

TRADE MARKS ACT 1994
TRADE MARK APPLICATION 3254067 BY TOTAL MOTION LIMITED
AND OPPOSITION 600000757 BY AFFINITY LEASING LIMITED
AND TRADE MARKS 3133452 & 3172169 IN THE NAME OF AFFINITY
LEASING LIMITED
AND APPLICATIONS 501917/8 BY TOTAL MOTION LIMITED FOR THE
TRADE MARKS TO BE DECLARED INVALID

DECISION

INTRODUCTION AND SUMMARY

Background

1. This appeal concerns an aspect of these proceedings which began with Affinity Leasing Limited (“Leasing”) opposing the application No. 3254067 by Total Motion Limited (“Total Motion”) to register the mark **TOTAL MOTION AFFINITY SCHEME** as a trade mark in relation to:

Class 9: Software for use in relation to vehicle leasing.
Class 35: Advertising services relating to the leasing of motor vehicles; business management of the leasing of a vehicle fleet for others; purchasing of vehicles for others; information, advisory and consultancy services in relation to the aforesaid services.
Class 36: Credit brokerage for loans secured on vehicles; credit brokerage for provision of vehicles by businesses for their employees; credit brokerage for vehicle finance products; credit services relating to motor vehicles; financial brokerage; financial services; financial services for the leasing of vehicles; financial services relating to motor vehicles; lease purchase financing of vehicles; lending services to merchants for the purpose of financing store inventories of vehicles; provision of finance

for leasing of vehicles; provision of finance for the leasing of motor vehicles; provision of finance for the purchase of vehicles; secured loans to fund the provision of contract hire of motor vehicles; secured loans to fund the provision of contract hire of motor vehicles; secured loans to fund the provision of instalment credit agreements on motor vehicles; information, advisory and consultancy services in relation to the aforesaid services.

Class 39: Arranging vehicle hire; arranging vehicle rental; chartering of vehicles; hire of motor vehicles; leasing of motor vehicles; leasing of vehicles; rental of commercial vehicles; rental of road vehicles; vehicle contract hire; vehicle hire services; vehicle leasing services; vehicle rental services; information, advisory and consultancy services in relation to the aforesaid services.

2. The opposition was based on Leasing's earlier trade mark UK3172169 which consists of the word **AFFINITY**. That mark was published for opposition purposes on 16th September 2016 and registered on 25th November 2016. The mark is registered for:

Class 36: Provision of finance for leasing of vehicles; credit brokerage for loans secured on vehicles; credit brokerage for vehicle finance products; credit brokerage for provision of vehicles by businesses for their employees.

Class 39: Vehicle leasing; vehicle leasing services.

3. The key commercial aspect of the case as it started was whether Leasing was entitled to object to the registration of Total Motion's mark. In a careful and comprehensive decision, the hearing officer on that aspect held that it was not in any event entitled to do so on the basis that the marks were not sufficiently similar to cause confusion even if the earlier mark was validly registered. There is no appeal from that aspect of his decision.
4. However, as part of its defence of its proposed registration, Total Motion also challenged the **AFFINITY** mark that formed the basis of the opposition. It

contended that the mark did not comply with sections 3(1)(b), (c) and (d) of the Trade Marks Act (“the Act”). The hearing officer upheld that contention based on sections 3(1)(d) and 3(1)(b) but did not decide the point under section 3(1)(c) since he thought it unnecessary to do so. The result was that not only was the Leasing’s opposition unsuccessful on the further ground that there was no prior right to rely on, it lost its earlier registered trade mark as well.

5. The matter was made worse for Leasing because, Total Motion also applied to invalidate another trade mark registered in the name of Leasing, namely UK3133452, which consists of the words **AFFINITY LEASING**. The latter mark was applied for on 27th October 2015 and registered on 25th March 2016. It covers the same services as UK3172169. It was successful in the invalidation on the same grounds.
6. By this appeal, Leasing seeks to restore registration of its own earlier trade marks now that these have been shown to be impotent to attack the Total Motion application. Leasing’s representative said at the hearing that the real commercial focus was the class 36 registration. Total Motion opposes that appeal. It also contends that the hearing officer was sufficiently wrong in his award of costs below to merit overturning that decision.
7. The appeal, as it developed, focussed like the decision of the hearing officer, largely on section 3(1)(d) and whether he was right to hold that the mark **AFFINITY** (and **AFFINITY LEASING**) had become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which it was registered. Indeed, Leasing’s brief skeleton argument addressed only this issue. However as Total Motion pointed out, that was not the end of Leasing’s problems with these marks because the hearing officer had also held that the marks were invalid for want of compliance with section 3(1)(b), relying essentially on the same evidence and related findings. Accordingly, Total Motion submitted that even if the Leasing marks overcame the section 3(1)(d) objection, that would not assist them in maintaining their registration since the section 3(1)(b) objection should stand in any event.

Preliminary remarks on assessment of the appeal

8. First, according to well-established principles of appellate deference, a decision of a hearing officer on an issue of this kind should not be overturned unless this tribunal is satisfied that the approach adopted to evaluation was incorrect in law or approach or that the application of the correct principles led to a decision that was wrong. It is unnecessary to set out the case law from which the principles are derived again. They are well known and derived from *Reef Trade Mark* [2003] RPC 5 and, more recently, *Actavis Group PTC v. ICOS Corporation* [2019] UKSC 1671 at [78] to [81]). Those principles have particular force where, as here, the very experienced hearing officer evaluated the evidence, set out the law in a manner which is not criticised on this appeal and gave coherent reasons for his decision.
9. Moreover, it is clear from the evidence that the term “affinity” which lies at the heart of this case has increased in prominence of use in recent years to describe a kind of loyalty scheme, particularly for certain kinds of employment benefits. It might be thought that a decision of the hearing officer in such circumstances was particularly hard to dislodge, whether under section 3(1)(d) or 3(1)(b).
10. However, as against that, on the evidence, the word “affinity” was not specifically used (or at least not alone) in respect of goods or services which are the subject of Leasing’s registration. It is a term which may be described as having become widespread and to an extent, generally generic but not specifically so. This is also a somewhat unusual situation in that the state of the language has changed over the years. When use of the term in question began to describe these kinds of schemes, even if not when actually registered, it would (at the lowest) have been much harder to contend that it was generic. A good deal of the evidence relied upon by Total Motion was after Leasing had started to use the marks but before they were registered. It might therefore also be thought that in those circumstances, registration of a trade mark should be particularly hard to dislodge.

11. Those considerations are in tension. In evaluating this case both at the hearing and since, my view has not remained constant as to whether Leasing's arguments are sufficiently strong to justify taking a different view from that of the hearing officer on the main issue under section 3(1)(d), bearing in mind the approach to this appellate jurisdiction. Policy is also relevant in this area. On the one hand, it is desirable that the provisions of the Act are not applied in such a way as to make it particularly easy for an undertaking's used mark to be vulnerable to invalidity attack, by the acts of third parties by using language out of its control. On the other, it is undesirable for proprietors of trade marks to be able to retain potentially wide rights in terms that have, through common usage, genuinely ceased to be distinctive of the goods or services for which they are registered at the time that is done¹.
12. Having reviewed the arguments and evidence at length both before and since the hearing, and probed some of the submissions on specific aspects of the evidence in detail, in my view the hearing officer was too ready to find that the mark in question was invalid under section 3(1)(d). In a nutshell, that is because I take the view that on the current state of the law, a person challenging a mark on that ground should provide more specific evidence than was present in this case for such an attack to succeed. That view has given rise to a further question (which occupied little time in argument) namely whether if such a conclusion was reached with respect to section 3(1)(d), it would nonetheless be right to hold that it was invalid as being devoid of distinctive character under section 3(1)(b). That is further complicated by the fact that the ground that the hearing officer expressly declined to decide, namely whether the marks may describe (for example) characteristics of the services in question, appeared to me, if anything, the most apposite in this case since that sub-section does not require the same degree of proof that the term has in been used in the specific

¹ As Kerly's Law of Trade Marks 16th edn. says at para. 10-123 in discussing the public interest in this context: "More difficult issues arise where the mark under consideration has been used for some time as a trade mark before application is made or when an existing trade mark is sought to be revoked as having become generic". This is such a case and, being comparatively rare, there is limited specific guidance. I therefore considered the appropriateness of analyzing this sort of situation more fully in this decision but, in the light of my overall conclusions, this is better left for a case in which it is of decisive significance and fully argued.

descriptive way. I therefore invited the parties to indicate whether they would be content for me to decide the section 3(1)(c) ground rather than remit it. Both said that I should decide it.

13. In the result, for reasons which follow, my conclusion is that the hearing officer was not justified, having regard to the approach in the case law under section 3(1)(d) to base his decision on that ground but that it would not be right to overturn his decision under section 3(1)(b). The mark should properly be declared invalid under section 3(1)(c) in any event. So the hearing officer reached the right decision overall.

THE SECTION 3 OBJECTIONS

14. It is convenient to start with discussion of section 3(1)(d).

Section 3(1)(d)

15. Section 3(1)(d) of the Act precludes registration of 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”. This section has been the subject of less case law than the vast amount of jurisprudence on other provisions of the act, since the objection is relatively infrequently invoked, still less made the major ground.
16. In *Telefon & Buch Verlagsgesellschaft GmbH v OHIM*, Case T-322/03 the General Court summarised the case law of the Court of Justice under the equivalent of s.3(1)(d) of the Act as follows:

“49. Article 7(1)(d) of Regulation No 40/94 must be interpreted as precluding registration of a trade mark only where the signs or indications of which the mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that mark is sought (see, by analogy, Case C-517/99 *Merz & Krell* [2001] ECR I-6959, paragraph 31, and Case T-237/01 *Alcon v OHIM – Dr. Robert Winzer Pharma* (BSS) [2003] ECR II-411, paragraph 37). Accordingly, whether a mark is customary can only be assessed, firstly,

by reference to the goods or services in respect of which registration is sought, even though the provision in question does not explicitly refer to those goods or services, and, secondly, on the basis of the target public's perception of the mark (BSS, paragraph 37).

50. With regard to the target public, the question whether a sign is customary must be assessed by taking account of the expectations which the average consumer, who is deemed to be reasonably well informed and reasonably observant and circumspect, is presumed to have in respect of the type of goods in question (BSS, paragraph 38).

51. Furthermore, although there is a clear overlap between the scope of Article 7(1)(c) and Article 7(1)(d) of Regulation No 40/94, marks covered by Article 7(1)(d) are excluded from registration not on the basis that they are descriptive, but on the basis of current usage in trade sectors covering trade in the goods or services for which the marks are sought to be registered (see, by analogy, *Merz & Krell*, paragraph 35, and BSS, paragraph 39).

52. Finally, signs or indications constituting a trade mark which have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services covered by that mark are not capable of distinguishing the goods or services of one undertaking from those of other undertakings and do not therefore fulfil the essential function of a trade mark (see, by analogy, *Merz & Krell*, paragraph 37, and BSS, paragraph 40)."

17. The principles were summarised by Mr Richard Arnold QC sitting as a Deputy High Court Judge in *Hormel Foods Corporation v Antilles Landscape Investments NV* [2005] EWHC 13 (Ch), [2005] RPC 28. In that case, the claimant was the proprietor of the trade mark "SPAM" which had been used since the 1930s in relation to luncheon meats. The claimants sought to prevent registration of the mark "SPAMBUSTER" in relation to certain software for combatting computer "spam".

18. The Deputy Judge in that case considered the application of section 3(1)(d) in two places – both in relation to the claimant’s mark SPAM and in relation to the defendant’s proposed mark SPAMBUSTERS. He said in relation to the allegation under Section 3(1)(d) (emphasis added):

“Section 3(1)(d) [SPAMBUSTERS]

155. Section 3(1)(d) implements Article 3(1)(d) of the Directive and corresponds to Article 7(1)(d) of the Regulation. Article 3(1)(d) was considered by the Court of Justice in Case C-S 17/99 *Merz & Krell GmbH & Co v Deutsches Patent- und Markenamt* [2001] ECR I-6959. The Court held that Article 3(1)(d) was to be interpreted as only precluding registration of a mark where the signs or indications of which the mark was exclusively composed had become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of the mark was sought. It also held that it was immaterial for this purpose whether or not the sign in question was descriptive. Thus the essence of the objection is that the sign is generic either amongst the general public or amongst the trade.

156. In my judgment the Claimant has not established that, as at 5 December 1997, the word SPAMBUSTER had become customary either in the current language or in the bone fide and established practices of the trade to designate computer programming services for preventing or combating SPAM. While that meaning of the word would have been understood by the average consumer of such services, and some people were using the word in that sense, the word was not in common use either amongst the general public or amongst those in the trade. Thus I do not think that it can be said to have become customary.”

Section 3(1)(d) [SPAM]

175. So far as section 3(1)(d) is concerned, the Claimant's Mark already possessed a distinctive character when the application to register it was made on 25 November 1938 since, as noted above, it consisted of an invented word. There is simply no evidence that it was customary in the

current language or bona fide and established practices in the trade at that date. In any event it plainly acquired a distinctive character through use thereafter.”

19. The following points merit highlighting.
20. First, the question for the tribunal is whether the mark taken as a whole and not just one element of it has become customary to designate the goods or services in respect of which it is sought to be registered.
21. Second, it is not sufficient for a successful challenge under section 3(1)(d) for it to be shown that the average consumer understands the term in a descriptive sense. It must have become customary. However, quite where the boundary between those two concepts lies may not always be clear on the evidence.
22. Third, the overall message from these authorities is that a finding that a mark is invalid under section 3(1)(d) is not to be made lightly. It requires specific evidence that it is specifically customary.

The hearing officer’s decision on section 3(1)(d)

23. The hearing officer set out the law above in a manner not criticised on this appeal. He then summarised the most relevant evidence from the witness statements and in particular exhibits JAB4 and JAB7 to Mr Buckby’s statement as follows.

(i) An extract from the British Horse Society’s website dated 3rd July 2007 showing that it operated an ‘Affinity Car Scheme’ at that time;

(ii) A website called ‘employeebenefits.co.uk’ included a definition of an ‘affinity car scheme’ in 2008 as being “[schemes which] allow employers to strike a deal directly with manufacturers or through a leasing company, and provide employees with access to cheaper prices on the purchase of new and used cars.”

(iii) An article from the same website dated October 2008 recording that GlaxoSmithKline had launched a car discount affinity scheme for its 18.5k staff and that “the affinity scheme is being communicated to staff in the company’s quarterly internal magazine”;

(iv) An article from the same website dated March 2010 recording that Comet the retailer had launched a new affinity company car scheme for its 10k employees;

(v) Another article from the same website dated July 2012 recording that BT had introduced an online affinity fleet scheme to provide its employees and ex-employees with access to ex-BT Fleet cars;

(vi) A copy of the website of Prospectus vehicle solutions from September 2013 showing that it provided vehicles on “Affinity Terms” for Police Officers and support staff to purchase or contract hire cars from major motor manufacturers, including Citroen, Nissan and Vauxhall;

(vii) A copy of an article from the website of Moveleasing.co.uk dated February 2014 showing that it offered affinity benefit schemes to employers relating to the leasing of vehicles for the benefit of their employees or members;

(viii) A similar article appeared on the website of multileasingdirect.co.uk in September 2014;

(ix) An article dated April 2014 appeared on the website herts.polfed.org informing Police Federation members that “The NEW Peugeot Affinity Scheme provides [you] and your partner/spouse with the benefit of exclusive, competitive rentals through.... Peugeot Contract Hire”;

(x) A copy of an article dated February 2015 from the website of gmpautocare.com stating that it had introduced an Affinity Scheme through which “you and your family” [NHS employees] could obtain savings on new cars from Fiat Chrysler Automobiles UK;

(xi) A copy of an article dated January 2016 from the website onrec.com recording that Barclays had recently launched an employee affinity scheme for its 59k employees and 20k pensioners in the UK through which they could purchase and finance cars from Renault, Saab, Mercedes and Vauxhall;

(xii) An undated article from the website carleasing-online.co.uk with a copyright date of 2015 describing affinity car schemes and stating that such schemes were becoming increasingly popular.”

24. The Hearing Officer then gave three reasons for concluding that section 3(1)(d) applied at paragraphs [21]-[27] as follows.

“21. My reasons for this finding are, firstly, that although the parties disagree about who counts as an average consumer of the services, it is common ground that average consumers of car leasing services will pay an above average degree of attention when selecting a potential service provider. The same applies to associated financial and credit broking services. This makes it more likely that relevant consumers will notice the terms used in the trade to describe schemes providing access to car leasing deals.

22. Secondly, it seems inherently likely that organisations providing group savings schemes to their employees or members would describe the scheme to them in the same terms used by car leasing companies and/or motor manufacturers. This is consistent with the evidence recorded at paragraph 15(iii), (vi), (x) and (xi) above [corresponding to the roman numbered points above].

23. Thirdly, as taking up the benefit of such group leasing/purchase schemes is likely to require the individual employee or member to contact the car leasing company or motor manufacturer/dealer to take up the offer, the end user is likely to have to adopt, or at least understand, the terms used by that party to describe the scheme.

24. It is true that ‘affinity scheme’ means a group saving scheme offered in relation to, inter alia, car leasing and purchasing. It does not mean car leasing (or related financing) as such. Ms Cookson submitted that this meant that, if anything, the term described a promotional service rather than the services in classes 36 and 39 for which Leasing’s marks are registered. However, even if Ms Cookson is right about that, it does not prevent s.3(1)(d) from applying. This is because, as the case law makes clear, it is not necessary for the signs to be descriptive of the registered services: such an objection may be based on “current usage in trade sectors covering trade in the goods or services for which the marks are sought to be registered.” Trading in vehicle leasing services includes promoting the services. Vehicle leasing (contract hire) is a common means of obtaining a vehicle for long term use. It is common knowledge that such arrangements are usually relatively expensive and come with associated finance options. Against this background, Total Motion’s evidence is sufficient, in my view, to establish that ‘affinity scheme’ was in current usage at the relevant dates in trade in vehicle leasing services, and related finance and credit brokerage services.

25. I acknowledge that Leasing’s marks are Affinity and Affinity Leasing rather than ‘affinity scheme’. However, the word ‘scheme’ in ‘affinity scheme’ is purely descriptive when used in relation to a group savings scheme. An average consumer who knows what an ‘affinity scheme’ is in the context of the trade in vehicle leasing services would attach the same meaning to ‘affinity’ alone.

26. The word ‘Leasing’ is purely descriptive of leasing services. An average consumer of the vehicle leasing services would therefore understand Affinity Leasing as meaning leasing something through an affinity scheme.

27. The financial side of vehicle leasing is part and parcel of the same commercial transaction. Consequently, there is no meaningful distinction to be drawn between, on the one hand, the customary meaning of the sign ‘affinity scheme’ and on the other hand, the meanings of Affinity and Affinity Leasing in relation to the financing of vehicle leasing and/or vehicle financing.”

Discussion

25. There are in my view some difficulties with this approach to section 3(1)(d).
26. First, the case law of the CJEU and the English courts seems to be better understood as requiring the term in question to have already become customary in the trade in question, specifically to designate the goods or services in respect of which registration of the mark is sought and not merely that it has become customary in the trade more generally.
27. Second, the hearing officer rightly acknowledged that the evidence does not go as far as showing that the term “affinity” as such has become customary across the board. The evidence showed that ‘affinity scheme’ meant a group saving scheme offered in relation to, inter alia, car leasing and purchasing. It did not denote car leasing (or related financing) as such.
28. In my view where reliance is placed on section 3(1)(d) and, in particular, where the usage alleged goes back some years (as here) it is ordinarily reasonable to expect some evidence that the term in question has, in fact, been used specifically to denote the goods or services in question at the relevant date, not merely an evaluation of what an average consumer may think. There was therefore discussion at the hearing as to whether the evidence taken as a whole hit that target. My evaluation of it, taken as a whole (including re-evaluation after the hearing) was that it came close but did not show that with sufficient clarity or precision.
29. In the present case, that is important because whatever the position at the date of registration, it is far less clear that the terms “affinity” when originally adopted as a trade mark by Leasing specifically denoted the goods and services in question for which it was proposing to use them. The case advanced was that, over time – and in particular by the date of registration - knowledge of other affinity schemes had developed to a point that by that date, the terms “affinity” and “affinity leasing” had become generic of those services.

30. In the end, Leasing’s argument which I accept was summarized in the following way. First that the evidence is at too general a level, referring to the use of the term “affinity” in general documentation and not specifically relating to the specific services for which the mark is registered. Second, that in so far as it is specific it is only in relation to specific internal company affinity schemes and not the more general concept of vehicle leasing services covered by the specification of services. I was not persuaded by other the criticisms of the evidence including that it came from a person without knowledge of the trade, that the web-pages did not have sufficient context or adequate dating or that there were errors in the searching. As indicated above, the key issue to my mind is not so much the quality of the evidence but what it establishes.

31. However, in the light of the points made above, overall I am persuaded by Leasing’s arguments under this head and had that been the only point I would, have allowed the appeal on that ground. However, the matter does not end there.

Section 3(1)(b) and section 3(1)(c)

32. Sections 3(1)(b) and (c) preclude registration of the following trade marks

(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,

33. The hearing officer’s decision on section 3(1)(b) was as follows:

“29. In case I am wrong about this, I will also examine the ground for invalidation based on s.3(1)(b) of the Act. The principles to be applied under article 7(1)(b) of the CTM Regulation (which is article 7(1)(b) of the EUTM Regulation, and is identical to article 3(1)(b) of the Trade Marks Directive and s.3(1)(b) of the Act) were conveniently summarised

by the CJEU in *OHIM v BORCO-Marken-Import Matthiesen GmbH & Co KG12* as follows:

“29..... the fact that a sign is, in general, capable of constituting a trade mark does not mean that the sign necessarily has distinctive character for the purposes of Article 7(1)(b) of the regulation in relation to a specific product or service (Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 32).

30. Under that provision, marks which are devoid of any distinctive character are not to be registered.

31. According to settled case-law, for a trade mark to possess distinctive character for the purposes of that provision, it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from those of other undertakings (*Henkel v OHIM*, paragraph 34; Case C-304/06 P *Eurohypo v OHIM* [2008] ECR I-3297, paragraph 66; and Case C-398/08 P *Audi v OHIM* [2010] ECR I-0000, paragraph 33).

32. It is 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 perception of them by the relevant public (*Storck v OHIM*, paragraph 25; *Henkel v OHIM*, paragraph 35; and *Eurohypo v OHIM*, paragraph 67).”

30. Even if I am wrong to find that there is sufficient evidence to justify the conclusion that ‘affinity’ had become customary “in the current language or in the bona fide and established practices of the trade” in relation to car leasing services (and associated financial services), I find that there is sufficient evidence to show that, at the relevant dates, this

term was generally used and understood to designate a kind of group savings scheme. Affinity would not therefore have served to identify the registered services in classes 36 and 39 as originating from a particular undertaking. Rather, the sign would have indicated only that such services were available through a group savings scheme. The same applies to Affinity Leasing.

31. Consequently, neither mark had any inherent distinctive character at the relevant dates. Therefore, registration of the marks was contrary to s.3(1)(b) of the Act.”

34. Leasing, again, does not take issue with the hearing officer’s summary of the law on section 3(1)(b) but rather with the application of it. Essentially, it makes the same points under this head as under section 3(1)(d) – although it did not address this ground in its skeleton argument - and contends that the result under section 3(1)(b) ought not to be any different from that under section 3(1)(d).

Discussion

35. First, one striking feature of the hearing officer’s decision in this respect is that his factual finding is consistent with a ground of objection arising under section 3(1)(c) – see below - which precludes registration of terms which either are or may be descriptive of the goods or services for which the mark is registered.

36. Section 3(1)(b) is in some respects a more general provision than either section 3(1)(c) or section 3(1)(d), precluding registration of marks which have no distinctive character at all. However, the case law, especially from EU tribunals, emphasizes that these are each distinct heads of objection requiring separate analysis – one cannot just go to section 3(1)(b) and use it as a catch-all for marks that have questionable distinctiveness. In my view, it is preferable where a specific objection potentially arises that the sign or trade mark is descriptive of the goods or services (rather than that it is non distinctive for some other reason such as being decorative) that the issue is primarily analysed under section 3(1)(c).

37. If such an analysis points to the mark being registrable on the grounds that it is not descriptive under that provision, it will be harder to show that, despite this, it does not qualify for registration under 3(1)(b). That is partly because the case law relating to section 3(1)(c) is specific to that section as it has developed over recent years and provides a clearer standard for evaluation of marks alleged to be descriptive than the case law specifically directed to section 3(1)(b).
38. Under section 3(1)(c), the case law both from the EU courts and from the Court of Appeal has emphasized that section 3(1)(c) (or its equivalents) only come into play where the average consumer would, at the relevant date, have immediately perceived without thought or explanation that the mark in question designated a characteristic of the goods or services for which the mark was registered (see *JW Spear & Sons v. Zynga Inc.* [2015] EWCA Civ 290 at [73]-[83] and cases there referred to). The cases also show that it is not necessary to demonstrate that the term exactly designates any of the goods or services specifically itself: designation of a characteristic of such services will suffice, including, importantly, ancillary characteristics that the goods or services may reasonably be expected to have (see e.g. Case C-363/99 *Koninklijke KPN Nederland NV v. Benelux Merkenbureau* [2004] ECR I-1619).
39. Second, the case law under both sub-sections and the language of 3(1)(c) itself places some emphasis on avoiding registration not only of marks or signs which are already in use by others to describe the goods or services in issue but also those which may reasonably be adopted by others in future to describe their goods or services having regard to the meaning of those terms.
40. Bearing those points in mind and approaching the matter primarily from the perspective of evaluation of section 3(1)(c), in my view, on the basis of
- (i) the evidence before the hearing officer which I have summarized above;
 - (ii) his findings of fact and the immediate consequences of those findings,
- it is sufficiently clear that the term “affinity” is, or was at the date of registration, particularly apt to be used to describe at least a characteristic, ancillary or

otherwise, of vehicle leasing or vehicle finance (and in particular the services for which the mark was registered). It would have been immediately understood by an average consumer at one or other level of relevant trade as likely to refer to the fact that such vehicle leasing was provided as part of or associated with an affinity scheme or as in some other way as such an ancillary characteristic. In common, with the hearing officer, I consider that the same analysis applies to “affinity leasing” for the same reasons.

41. This conclusion is also supported, to a degree, by consideration of the specific services for which the marks are registered in class 36. These include “credit brokerage for provision of vehicles by businesses for their employees”. This part of the specification essentially relates to a way of providing such services where the vehicles are provided by something which may well be an affinity scheme. These are likely to be described, at least loosely, using the term “affinity”, as is credit brokerage for such, and, if the term “affinity” was used in relation to such, the natural understanding would be that they were related to an affinity scheme. A phrase such as “affinity credit brokerage” seems to me to be a natural, if imperfect, description of credit brokerage for such credit services provided for employee affinity schemes, including for vehicles. “Affinity leasing” likewise is a natural way of describing the leasing of vehicles of or for an employee affinity scheme. Even if not customary at the relevant dates, the evidence shows that it would have been likely to be understood in that way.

42. Accordingly, the factual findings of the hearing officer support invalidation of the mark based on section 3(1)(c) of the Act. Since the parties are agreed that I should decide that point rather than remitting it to the Registrar, I do so in Total Motion’s favour².

43. I then return to section 3(1)(b). I think that the use of that sub-section as a basis for finding such marks invalid without first considering the potential

²In doing so I have also considered the points on this made in the various documents before the Registrar below and the case law on this issue on which neither side addressed me but of which the key – and non-controversial - points are summarized above.

applicability of section 3(1)(c) is sub-optimal in a case where the real issue is descriptiveness. I recognize that this is an issue on which there may a reasonable difference of view on the current state of the law and do not consider that the hearing officer's decision should be overturned on that basis or on the basis that he should have reached a different decision on section 3(1)(d). That being so, having considered the points made by Leasing at the hearing, I take the view that the hearing officer did not ask himself the wrong question and his application of the principles was not outside the bounds within which reasonable disagreement was possible. Indeed, it was well within those bounds, even assuming that he was wrong to hold that section 3(1)(d) applied. Moreover, it was consistent with the approach I have taken to section 3(1)(c).

Overall conclusion

44. For the above reasons, despite the efficiently presented arguments for Leasing, this appeal must be dismissed.

45. This is a somewhat unusual case in which the hearing officer would, in my view, have been more clearly right to decide the case on a basis that he did not deploy while the bases actually used for his decision were open to greater debate. Although less convenient for the Registrar and not invariably necessary, this may be a reason why it is desirable for hearing officers normally to decide cases on the basis of all grounds of invalidity alleged and to focus primarily on the grounds most specifically apposite to the situation at hand. In a case of alleged descriptiveness, the tribunal is likely to be justified in reaching first for section 3(1)(c) to see whether it applies. That approach ensures that the different statutory requirements are all given full consideration and can normally be evaluated by two instances without a risk arising of a need for remission for further decision.

COSTS

46. There are two issues on costs:
 - a. Costs of the appeal.
 - b. Costs before the hearing officer.

Costs of the appeal

47. Since Total Motion has succeeded overall, it is entitled to its costs of the appeal. However, this is an unusual situation in which it has not succeeded on the main issue argued where that occupied a considerable amount of the evidence and was the primary basis for attack on the marks (section 3(1)(d)). That would ordinarily be reflected in a suitable reduction in costs to take account of the points on which it was unsuccessful, in so far as separable. I am not, however, satisfied that the evidence was really separable. It went to all grounds.
48. Moreover, the argument on the appeal was more focused on issues where Leasing was successful (see below on the costs point where Leasing was also successful) and were not very great. The hearing officer awarded £800 in total for the costs of the hearing below which covered more points and Total Motion's skeleton argument was very brief, addressing the core points on section 3(1)(d) in barely three paragraphs, thereby leaving work to be done by the tribunal at and after the hearing in working through the issues.
49. In my view, the fairest order is to allow the hearing officer's decision to remain undisturbed but for there to be no order for costs on this appeal.

Costs before the hearing officer

50. Total Motion contends that the hearing officer's award of £2600 in its favour should be substantially increased and, if anything, awarded off scale. It contends (in summary) that Leasing acted unreasonably in continuing to defend its own marks or oppose Total Motion's after it had seen evidence showing the widespread use of "affinity". It also contends that there was no basis for the awards at the lower end of the scale.
51. In my view, this award of costs was well within the hearing officer's discretion. Indeed, as matters have turned out, it may with hindsight be somewhat favorable to Total Motion in that the costs decision below assumed that it was entitled to have succeeded on all grounds of opposition. In addition, there was not a great deal of evidence and much of it appears to have been the fruit of simple internet searching. The arguments below, as recorded in the hearing officer's decision,

were of a conventional kind. The Registry is a low cost tribunal and the parties were content to proceed with economical representation.

52. Accordingly, Leasing should pay the sum ordered by the hearing officer within the time provided in the original decision (21 days of the conclusion of the appeal proceedings) but no further costs.

DANIEL ALEXANDER QC

APPOINTED PERSON

19 October 2020

Representation

Ms Barbara Cookson for Leasing

Mr Aaron Wood for Total Motion