

O-540-21

TRADE MARKS ACT 1994
IN THE MATTER OF
TRADE MARK APPLICATION NO 3529315
BY SUNCHALK LTD
TO REGISTER

Southerly

AS A TRADE MARK
IN CLASS 12
AND OPPOSITION THERETO (UNDER NO. 600001522)
BY
BINTI MARINE HOLDINGS LTD

Background & Pleadings

1. Sunchalk Ltd (“the applicant”) applied to register the trade mark **Southerly** on 2 September 2020. The mark was published in the Trade Marks Journal on 16 October 2020 in class 12 for *Boat hulls; Boats; Bodies for seacraft; Bodies for watercraft; Marine craft; Marine vehicles; Motor yachts; Motorboats; Sail boats; Sailboats; Sailing boats; Sailing craft; Sailing vessels; Seacraft; Yachts; Powerboats; Powered vehicles for use on water.*

2. Binti Marine Holdings Ltd (“the opponent”) opposed the application on 19 November 2020 using the Fast Track procedure under sections 5(1) and 5(2)(a) of the Trade Marks Act 1994 (“the Act”). The opponent relies on its earlier UK registration no. 1302903 in class 12. The earlier registration’s details are outlined below.

SOUTHERLY Filing date: 5 March 1987 Registration date: 8 August 1988	Class 12: <i>Watercraft and parts and fittings therefor, all included in Class 12</i>
---	---

3. The applicant subsequently filed a Form TM8 and a counterstatement denying the grounds of opposition.

4. The opponent’s registration has a filing date that is earlier than the filing date of the application and, therefore, it is an earlier mark, in accordance with Section 6 of the Act. As the registration procedure was completed more than 5 years prior to the filing date of the contested application, it is subject to the proof of use conditions, as per section 6A of the Act. The opponent made a statement of use in respect of the goods it relies on.

5. An interlocutory hearing was held before me on 12 April 2021 as the applicant challenged the Tribunal’s Preliminary View (“PV”) that the proceedings should remain as Fast Track following the applicant’s request to convert from the Fast Track

to the Standard Track process. I confirmed the Tribunal's PV and my decision on that matter is set out in the official letter of 14 April 2021.

6. Rules 20(1)-(3) of the Trade Marks Rules ("TMR") (the provisions which provide for the filing of evidence) do not apply to Fast Track oppositions, but Rule 20(4) does. It reads:

"(4) The registrar may, at any time, give leave to either party to file evidence upon such terms as the registrar thinks fit".

7. The effect of the above is to require parties to seek leave in order to file evidence (other than the proof of use evidence which is filed with the notice of opposition) in Fast Track oppositions. Proof of use evidence was provided by the opponent with the notice of opposition as required and no leave was sought to file additional evidence.

8. Rules 62(5) (as amended) states that arguments in Fast Track proceedings shall be heard orally only if (i) the Office requests it or (ii) either party to the proceedings requests it and the Registrar considers that oral proceedings are necessary to deal with the case justly and at proportionate cost. Otherwise, written arguments will be taken. A substantive hearing was not requested nor considered necessary in this case. Both parties provided written submissions. This decision is taken following a careful reading of all the papers.

9. The parties are both represented. The opponent is represented by Ipulse and the applicant by Stephens Scown LLP.

Opponent's evidence

10. The opponent's evidence was filed at the same time as the form TM7F as per the Fast Track requirements. The declaration was made by John Burnie who holds the position of director. The most pertinent points to note from Mr Burnie's declaration are that the opponent has had a turnover of £11.3m since acquiring the trade mark from the previous owners in 2017. The opponent has sold 14 boats with an average sale price of £870k since that date. The declarant appends an invoice dated May

2017 for a UK customer for a deposit of approx. £42k on a SOUTHERLY yacht. In addition, the declarant states that the opponent has spent approximately £60k per year on advertising, primarily in the form of brochures, other printed materials and attending exhibitions and boat shows. It is not specified which boat shows were attended other than the Dusseldorf show (pages 90-95).

11. The declarant annexed one exhibit of some 100 pages, the content of which is listed below

- brochures, advertisements, examples spanning the period 2017 to August 2020 and onwards pp1-56
- brochures sent by email 2018 representative of materials sent 2018 to date, include 2ndhand adds pp-57- 58
- Price lists showing how the mark was used from December 2018 to December 2019 pp42-55, 59-80
- Price lists showing "options" for additional parts fittings etc to be included with the basic package showing how the mark was used from December 2017 to December 2019 pp42-55, 59-80
- Newsletter showing how the mark was used as an example in September 2018, this was published and distributed via Facebook and other social media, to press, at Boat Shows p81
- section of Website revamped February 2020, pp82-87
- Nomination of SOUTHERLY model 480 for British Yachting Awards, Cruising Yacht of 2018 p88
- Southerly 440 shortlisted for the Cruising Yacht of the Year in The British Yachting Awards 2019
- redacted invoice to customer p89
- FaceBook pages March 2020 to October 2020 pp90-95

12. In considering the exhibit I note that the word mark SOUTHERLY appears in the product descriptions. Also notable are the following variants which appear in the exhibit, namely



13. With regard to the screenshots from the opponent's FaceBook account, I note that the small side bar panel on the screenshot indicates that the page was set up on 8 February 2012. However the posts made by Discoverey Shipyard which reference SOUTHERLY are not dated by year, but the declarant states the posts were made between March - October 2020.

The relevant period

14. The first issue is to establish whether, or to what extent, the opponent has shown genuine use of the earlier marks within the 'relevant period'. The relevant period is defined as being a period of five years ending with the filing date of the contested application. In this case the relevant period would be 2 September 2015 to 1 September 2020.

Relevant statutory provision

15. "Section 6A(1) applies where

(a) an application for registration of a trade mark has been published, (b)

there is an earlier trade mark of a kind falling within section 6(1)(a), (b) or (ba) in relation to which the conditions set out in section 5(1), (2) or (3) obtain, and

(c) the registration procedure for the earlier trade mark was completed before the start of the relevant period.

(1A) In this section "the relevant period" means the period of 5 years ending with the date of the application for registration mentioned in subsection (1)(a) or (where applicable) the date of the priority claimed for that application.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.

(3) The use conditions are met if –

(a) within the relevant period 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) the earlier trade mark has not been so used, but there are proper reasons for non- use.

(4) For these purposes –

(a) use of a trade mark includes use in a form (the “variant form”) differing in elements which do not alter the distinctive character of the mark in the form in which it was registered (regardless of whether or not the trade mark in the variant form is also registered in the name of the proprietor), 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.

(5) In relation to a European Union trade mark or international trade mark (EC), any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Community.

(5A) In relation to an international trade mark (EC) the reference in subsection (1)(c) to the completion of the registration procedure is to be construed as a reference to the publication by the European Union Intellectual Property Office of the matters referred to in Article 190(2) of the European Union Trade Mark Regulation.

(6) 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.”

16. Section 100 of the Act is as follows:

“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.

17. The case law on genuine use was summarised by Arnold J (as he then was) in *Walton International Limited v Verweij Fashion BV* [2018] EWHC 1608 (Ch);

“114. *The law with respect to genuine use.* The CJEU has considered what amounts to ‘genuine use’ of a trade mark in a series of cases: Case C-40/01 *Ansul BV v Ajax Brandbeviliging BV* [2003] ECR I-2439, *La Mer* (cited above), Case C-416/04 *Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I-4237, Case C-442/07 *Verein Radetsky-Order v Bundersvereinigung Kamaradschaft ‘Feldmarschall Radetsky’* [2008] ECR I-9223, Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759, Case C-149/11 *Leno Marken BV v Hagelkruis Beheer BV* [EU:C:2012:816] [2013] ETMR 16, Case C-609/11 P *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR, Case C-141/13 *Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089] and Case C-689/15 *W.F. Gözze Frottierweberei GmbH v Verein Bremer Baumwollbörse* [EU:C:2017:434], [2017] Bus LR 1795.

115. The principles established by these cases may be summarised as follows:

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

(2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Leno* at [29]; *Centrotherm* at [71]; *Reber* at [29].

(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 to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Leno* at [29]; *Centrotherm* at [71]. Accordingly, affixing of a trade mark on goods as

a label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods are manufactured and which is responsible for their quality: *Gözze* at [43]- [51].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14] and [22]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71]; *Reber* at [29].

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: *Ansul* at [38] and [39]; *La Mer* at [22]-[23]; *Sunrider* at [70]-[71], [76];

Leno at [29]-[30], [56]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34].

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving 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. As such there is no *de minimis* rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72] and [76]-[77]; *Leno* at [55].

(8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].

Form of the mark

18. As noted above, in addition to the word mark **SOUTHERLY**, the opponent has used variants namely



19. Section 6A(4)(a) of the Act enables an opponent to rely on use of a mark “in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered”. In *Colloseum Holdings AG v Levi Strauss & Co.*, Case C-12/12, which concerned the use of one mark with, or as part of, another mark, the Court of Justice of the European Union (“CJEU”) found that:

“31. It is true that the ‘use’ through which a sign acquires a distinctive character under Article 7(3) of Regulation No 40/94 relates to the period before its registration as a trade mark, whereas ‘genuine use’, within the meaning of Article 15(1) of that regulation, relates to a five-year period following registration and, accordingly, ‘use’ within the meaning of Article 7(3) for the purpose of registration may not be relied on as such to establish ‘use’ within the meaning of Article 15(1) for the purpose of preserving the rights of the proprietor of the registered trade mark.

32. Nevertheless, as is apparent from paragraphs 27 to 30 of the judgment in *Nestlé*, the ‘use’ of a mark, in its literal sense, generally encompasses both its independent use and its use as part of another mark taken as a whole or in conjunction with that other mark.

33. As the German and United Kingdom Governments pointed out at the hearing before the Court, the criterion of use, which continues to be fundamental, cannot be assessed in the light of different considerations according to whether the issue to be decided is whether use is capable of giving rise to rights relating to a mark or of ensuring that such rights are preserved. If it is possible to acquire trade mark protection for a sign through a specific use made of the sign, that same form of use must also be capable of ensuring that such protection is preserved.

34. Therefore, the requirements that apply to verification of the genuine use of a mark, within the meaning of Article 15(1) of Regulation No 40/94, are analogous to those concerning the acquisition by a sign of distinctive character through use for the purpose of its registration, within the meaning of Article 7(3) of the regulation.

35 Nevertheless, as pointed out by the German Government, the United Kingdom Government and the European Commission, a registered trade mark that is used only as part of a composite mark or in conjunction with another mark must continue to be perceived as indicative of the origin of the product at issue for that use to be covered by the term ‘genuine use’ within the meaning of Article

15 (emphasis added)
(1)”

20. I find that use of the variant marks is acceptable based on the guidance set out above.

Sufficiency of use

21. I am guided by the following case law in assessing evidence. In *Awareness Limited v Plymouth City Council*, Case BL O/236/13, Mr Daniel Alexander Q.C. as the Appointed Person stated that:

“22. The burden lies on the registered proprietor to prove use..... However, it is not strictly necessary to exhibit any particular kind of documentation, but if it is likely that such material would exist and little or none is provided, a tribunal will be justified in rejecting the evidence as insufficiently solid. That is all the more so since the nature and extent of use is likely to be particularly well known to the proprietor itself. A tribunal is entitled to be sceptical of a case of use if, notwithstanding the ease with which it could have been convincingly demonstrated, the material actually provided is inconclusive. By the time the tribunal (which in many cases will be the Hearing Officer in the first instance) comes to take its final decision, the evidence must be sufficiently solid and specific to enable the evaluation of the scope of protection to which the proprietor is legitimately entitled to be properly and fairly undertaken, having regard to the interests of the proprietor, the opponent and, it should be said, the public.”

22. In *Dosenbach-Ochsner Ag Schuhe Und Sport v Continental Shelf 128 Ltd*, Case BL O/404/13, Mr Geoffrey Hobbs Q.C. also sitting as the Appointed Person stated that:

“21. The assessment of a witness statement for probative value necessarily focuses upon its sufficiency for the purpose of satisfying the decision taker with regard to whatever it is that falls to be determined, on the balance of probabilities, in the particular context of the case at hand. As Mann J. observed in *Matsushita Electric Industrial Co. v. Comptroller- General of Patents* [2008] EWHC 2071 (Pat); [2008] R.P.C. 35:

[24] As I have said, the act of being satisfied is a matter of judgment. Forming a judgment requires the weighing of evidence and other factors. The evidence required in any particular case where satisfaction is required depends on the nature of the inquiry and the nature and purpose of the decision which is to be made. For example, where a tribunal has to be satisfied as to the age of a person, it may sometimes be sufficient for that person to assert in a form or otherwise what his or her age is, or what their date of birth is; in others, more formal proof in the form of, for example, a birth certificate will be required. It all depends who is asking the question, why they are asking the question, and what is going to be done with the answer when it is given. There can be no universal rule as to what level of evidence has to be provided in order to satisfy a decision-making body about that of which that body has to be satisfied.

22. When it comes to proof of use for the purpose of determining the extent (if any) to which the protection conferred by registration of a trade mark can legitimately be maintained, the decision taker must form a view as to what the evidence does and just as importantly what it does not ‘*show*’ (per Section 100 of the Act) with regard to the actuality of use in relation to goods or services covered by the registration. The evidence in question can properly be assessed for sufficiency (or the lack of it) by reference to the specificity (or lack of it) with which it addresses the actuality of use.”

23. It is clear from the guidance given above that I must consider a number of factors when assessing whether genuine use of the mark has been shown from the evidence. In assessing the evidence I find that the opponent has demonstrated a consistent turnover since 2017, when it acquired the mark from the previous proprietor, commensurate with nature of the goods being sold, i.e. expensive, bespoke designed yachts. The evidence has shown that promotional activity and advertising expenditure has taken place online, at boat shows and there is use of the mark on social media channels. I find that the opponent has demonstrated genuine use of the registered mark and acceptable variants during the relevant period.

Framing a fair specification

24. The next stage is to decide whether the opponent's use entitles it to rely on all of the goods for which the earlier mark is registered. In framing a fair specification for those goods, I rely on guidance given in the following judgements. In *Euro Gida Sanayi Ve Ticaret Limited v Gima (UK) Limited*, BL O/345/10, Mr Geoffrey Hobbs Q.C. sitting as the Appointed Person summed up the 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.”

25. In *Property Renaissance Ltd (t/a Titanic Spa) v Stanley Dock Hotel Ltd (t/a Titanic Hotel Liverpool) & Ors* [2016] EWHC 3103 (Ch), Mr Justice Carr summed up the law relating to partial revocation as follows.

“iii) Where the trade mark proprietor has made genuine use of the mark in respect of some goods or services covered by the general wording of the specification, and not others, it is necessary for the court to arrive at a fair specification in the circumstance, which may require amendment; *Thomas Pink Ltd v Victoria's Secret UK Ltd* [2014] EWHC 2631 (Ch) ("Thomas Pink") at [52].

iv) In cases of partial revocation, pursuant to section 46(5) of the Trade Marks Act 1994, the question is how would the average consumer fairly describe the services in relation to which the trade mark has been used; *Thomas Pink* at [53].

v) It is not the task of the court to describe the use made by the trade mark proprietor in the narrowest possible terms unless that is what the average consumer would do. For example, in *Pan World Brands v Tripp Ltd* (Extreme

Trade Mark) [2008] RPC 2 it was held that use in relation to holdalls justified a registration for luggage generally; *Thomas Pink* at [53].

vi) A trade mark proprietor should not be allowed to monopolise the use of a trade mark in relation to a general category of goods or services simply because he has used it in relation to a few. Conversely, a proprietor cannot reasonably be expected to use a mark in relation to all possible variations of the particular goods or services covered by the registration. *Maier v Asos Plc* [2015] EWCA Civ 220 ("Asos") at [56] and [60].

vii) In some cases, it may be possible to identify subcategories of goods or services within a general term which are capable of being viewed independently. In such cases, use in relation to only one subcategory will not constitute use in relation to all other subcategories. On the other hand, protection must not be cut down to those precise goods or services in relation to which the mark has been used. This would be to strip the proprietor of protection for all goods or services which the average consumer would consider to belong to the same group or category as those for which the mark has been used and which are not in substance different from them; *Mundipharma AG v OHIM* (Case T-256/04) ECR II-449; EU:T:2007:46."

26. Taking into account the above guidance I find that the evidence demonstrates that the opponent has used its mark on *yachts and parts and fittings therefor*.

Sections 5(1) and 5(2)(a)

27. Sections 5(1) and 5(2)(a) of the Act are as follows:

"5(1) A trade mark shall not be registered if it is identical with an earlier trade mark and the goods and services for which the trade mark is applied for are identical with the goods and services for which the earlier trade mark is protected.

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

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

28. The leading authorities which guide me are from the Court of Justice of the European Union ('CJEU')¹: *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;

¹ Although the UK has left the EU, section 6(3)(a) of the European (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Trade Marks Act relied on in these proceedings are derived from an EU Directive. This is why this decision continues to make reference to the trade mark case law of EU courts.

(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.

Identity of the marks

29. I am guided on the matter of identity from *S.A. Société LTJ Diffusion v. Sadas Vertbaudet SA*², in which the CJEU held that:

“54... a sign is identical with the trade mark where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer.”

30. The marks to be compared are

Opponent's mark	Applicant's mark
SOUTHERLY	Southerly

31. The only difference between the marks is the casing, but taking notional and fair use into account, I find the marks are clearly identical.

Identity and similarity of the goods

32. Having found the marks to be identical, the next stage is to compare the goods of the parties. In the judgment of the CJEU in *Canon*³, the court 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”.

33. The relevant factors identified by Jacob J. (as he then was) in the *Treat* case⁴, for assessing similarity were:

² Case C-291/00

³ Case C-39/97

⁴ [1996] R.P.C. 281

- (a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be, found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

34. I am also guided by *Gérard Meric v Office for Harmonisation in the Internal Market*,⁵ in which the GC stated that:

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

35. The goods to be compared are:

⁵ Case T- 133/05

Opponent's goods	Applicant's goods
<i>Yachts and parts and fittings therefor</i>	<i>Boat hulls; Boats; Bodies for seacraft; Bodies for watercraft; Marine craft; Marine vehicles; Motor yachts; Motorboats; Sail boats; Sailboats; Sailing boats; Sailing craft; Sailing vessels; Seacraft; Yachts; Powerboats; Powered vehicles for use on water</i>

36. Clearly the opponent's term *yachts* are literally identical to *yachts* and identical under the *Meric* principle to *Motor yachts* in the applicant's specification.

37. In addition I find the opponent's term *yachts* are highly similar to the applicant's goods, namely *Sail boats; Sailboats; Sailing boats; Sailing craft; Sailing vessels*, as I consider these craft to be propelled by means of wind and sails so the respective goods share the same nature, purpose and user.

38. Moreover I find that the applicant's terms *boats; Marine craft; Marine vehicles; Seacraft* are broad enough for the opponent's *yachts* to be considered as identical under the *Meric* principle.

39. In terms of the applicant's *Motorboats; Powerboats; Powered vehicles for use on water*, I find these goods to be similar to at least a medium degree to the opponent's *yachts*. Whilst there may be a difference in the way the applicant's goods are propelled, I find there is still an overlap in the purpose, users and channels of trade for these goods.

40. Finally, I find the opponent's term *parts and fittings* will be encompassed by the applicant's terms *Boat hulls; Bodies for seacraft; Bodies for watercraft* and are identical on the *Meric* principle.

Average consumer and the purchasing process

41. I next consider who the average consumer is for the contested goods and how they are purchased. It is settled case law that the average consumer is deemed to be reasonably well informed and reasonably observant and circumspect.⁶ 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 question⁷.

42. Clearly the contested goods are expensive yachts, which are designed to order. The average consumer may be a member of the general public or a business. I find that the level of attention during the purchasing process will be extremely high, especially given the cost and the bespoke nature of the yacht's specifications and configurations. The purchasing process will be predominantly visual but there will also be a significant aural element with guidance sought from sales and technical personnel.

Distinctiveness of the earlier registration

43. The degree of distinctiveness of the earlier registration must be assessed. This is because the more distinctive the earlier registration, based either on inherent qualities or because of the use made of them, the greater the likelihood of confusion. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*⁸ 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*

⁶ *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch)

⁷ *Lloyd Schuhfabrik Meyer*, Case C-342/97.

⁸ C-342/97

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).”

44. Firstly I consider the inherent distinctiveness of the earlier registration. The earlier mark consists of an ordinary word. It does not describe the goods for which it is registered. As such I find it has a medium level of inherent distinctiveness.

45. Distinctiveness can be enhanced through use of the mark. Although the opponent has not made a specific claim of enhanced distinctiveness, it has filed evidence of use. For the purposes of this assessment, the relevant market to which I must have regard is the UK market⁹. The opponent has provided one invoice for a customer in the UK. No further evidence is provided as to the location of the other sales. Taking the criteria set out above from *Windsurfing*, I find that although opponent has demonstrated turnover and advertising expenditure, it has not indicated any sort of market share for the UK luxury yacht market. On the basis of the evidence filed and the lack of enough information relating to the UK, I am unable to determine that the earlier mark has an enhanced distinctive character in relation to the goods at issue.

⁹ On the irrelevance of a reputation in continental Europe when assessing enhanced distinctiveness for the purposes of Section 5(2), see the comments of Iain Purvis QC, sitting as the Appointed Person, in *China Construction Bank Corporation v Groupement des cartes bancaires* (BL O/281/14) at [30]-[34].

Likelihood of confusion

46. There is no scientific formula to apply in determining whether there is a likelihood of confusion. It is a global assessment where a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and services and vice versa. It is necessary for me to keep in mind the distinctive character of the opponent's mark, the average consumer and the nature of the purchasing process for the contested goods and services.

47. Confusion can be direct or indirect. Direct confusion involves the average consumer mistaking one mark for the other, while indirect confusion is where the average consumer realises the marks are not the same but puts the similarity that exists between the marks and the goods and services down to the responsible undertakings being the same or related.

48. So far, in this decision I have found the marks to be identical and the goods to be identical and similar to varying degrees. Furthermore, I found the earlier mark to be of medium inherent distinctiveness. I also found that although the average consumer will be purchasing the goods by a primarily visual means, there is a significant aural aspect and they will be paying an extremely high degree of attention. I find that given the identity of the marks and the identity and similarity of the goods, the average consumer will be directly confused

49. The opposition succeeds under sections 5(1) and 5(2)(a). Subject to any appeal of this decision the application should be refused in its entirety.

Costs

50. The opponent has been successful and is entitled to a contribution towards the costs incurred in these proceedings. Ordinarily awards of costs in Fast Track proceedings are governed by Tribunal Practice Notice ("TPN") 2/2015. This TPN states that costs will be capped at £500, excluding any official fees. However in its submission of 24 May 2021, the opponent requested costs on an indemnity basis. The opponent's submissions on costs are lengthy but essentially the reasons given are summarised as follows,

“we request an award that Applicant pay Opponent’s entire costs **on an indemnity basis**. It is clear and unarguable that the Applicant has not acted reasonably or in an appropriate manner. Not only did it file the opposed Application in full knowledge that it had no rights to the SOUTHERLY trademark, but it has also continued to be obstructive, to make assertions that lack credibility, and to cause wasted and unnecessary costs to be incurred to bring this to a conclusion.”

51. The opponent submitted its costs schedule on the same date which set out its costs to date totalling £18942. The applicant has also filed submissions on costs in which it refuted the opponent costs schedule and submitted that either both sides bear its own costs or that costs are capped as per the Fast Track TPN.

52. It is clear from reviewing the opponent’s costs submission that there is some history and hostility between the parties pre-dating the current proceedings and that the opponent makes allegations of bad faith against the applicant. However, the matter before me is not one of bad faith but a straightforward opposition under section 5. The opponent could have chosen to add a bad faith claim and use the Standard Track opposition process, but it did not and instead chose the Fast Track route. Therefore, I must have regard to what has taken place during these proceedings and assess the costs on that basis.

53. In terms of the Trade Marks Manual, it states that the Tribunal can award costs off the scale and approaching full compensation for wider breaches of rules, delaying tactics or other unreasonable behaviour. I would add that according to the leading authority, Rizla Ltd’s Application¹⁰, the conduct complained about must be sufficiently unreasonable as to justify off-scale costs.

54. Taking each of these in turn and from my review of the case I cannot see that there has been any wider breaches of the rules. The applicant may have run a

¹⁰ [1993] RPC 365

defence regarding the ownership of the earlier mark which was ultimately unsuccessful but that does not accord, in my view, with a wide breach of the rules.

55. With regards to delaying tactics, there was no delay from the applicant in filing the form TM8 and counterstatement by the due date of 27 January 2021. There was a delay on the IPO's account regarding the form TM33 filed by the applicant's representative which was filed on 22 January but not actioned by the IPO Records section until 10 March. The applicant made a request to convert the Fast Track proceedings to Standard Track in a letter dated 26 January. Again there was a IPO delay as Tribunal did not reply until 4 March with a PV that the request was denied. The applicant, in an email dated 17 March 2021, asked for a hearing to challenge the Tribunal PV and the hearing date was set for 12 April, due to the Easter break and hearing officer availability. The applicant, in an email dated 25 March 2021, did ask for the 12 April date to be vacated and a later date set. This request was denied by the Tribunal and the hearing took place as scheduled. Following the hearing on 12 April, the Tribunal casework examiner wrote to the parties and set a date of 12 May for final submissions. The applicant elected not file any further submissions. The opponent filed submissions on 28 April and whilst it stated that the applicant had not been copied in, this was not picked up by the Tribunal until 21 June when it directed the opponent to copy its submissions and schedule of costs to the other side. Taking all this into account I cannot find instances of the applicant employing delaying tactics, other than a request to vacate the 12 April hearing date, to make this an exceptional case where off-scale costs are appropriate. And given that the opponent elected to use the Fast Track procedure in full knowledge that it was normally governed by a costs cap, and moreover opposed the applicant's request to transfer the proceedings to the Standard Track, there would have to be clear and serious evidence of delaying tactics to justify setting aside the costs cap.

56. Finally with regard to the claims of other unreasonable behaviour, such as the applicant pursuing a hopeless case, I find that whilst the opponent is clearly frustrated by the tenacity of the applicant's defence regarding the ownership of the earlier mark, I do not find that the applicant has behaved unreasonably during these proceedings. They were pursuing a legal point about the ownership of the earlier

mark they believed to be valid though it was ultimately a point that could be not realised, due to Section 72 of the Act, through these opposition proceedings.

57. I note that in the opponent's submissions on costs, it requests an oral hearing specifically on the costs matter. I do not believe such a hearing is appropriate or proportionate in these circumstances. I have, however, fully considered the written arguments provided before making my decision.

58. In addition to the £100 official fee, the Fast Track TPN allows for £200 to be awarded for filing a notice of opposition and up to £300 for filing written submissions. In this case I award total costs of £600 to the opponent comprising the above figures.

59. I therefore order Sunchalk Ltd to pay Binti Marine Holdings Limited the sum of £600. This sum is to be paid within 21 days of the expiry of the appeal period or within 21 days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 19th day of July 2021

**June Ralph
For the Registrar
The Comptroller-General**