of the company and a price list. The retail prices of IWC watches in the UK inclusive of VAT start at £895 and go up to more than £100,000. The average price is said to be around £3000. The watches are sold through a network of selected and approved concessionaires (supplied by DMH). A list of these is given at DP3. Turnover figures (at wholesale prices and exclusive of VAT) are given as follows:

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January to December 1996	£717,070
January to December 1997	£436,388
January to December 1998	£504,570

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Since 1993 DMH or their predecessors have spent an average of £200,000 per year in marketing and advertising IWC watches in the UK. Media schedules for 1998 and 1999 for advertisements of IWC watches are shown at DP4. A selection of past and current newspaper and magazine advertisements are exhibited at DP5 along with photographs of shop displays (DP6).

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That completes my review of the evidence.

The opponents' objection under Section 3(1) largely follows the wording of the Act itself but without further particularisation of the objections. Section 3(1) reads:

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"3.-(1) The following shall not be registered -

(a) signs which do not satisfy the requirements of section 1(1),

40 (b) trade marks which are devoid of any distinctive character,

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,

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- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade:

5 Provided that, a trade mark shall not be refused registration by virtue of paragraph (b),
(c) or (d) above if, before the date of application for registration, it has in fact acquired
a distinctive character as a result of the use made of it."

10 The Registry has published its practice in relation to letter marks. The relevant part of the
Work Manual (Chapter 6) reads:

"3.11 Letters and Numerals

15 Section 1(1) of the Act states that trade marks may consist of letters or numerals.
Such signs are not therefore excluded from registration *per se*. Whether a letter or
numeral mark can be registered *prima facie* will therefore depend upon whether it is
devoid of any distinctive character. Letters and numerals presented with additional
features or which are intertwined, conjoined etc and which have a trade mark character
will be accepted.

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3.11.1 Three letter marks

3 letter marks should be accepted in the prima facie case unless they are objectionable
as descriptive words, acronyms, etc."

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The Work Manual represents guidance and does not of course have the force of law.
However, in this case, the opponents have not said how the mark applied for is descriptive or
otherwise open to objection. For my part I can see no reason why the applicants' mark should
be debarred from registration by Section 3(1).

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The Section 3(6) ground is said to be that the application is made in bad faith "in view of the
opponents' use of and reputation in the trade mark". That appears to be a relative ground
dressed up as an absolute ground. I dismiss it.

35 Section 5(2) is at the heart of the opponents' case. The Section reads:

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

- 40 (a) it is identical with an earlier trade mark and is to be registered for goods or
services similar to those for which the earlier trade mark is protected, or
- (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,

45 there exists a likelihood of confusion on the part of the public, which includes the
likelihood of association with the earlier trade mark."

As identical marks are not involved sub paragraph (b) applies here.

I take into account the guidance provided by the European Court of Justice (ECJ) in *Sabel BV v. Puma AG* [1998] E.T.M.R. 1, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* [1999] E.T.M.R. 1, *Lloyd Schufabrik Meyer & Co. GmbH v. Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v. Adidas AG* [2000] E.T.M.R. 723.

It is clear from these cases that:-

- 10 (a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v. Puma AG*, paragraph 22;
- 15 (b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v. Puma AG*, paragraph 23, 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; *Lloyd Schufabrik Meyer & Co. GmbH v. Klijsen Handel B.V.* paragraph 27;
- 20 (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v. Puma AG*, paragraph 23;
- 25 (d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV v. Puma AG*, paragraph 23;
- 30 (e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 17;
- 35 (f) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it; *Sabel BV v. Puma AG*, paragraph 24;
- 40 (g) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v. Puma AG*, paragraph 26;
- 45 (h) further, 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; *Marca Mode CV v. Adidas AG*, paragraph 41;
- (i) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 29.

Watches are not the sort of consumer goods that are bought on a regular basis. Even allowing for the fact that they are not simply purchased for personal use but may also be bought as presents they are still occasional purchases. They are bought for a mixture of reasons including their aesthetic appeal, the quality of the craftsmanship, accuracy of time keeping, particular functionality etc. It seems to me that, as a general class of goods, they are likely to be purchased with at least some care and attention and overwhelmingly on the basis of a close visual inspection of a range of competing products. I, therefore, approach the matter on the footing that visual similarities and dissimilarities are likely to be the key determinants and that customers will pay reasonable regard to the marks involved (allowing for imperfect recollection). I will also start from the point of view of notional use bearing in mind that neither parties' specification is restricted (if such were possible) in terms of the segment of the market they address or the nature of the retail outlets for their goods. I will, however, say a little more on this subject later in the decision when I take into account the opponents' reputation.

Visually the points of similarity between the mark applied for and the opponents' earlier trade mark are plain to see. There is a modicum of stylisation to the opponents' mark but it is essentially an IWC mark and falls to be compared with the applicants' series of marks on that basis. The public is generally used to encountering letter marks particularly as the initials of individuals or of companies (I note in passing that the opponent is the International Watch Company) and can be expected to exercise a degree of care in differentiating between them. Where a short three letter combination has a different initial letter that seems to me to be an important point of dissimilarity which will not go unremarked. It is true that the name or mark appearing on a watch face is almost certainly going to be in relatively small print and that this might accentuate any risk of confusion that might exist. But that point is counteracted by the fact the goods are likely to be picked up and inspected by customers.

There is no evidence to suggest that, contrary to my own impression, aural considerations play a particularly significant part in the process of purchasing watches. However word of mouth recommendation should not be entirely discounted. In that respect it is often said that vowel sounds are more easily confused than consonants. Certainly that may be the case where vowels are being pronounced as part of words. The point is of considerably less substance where, as here, the letter combinations are unlikely to be pronounced as words and thus the initial elements will be articulated as the sound of the individual letters.

Conceptually the marks have no obvious point of similarity save that they are made up of combinations of letters. Neither combination has any obvious meaning unless the opponents' mark is recognised as the initial letters of the company name.

The opponents have demonstrated use of their mark. I must therefore consider whether the opponents' mark has any added degree of distinctive character and the extent to which that reputation bears on the issue of likelihood of confusion. What emerges from the evidence is that the opponents' products are very expensive watches. At retail prices which are said to average £3000 the watches are likely to appeal almost exclusively to a wealthy and demanding customer base. Such individuals can be expected to pay a great deal of attention to the product and be careful to ensure that the desired brand has been chosen. It makes brand confusion even less likely even if the applicants were to enter the upper segment of the market

occupied by the opponents. There is no suggestion that the opponents are active at the cheaper end of the watch market under their IWC mark. They might well think that to do so would jeopardise their carefully nurtured reputation for high price/high quality goods. They might, of course, be concerned if a mark in use in relation to cheaper watches was confusingly similar to their own and risked origin association to the possible detriment of their exclusive brand. But I remain unpersuaded on the basis of the marks before me (even allowing for the opponents' reputation) that any such likelihood of confusion exists. The opposition fails under Section 5(2)(b).

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The opponents have not said for the purposes of Section 5(3) what dissimilar goods are relied on. In practice I do not think there are any. This ground also fails.

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Finally the opponents refer to Section 5(4) and the law of passing off. However as I have taken their reputation into account in considering the objection under Section 5(2) I do not think any further or separate matter falls to be dealt with under Section 5(4). On the evidence before me the opponents' use does not extend beyond the goods for which their mark is registered. Consequently no additional avenue of attack is available to them based on unregistered rights.

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As the opposition has failed the applicants are entitled to a contribution towards their costs. I order the opponents to pay the applicants the sum of £235. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

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Dated this 11 day of December 2000

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M REYNOLDS
For the Registrar
the Comptroller-General