

O-523-14

**TRADE MARKS ACT 1994**

**APPLICATION 500165 BY MARTIN AUDIO LIMITED**

**FOR THE INVALIDATION OF TRADE MARK REGISTRATION 2649278**

**IN THE NAME OF**

**DONGGUAN MARTIN AUDIO LIGHTING ENGINEERING CO.,LIMITED**

## Background and pleadings

1. This is an application by Martin Audio Limited (“the applicant”) to invalidate trade mark registration No. 2649278 in the name of Dongguan Martin Audio Lighting Engineering Co., Limited (“the holder”).

2. This is the contested trade mark.



3. It is registered in class 9 for:

Cabinets for loudspeakers; sound recording carriers; megaphones; acoustic couplers; sound reproduction apparatus; intercommunication apparatus; remote control apparatus; batteries, electric; tape recorders; loudspeakers; sound recording apparatus; compact disc players; computer peripheral devices; projection apparatus; regulating apparatus, electric; buzzers; juke boxes, musical; microphones; horns for loudspeakers; DVD players; portable media players; light dimmers (regulators), electric; stage lighting regulators; signal lanterns.

4. The application to register the mark was filed on 15 January 2013 (“the relevant date”). The mark was registered on 17 May 2013.

5. The application to invalidate and cancel the registration was filed on 27 September 2013. The grounds for invalidation are that:

- Registration was contrary to section 5(2)(b) of the Act because the applicant is the owner of two earlier Community trade marks (“CTM”) consisting of the words MARTIN AUDIO and of this mark.



- These marks are similar to the contested UK mark, are registered for identical goods, and there is a likelihood of confusion on the part of the public.

- The earlier Community trade marks have been used in the UK since 1971 and have acquired a reputation in the UK and the EU.
- Use of the contested mark would, without due cause, take unfair advantage of the reputation of the earlier marks, would tarnish them, and/or would be detrimental to their distinctive character.
- The holder has systematically tried to pass itself off as the applicant in China. Having regard to the applicant's established UK goodwill, use of the contested mark in the UK would amount to passing off. The registration of the contested mark was therefore contrary to section 5(4)(a) of the Act.
- The holder has acted in bad faith. In particular it has:
  - Incorporated a company with a name that includes the applicant's name;
  - Manufactured and sold products made to designs and registered designs belonging to the applicant under other trade marks belonging to the applicant;
  - Set up a copycat website;
  - Falsely claimed to be a division of Dah Chong Hong Trading Limited of Hong Kong, the applicant's previous distributor, by using the name Hong Kong Dah Chong Hong Trading Limited;
  - Used the letters DCHPRO for the same purpose, DCH-Pro being used by the applicant's previous distributor when acting for foreign loud speaker manufacturers;
  - Naming its office building after the name of the applicant's current Chinese distributor;
- The holder has therefore registered the contested mark in an attempt to deceive the public into believing that its goods are those of the applicant or that it is otherwise connected to the applicant, for example as its licensee in the far east.

6. The holder filed a counterstatement in which it denied all the applicant's claims and put the applicant to proof of use of its earlier CTMs and of their reputation in the UK/EU. The holder also points out that:

- The contested mark includes the letters DCHPRO and a distinctive device which it says differentiates the mark from the applicant's CTMs.
- The holder uses MARTIN as its name in the UK because it is similar to "Ma" "Tian", which is a transliteration of its Chinese company name.

7. Both sides seek an award of costs.

## The applicant's evidence

8. The applicant's evidence in chief consists of:

- Three witness statements (and exhibits MPS1-20) by Matthew Peter Smith, a trade mark attorney at Abel and Imray, which represents the applicant in these proceedings;
- Two witness statements by Wang Silu (and exhibits WS1-26), a solicitor at the Chinese law firm Lin Yi Hua & Co;
- A witness statement by James Alan Timothy King (and exhibits JATK1-4), who is the Director of Marketing of the applicant company.

9. The applicant also filed a witness statement by Xingye Huang, a trainee patent attorney at Abel and Imray, who provided English translations of some of the exhibits to the witness statements of Wang Silu.

10. Mr King has only worked for the applicant since April 2013. His evidence is that the applicant was formed in 1971 to manufacture and supply sound systems for live performances. The company provided the systems used by famous bands such as Supertramp and Pink Floyd for use whilst on tour. In 1993 the company started making sound systems for permanent installations. In 1997 the company started making sound systems for installation in cinemas. Martin Audio provided the sound systems for Glastonbury and the Pyramid stage for "the last 5 years" (stated in March 2014). I note that as well as loudspeakers, the systems include hardware and software for sound optimisation.

11. Exhibit JATK2 comprises copies of 'case studies' showing that Martin Audio has installed sound systems in auditoriums, educational establishments, bars and restaurants, cinemas, theatres, festivals and outdoor events, hotels, churches, nightclubs, shopping malls, and stadiums around the world, including some in the UK and Europe.

12. Exhibit JATK1, comprises testimonials commissioned in 2012 from the likes of sound engineers and others in the business of sound systems, including some from the UK. For example, the owner of Total Production International (UK trade press) said "*I know Martin Audio very well and I know the MLA system. The new MLA system is basically the best loudspeaker system out there*".

13. The company's sound systems have won various awards over the past 18 years<sup>1</sup>.

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<sup>1</sup> See exhibit JATK3

14. Mr Smith provides further evidence about the use and reputation of the applicant's earlier marks. This includes:

- Copies of 14 invoices dated between April 2008 and July 2013<sup>2</sup> to Martin Audio customers, mostly in the UK (all bar one being in London) but also in Sweden and Spain. These invoices bear the applicant's corporate name and the composite word and device mark shown at paragraph 5 above. The goods are described in words and product codes. The word descriptions are not always clear, but they are consistent with the goods being loud speakers, amplifiers and parts and fittings for such goods.
- A copy of the applicant's product brochure with a copyright date of 2012<sup>3</sup> showing that the applicant uses the CTMs in relation to loudspeakers, amplifiers, hardware controllers and associated software, and parts and fittings for such goods.
- Extracts from the TPi magazine, which appears to be a trade publication dedicated to live events<sup>4</sup>. These include advertisements for Martin Audio dated in 2011 and 2012, articles about the company from the magazine and from the associated website, dated between 2009 and 2013. The name MARTIN AUDIO is featured prominently in these articles, which are about music concerts, e.g. "*R G JONES AND MARTIN AUDIO BRING DOWN THE ROOF*".
- Extracts from third party websites<sup>5</sup>. The most relevant of these is an extract from the Definition Audio Visual .co.uk website which states that "*Martin Audio have always had a reputation of building and supplying a range of professional speaker systems to suit virtually any type of sound system installation...*".

15. Mr Smith also provides turnover figures for Martin Audio Limited covering February 2011 to January 2013. These suggest that the UK accounted for around £3.6m out of the global turnover of £37m. This included further substantial turnover from business in "Asia Pacific" and "India, Europe, Middle East and Africa", but these figures are not broken down further to individual geographical areas, such as Europe. Mr Smith says that he obtained his evidence from "publicly available documents and records". However, he does not identify the specific source of these

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<sup>2</sup> See exhibits MPS10 and 19. These include further invoices dated after the relevant date and the date of the application for invalidation.

<sup>3</sup> See exhibit MPS11

<sup>4</sup> See exhibits MPS13-15

<sup>5</sup> See exhibit MPS16

figures. Although it is implicit in what he says, Mr Smith is not in a position to state that all the company's turnover was generated through use of the CTMs<sup>6</sup>.

16. Wang Silu's evidence is that he has known of the applicant's Hong Kong distributor called Dah Chong Hong Limited since 2006. He confirms that the department in charge of distributing Martin Audio products used DCHPRO in its communications. Wang Silu also states that:

- Martin Audio Limited has registered its name and product marks as trade marks in China.
- Huifeng Audio Group became the exclusive distributor of Martin Audio products in Mianland China, Hong Kong and Macau in early 2012.
- He was told by Mr Han Yi Dong of Huifeng Audio Group that a company called Zhaoqing Guohui bought £40k worth of Martin Audio products in October 2011, which turned out to be fakes.
- These products had been bought from the holder<sup>7</sup>.
- Another business called Jieyang Yinghuang nightclub also bought fake Martin Audio products off the holder in 2012.
- On 9 March 2013, the holder presented its products at an exhibition in Guangzhou. The holder disseminated a catalogue which purported to offer Martin Audio products for sale<sup>8</sup>.
- The holder has established a Hong Kong company called Hong Kong Dah Chong Hong Trading Limited with a similar name to that of the applicant's previous distributor, Dah Chong Hong Limited.
- The applicant has commenced proceedings in China against the holder for, inter alia, trade mark and design infringement.

17. Mr Smith also provides some evidence about the holder's activities. He provides copies of historical pages from the holder's website obtained from the Wayback machine<sup>9</sup>. These show that the holder purported to offer products for sale bearing the individual product trade marks of Martin Audio and that the "about us" section of its website included a heading entitled "About Martin Audio".

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<sup>6</sup> There is no explanation as to why Mr Smith, as an independent legal advisor, has provided this evidence about the company's business rather than someone from the business with firsthand knowledge about it.

<sup>7</sup> See exhibits WS5-7

<sup>8</sup> See WS15-17

<sup>9</sup> See exhibit MPS1

18. Despite the holder's denial, Mr Smith points out that it can be seen from copies of the holder's webpages<sup>10</sup> that it has copied the applicant's website, only replacing the name Martin Audio Limited with Martin DCHPro Limited.

19. Further, Mr Smith points out that the company number used on the holder's website against the name Martin Dchpro Limited is actually the applicant's UK company number<sup>11</sup>. No company of that name is registered in the UK<sup>12</sup>. Further, there is no company registered in the UK with the name of the holder either<sup>13</sup>.

### **The holder's evidence**

20. The holder's evidence consists of a short witness statement by Guo Yingyan, who described herself as the Legal Representative of the holder. Ms Yingyan's evidence is that:

- Her company's website was closed in 2013;
- The company has not sold any products in the UK;
- The company has been selling products in China for several years and has built up a reputation there;
- The company's name in Chinese transliterates as Ma Tian, and that is why the word Martin was chosen as part of the company's English company name;
- The contested trade mark was not filed in bad faith.

### **The applicant's evidence in reply**

21. This consists of a fourth statement from Matthew Smith. Mr Smith points out that despite Ms Yingyan's statement that the holder's website had been closed, the website dch-pro.com114.114my.net is still live<sup>14</sup> and still includes the statement that:

*"Martin Audio and the Martin Audio Logo are trademarks of Martin Dchpro Ltd and are registered in the United Kingdom, United States and other countries"*

And

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<sup>10</sup> At exhibit MPS3

<sup>11</sup> See exhibit MPS6

<sup>12</sup> See exhibit MPS5

<sup>13</sup> See exhibit MPS7

<sup>14</sup> A copy of a page from the website makes up exhibit MPS21

*“Martin Dchpro Ltd. Reg. No. 4824341”*, which Mr Smith again points out is actually the number of the applicant company.

22. The applicant filed written submissions which I will take into account. No hearing was requested and so this decision is taken following a careful perusal of all the papers.

### **The law**

23. Section 47 of the Act (so far as relevant) is as follows:

“47. - (1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

(2) The registration of a trade mark may be declared invalid on the ground-

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied, unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

(2A) But the registration of a trade mark may not be declared invalid on the ground that there is an earlier trade mark unless -

(a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration,

(b) the registration procedure for the earlier trade mark was not completed before that date, or

(c) the use conditions are met.

(2B) The use conditions are met if -

(a) within the period of five years ending with the date of the application for the declaration the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or

(b) it has not been so used, but there are proper reasons for non-use.

(2C) For these purposes -

(a) use of a trade mark includes use in a form differing in elements

which do not alter the distinctive character of the mark in the form in which it was registered, and

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(2D) In relation to a Community trade mark or international trade mark (EC), any reference in subsection (2B) or (2C) to the United Kingdom shall be construed as a reference to the European Community.

(2E) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.

(3) -

(4) -

(5) Where the grounds of invalidity exists in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made: Provided that this shall not affect transactions past and closed.”

### **The section 5(2)(b) ground**

24. I will start by examining the ground for invalidation based on registration of the contested mark having been contrary to s.5(2)(b). The earlier CTMs had been registered for more than 5 years at the date of the application for invalidation, so the first issue is whether the evidence filed is sufficient to show genuine use of the earlier CTMs. The relevant period for assessing such use is the five years ending on the date of filing of the application for invalidation, i.e. 28 September 2008 to 27 September 2013.

25. CTM 2250348, being the words MARTIN AUDIO, is registered (with effect from 8 June 2001) in respect of:

Apparatus for recording, transmission or reproduction of sound or images; apparatus for amplifying, reinforcing, mixing, modifying, controlling and disseminating sound; loudspeakers, loudspeaker housings, loudspeaker systems and control equipment therefor; computer software for use in conjunction with any of the foregoing apparatus and equipment; parts and

fittings for any of the foregoing apparatus and equipment; but not including horns for vessels and not including fog horns.

26. CTM 137208, being the MARTIN AUDIO logo shown in paragraph 5 above, is registered (with effect from 1 April 1996) in relation to:

Sound reinforcement apparatus; loudspeakers; electronic controllers for loudspeakers; crossover networks; parts and fittings for all the aforesaid goods.

27. In *Stichting BDO v BDO Unibank, Inc.*, [2013] F.S.R. 35 (HC), Arnold J. stated as follows:

“51. Genuine use. In *Pasticceria e Confetteria Sant Ambroeus Srl v G & D Restaurant Associates Ltd* (SANT AMBROEUS Trade Mark) [2010] R.P.C. 28 at [42] Anna Carboni sitting as the Appointed Person set out the following helpful summary of the jurisprudence of the CJEU in *Ansul BV v Ajax Brandbeveiliging BV* (C-40/01) [2003] E.C.R. I-2439; [2003] R.P.C. 40 ; *La Mer Technology Inc v Laboratoires Goemar SA* (C-259/02) [2004] E.C.R. I-1159; [2004] F.S.R. 38 and *Silberquelle GmbH v Maselli-Strickmode GmbH* (C-495/07) [2009] E.C.R. I-2759; [2009] E.T.M.R. 28 (to which I have added references to *Sunrider v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* (OHIM) (C-416/04 P) [2006] E.C.R. I-4237):

(1) Genuine use means actual use of the mark by the proprietor or third party with authority to use the mark: *Ansul*, [35] and [37].

(2) The use must be more than merely token, which means in this context that it must not serve solely to preserve the rights conferred by the registration: *Ansul*, [36].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin: *Ansul*, [36]; *Sunrider* [70]; *Silberquelle*, [17].

(4) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, i.e. exploitation that is aimed at maintaining or creating an outlet for the goods or services or a share in that market: *Ansul*, [37]-[38]; *Silberquelle*, [18].

(a) Example that meets this criterion: preparations to put goods or services on the market, such as advertising campaigns: *Ansul*, [37].

(b) Examples that do not meet this criterion: (i) internal use by the proprietor: *Ansul*, [37]; (ii) the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle*, [20]-[21].

(5) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including in particular, the nature of the goods or services at issue, the characteristics of the market concerned, the scale and frequency of use of the mark, whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them, and the evidence that the proprietor is able to provide: *Ansul*, [38] and [39]; *La Mer*, [22]–[23]; *Sunrider*, [70]–[71].

(6) Use of the mark need not always be quantitatively significant for it to be deemed genuine. There is no de minimis rule. Even minimal use may qualify as genuine use if it is the sort of use that is appropriate in the economic sector concerned for preserving or creating market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor: *Ansul*, [39]; *La Mer*, [21], [24] and [25]; *Sunrider*, [72]”.

28. Section 100 of the Act is also relevant. It states that:

“100. If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

29. I find that the applicant’s evidence is sufficient to show genuine use of the earlier marks in relation to ‘loudspeakers, amplifiers, hardware controllers and associated software, and parts and fittings for such goods’.

30. In reaching this conclusion I have taken into account that in its judgment in *Colloseum Holdings AG v Levi Strauss & Co.*<sup>15</sup> the Court of Justice of the European Union (“CJEU”) held that use of a mark as part of another mark may qualify as genuine use of the mark provided that, when it is used as part of the composite mark, it continues to be perceived as indicative of the origin of the products at issue. I find that the words MARTIN AUDIO in the composite mark shown at paragraph 5 above will be perceived as indicating the goods of the applicant. Consequently, there is no need to distinguish between the use shown of the words MARTIN AUDIO alone, and the use shown of those words as part of the composite mark.

31. I have also taken into account that in *Leno Merken BV v Hagelkruis Beheer BV*<sup>16</sup>, the CJEU held that:

“A Community trade mark is put to ‘genuine use’ within the meaning of Article 15(1) of Regulation No 207/2009 when it is used in accordance with its essential function and for the purpose of maintaining or creating market share within the European Community for the goods or services covered by it. It is for the referring court to assess whether the conditions are met in the main

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<sup>15</sup> Case C-12/12

<sup>16</sup> Case C-149/11

proceedings, taking account of all the relevant facts and circumstances, including the characteristics of the market concerned, the nature of the goods or services protected by the trade mark and the territorial extent and the scale of the use as well as its frequency and regularity.”

32. The CTMs have been used during the relevant period in, at least, the UK, Spain and Sweden. In my view, the scale and geographical scope of the use of the CTMs in relation to the types of goods at issue is sufficient to establish genuine use of the CTMs ‘in the Community’.

33. In my judgment the applicant’s best case is based on CTM 2250348, the word only mark MARTIN AUDIO. Consequently, I will focus my assessment on the goods for which this mark has been put to genuine use.

34. In *Euro Gida Sanayi Ve Ticaret Limited v Gima (UK) Limited*<sup>17</sup>, Mr Geoffrey Hobbs Q.C. as Appointed Person summed up the relevant law as being:

“In the present state of the law, fair protection is to be achieved by identifying and defining not the particular examples of goods or services for which there has been genuine use but the particular categories of goods or services they should realistically be taken to exemplify. For that purpose the terminology of the resulting specification should accord with the perceptions of the average consumer of the goods or services concerned.”

35. I find that the use shown of the MARTIN AUDIO mark in relation to the goods listed at paragraph 29 above is sufficient to justify the protection of the CTM for the purposes of s.47(2E) in relation to:

Apparatus for amplifying, reinforcing, mixing, modifying, controlling and disseminating sound; loudspeakers, loudspeaker housings, loudspeaker systems and control equipment therefor; computer software for use in conjunction with any of the foregoing apparatus and equipment; parts and fittings for any of the foregoing apparatus and equipment; but not including horns for vessels and not including fog horns.

36. Sections 5(2)(b) of the Act is as follows:

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

(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”.

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<sup>17</sup> BL O/345/10

## Comparison of goods and services

37. In *Canon*<sup>18</sup>, the CJEU stated at paragraph 23 of its judgment that:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary”.

38. The respective goods are shown below.

<p>Apparatus for amplifying, reinforcing, mixing, modifying, controlling and disseminating sound; loudspeakers, loudspeaker housings, loudspeaker systems and control equipment therefor; computer software for use in conjunction with any of the foregoing apparatus and equipment; parts and fittings for any of the foregoing apparatus and equipment; but not including horns for vessels and not including fog horns.</p>	<p><b>Cabinets for loudspeakers</b>; sound recording carriers; <b>megaphones</b>; <b>acoustic couplers</b>; <b>sound reproduction apparatus</b>; intercommunication apparatus; <b>remote control apparatus</b>; <b>batteries, electric</b>; tape recorders; <b>loudspeakers</b>; sound recording apparatus; compact disc players; <b>computer peripheral devices</b>; <b>projection apparatus</b>; <b>regulating apparatus, electric</b>; <b>buzzers</b>; juke boxes, musical; <b>microphones</b>; <b>horns for loudspeakers</b>; DVD players; portable media players; light dimmers (regulators), electric; stage lighting regulators; signal lanterns.</p>
<p>Earlier trade mark</p>	<p>Contested trade mark</p>

39. I find that the goods shown in bold above are included in one or more of the descriptions of the goods for which the earlier mark is protected, including in the case of ‘acoustic couplers’, ‘microphones’ and ‘batteries’, as parts and fittings for the principal goods for which the earlier mark is protected. I have included ‘projection apparatus’ in this list because it is a vague term which could cover sound projection apparatus.

40. I find that ‘sound recording carriers’, ‘intercommunication apparatus’, ‘tape recorders’, ‘sound recording apparatus’, ‘compact disc players’, ‘juke boxes, musical’, ‘DVD players’ and ‘portable media players’ are similar in nature and purpose to ‘apparatus for amplifying, reinforcing, mixing, modifying, controlling and disseminating sound’ and may be used in conjunction with those goods. They are therefore highly similar goods.

<sup>18</sup> Case C-39/97

41. I find that 'light dimmers (regulators), electric', 'stage lighting regulators' (which I think are supposed to cover similar goods) are similar to a low degree to 'loudspeaker systems and control equipment therefor'. This is because they are similar in nature (being electrical goods) and general purpose (being control apparatus) and, if for use on stages, liable to share some of the same channels of trade.

42. Apart from being electrical goods, I see no similarity between 'signal lanterns' and any of the goods for which the earlier mark is protected. I therefore find that these are dissimilar goods.

### **The case law**

43. The following principles are gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki 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.

### **The principles**

(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 will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

### **Comparison of marks**

44. The CJEU stated at paragraph 34 of its judgment in *Bimbo SA v OHIM*<sup>19</sup> 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.”

It would be wrong, therefore, to artificially dissect the trade marks, 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.

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<sup>19</sup> Case C-591/12P

The respective trade marks are shown below:

MARTIN AUDIO	
Earlier trade mark	Contested trade mark

45. The marks are visually similar to the extent that the first word in each mark is the word MARTIN. The visual differences between the marks are self evident. The second word of the applicant's mark - AUDIO – is not present in the contested mark, which instead contains the letter string DCHPRO and a distinctive device. On a scale of 1-10 (1 being no similarity and 10 being identical), I rate the level of visual similarity as 5.

46. The device element of the contested mark is unlikely to be verbalised, so the marks will sound more similar than they look. Using the same scale, I rate the level of aural similarity as 6.

47. I find that the marks are conceptually similar to a limited degree. This is because the word MARTIN is a name and easily recognised as such, whereas the distinguishing elements of the contested mark (the letters DCHPRO and the device) have no apparent conceptual meaning.

#### **Average consumer and the purchasing act**

48. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: CJEU, *Lloyd Schuhfabrik Meyer*<sup>20</sup>.

49. The average consumer of the goods covered by the contested mark may be a professional seeking apparatus for a commercial purpose or a member of the general public seeking sound equipment for personal use. In either case, the relevant average consumer is likely to pay an above average level of attention when selecting the goods at issue. This is because the goods are likely to be fairly or very expensive and the user is likely to have quite specific requirements in mind.

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<sup>20</sup> Case C-342/97

## **Distinctive character of the earlier trade mark**

50. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 the CJEU stated that:

“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

51. The word MARTIN is a common name in the UK and therefore has only an average degree of inherent distinctiveness for the goods at issue. The word AUDIO plainly has no distinctive character for sound equipment so the distinctiveness of the earlier mark is heavily focussed on the word MARTIN.

52. I find that the distinctive character of the earlier mark is likely to have been enhanced by the use made of the mark so far as users of commercial sound systems are concerned. In this market the earlier mark was likely to have been highly distinctive at the relevant date. However, this is a niche market. Concert goers (and similar) do not usually examine or notice the sound system being used. The earlier mark was therefore likely to have only average distinctiveness in the mass market for sound equipment.

## **Likelihood of confusion**

53. In *New Look Limited v OHIM*<sup>21</sup>, the General Court stated that:

“49. However, it should be noted that in the global assessment of the likelihood of confusion, the visual, aural or conceptual aspects of the opposing

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<sup>21</sup> joined cases T-117/03 to T-119/03 and T-171/03

signs do not always have the same weight. It is appropriate to examine the objective conditions under which the marks may be present on the market (*BUDMEN*, paragraph 57). The extent of the similarity or difference between the signs may depend, in particular, on the inherent qualities of the signs or the conditions under which the goods or services covered by the opposing signs are marketed. If the goods covered by the mark in question are usually sold in self-service stores where consumer choose the product themselves and must therefore rely primarily on the image of the trade mark applied to the product, the visual similarity between the signs will as a general rule be more important. If on the other hand the product covered is primarily sold orally, greater weight will usually be attributed to any aural similarity between the signs.”

54. In this case the goods are likely to be selected from catalogues, brochures and internet pages, but at least in the case of commercial installations, word of mouth orders and recommendations are also likely to play a significant part in the selection process. Therefore the level of visual and aural similarity is important. The level of conceptual similarity is less important because the mere fact that both marks include a name is unlikely to have much impact on consumers.

55. Nevertheless, the fact that both marks include the specific name MARTIN as the first word in the marks is, in my view, likely to lead average consumers to believe that these are variant marks used by the same undertaking, or by related undertakings. As Mr Iain Purvis Q.C. sitting as the Appointed Person noted in *L.A. Sugar Limited v By Back Beat Inc*<sup>22</sup>:

“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 recognized 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 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.”

56. This is most likely to be the case where the goods are identical and the average consumer is a professional user of sound equipment who is likely to be aware of the applicant’s reputation. I accept the outcome is more finely balanced where the goods are only similar (such as DVD players) and the average consumer is likely to be a member of the general public who is unlikely to be aware of the applicant’s

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<sup>22</sup> Case BL-O/375/10

reputation. Nevertheless, on balance, I find that there is also a likelihood of indirect confusion (or association as it is called in the Act) in this scenario too.

57. Section 5(2)(b) cannot apply where the goods are dissimilar<sup>23</sup>. Consequently, the grounds for invalidation based on contravention of s.5(2)(b) fail insofar as 'signal lanterns' are concerned.

58. The application for invalidation based on s.47(2) and s.5(2)(b) succeeds insofar as the remaining goods covered by the contested mark are concerned.

### **The bad faith attack**

59. Section 3(6) of the Act states:

“(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

60. The law in relation to section 3(6) of the Act (“bad faith”) was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch):

“130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see *Case C- 529/07 Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. *Case C-259/02 La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and *Case C-192/03 Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of

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<sup>23</sup> *Waterford Wedgwood plc v OHIM* – C-398/07 P, CJEU

Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but also "some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)."

61. It is true that merely knowing that another party uses a mark abroad is not sufficient to justify a finding that a mark was registered in bad faith in the UK<sup>24</sup>. Nevertheless, the facts in this case point to a clear case of bad faith. This is because:

- i) The use of MARTIN in combination with a designation used by the applicant's previous far east distributor – DCHPro – is a strong indication that the registration of the mark in the UK was intended to exploit the applicant's reputation, particularly in China and the far east;
- ii) The fact that the holder has purported to sell the applicant's goods in China (which appear to have been fake), and has established a Hong Kong company called Hong Kong Dah Chong Hong Trading Limited with a similar name to that of the applicant's previous distributor, Dah Chong Hong Limited, and holds itself out to be the owner of the applicant's UK trade mark on a website under its control, all reinforce that impression.

62. The holder's evidence that it adopted the name MARTIN because it sounds similar to the transliteration of its Chinese name - Ma Tian - is unconvincing in the extreme. It begs the question "Why was the Chinese name transliterated as Ma Tian chosen?" If the answer was "because in transliteration it sounds like MARTIN", that is no answer at all. The holder's evidence that it does not trade in the UK is irrelevant. It begs the question why the mark was registered here. And if not trading here is meant to point up that there will be no deception in the UK, this is irrelevant to the bad faith claim (even if true). This is because registering a mark in the UK as a tool for deception elsewhere is an act of bad faith<sup>25</sup>.

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<sup>24</sup> *Malaysia Dairy Industries Pte Ltd v Ankenævnet for Patenter og Varemærker*, Case C-320/12, CJEU

<sup>25</sup> It is true that in making this assessment one must keep in mind that something which constitutes an act of deception in the UK may not be regarded as such in the place in question, in which case it would not be right to regard the UK registration as a tool for such deception. However, no such consideration arises in this case.

63. It seems very clear to me that the contested registration is a tool for deception, particularly in China and the far east. Registering the mark in the UK (where the applicant is known to be based) is plainly intended, inter alia, to add plausibility to false claims, such as the one on the website controlled by the holder to the effect that MARTIN AUDIO is a UK trade mark of MARTIN DCHPRO LTD.

64. I am in no doubt that the party or parties responsible for registering the mark were well of these matters and that their aims were dishonest. I therefore have no hesitation in finding that the contested trade mark was registered in bad faith.

65. This applies particularly to the registration of the mark for the goods for which the applicant's mark has a reputation – sound systems. However, although it is possible for a mark to be registered in bad faith for some goods, but in good faith for others, in this case it is unrealistic to imagine that the registration of the mark for similar goods such as DVD players, or even a dissimilar product, such as signal lanterns, had any legitimate objective that was not somehow related to the principal objective of registering a mark in the UK as a tool for deception.

66. I therefore accept the ground for invalidation under s.47(1) and s.3(6). Subject to any appeal, the registration will be declared invalid and cancelled for all the goods. The invalidation will be backdated to the date of the application for registration in accordance with s.47(6).

### **Other grounds**

67. In the light of my clear findings under ss.5(2)(b) and 3(6) there is no need to consider the other grounds for invalidation.

### **Costs**

68. The application having succeeded, the applicant is entitled to an award of costs. However, there is some doubt in my mind as to whether Mr Smith's evidence that the holder is not a UK company means that it is registered elsewhere, or that it is a fictitious entity. There is no point in awarding costs against a fictitious entity.

69. I will therefore permit the parties until 22 December to make written submissions on this point, and as to the appropriate level of costs. If it is submitted that the holder is a fictitious entity, the applicant must specify who it is that should be regarded as the other party to these proceedings for the purposes of costs, and why.

70. Any request from the applicant for off scale costs must be supported by a breakdown of the costs incurred.

**Final decision**

70. This is a preliminary decision. I will issue a final decision and set the period for appeal after receiving submissions and making an order on costs.

**Dated this 10th Day of December 2014**

**Allan James  
For the Registrar**