O/593/20

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION No. 3363871

BY HARRINGTONS CLOTHING LIMITED

AND

AND IN THE MATTER OF OPPOSITION NO. 416042 THERETO BY RETAIL ROYALTY COMPANY

AND

AND IN THE MATTER OF AN APPEAL TO THE APPOINTED PERSON BY THE OPPONENT AGAINST A DECISION OF MS AL SKILTON DATED 28th July 2020

Mr. Matthew Dick of D Young & Co LLP appeared for the Opponent/Appellant.

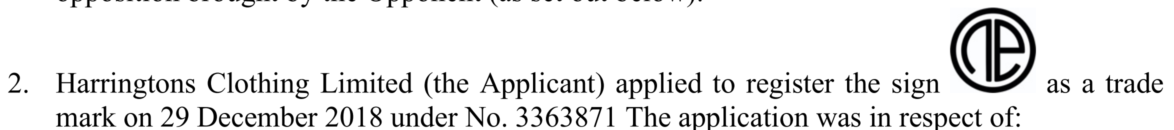
The Applicant/Respondent did not appear but relied on the written submissions of its Representatives, Walker Morris, before the Hearing Officer.

Remote Hearing date: 12 November 2020

DECISION

Background

1. This is an appeal by Retail Royalty Company (the Opponent) from Decision O/365/20 of Ms. Al Skilton, the Registrar's Hearing Officer, dated 28th July 2020 in which she refused an opposition brought by the Opponent (as set out below).

2. Harringtons Clothing Limited (the Applicant) applied to register the sign  as a trade mark on 29 December 2018 under No. 3363871 The application was in respect of:

   Class 18: Gym bags; sports bags

   Class 25: Gym clothing; gym wear; sports clothing; leisure clothing; athletic clothing.

   The Application was published for opposition purposes on 18th January 2019.

3. On 18th April 2019 the Opponent opposed the application, for all of the goods covered, under Sections 5 (2) (b), 5 (3) and 5 (4) (a) of the Trade Marks Act 1994 ("the Act").

4. The opposition under S. 5 (2) (b) was based on various earlier rights of which the sole or common element was the two-letter mark AE. However, at the eventual hearing of the opposition Mr Dick, the Opponent's representative, accepted that the Opponent's best case was based on EUTM Registration No. 13945233 AE, which was also the sole basis of opposition under S. 5 (3). The Opponent also relied only the sign AE for its S. 5 (4) (a) case. I do not, therefore, need to consider the other registered marks relied on any further.

5. The goods and services relied on under EUTM Registration No. 13945233 for the Section 5 (2) (b) and 5 (3) grounds of opposition were:

   Class 18: bags; backpacks

   Class 25: clothing; footwear; headgear

   Class 35: retail services and online retail services in relation to bags, backpacks, clothing, footwear, headgear.

6. The Opponent's EUTM Registration No. 13945233 AE was filed on 13 April 2015 and registered on 25 September 2015. As the EUTM had not been registered for five years at the date of publication of the contested application it was not subject to any use conditions.

7. For the purposes of the S. 5 (4) (a) ground of opposition, the Opponent claimed use throughout the UK from 2006 in relation to essentially the same goods and services, that is to say "*Bags; backpacks; clothing; footwear; headgear; retail services and online retail services in relation to bags, backpacks, clothing, footwear, headgear".*

8. The Applicant duly filed a counterstatement.

9. Only the Opponent filed evidence in the form two witness statements from Alexander Walsh ("Mr Walsh"), its Assistant General Counsel. The Applicant filed written submissions.

10. The opposition was heard by Ms Skilton on 6 May 2020. The Applicant did not attend. As noted above, the Opponent was represented by Mr Dick of D. Young & Co LLP.

11. Ms Skilton rejected the opposition in its entirety. The Opponent appeals the Decision only in so far as it relates to Ms Skilton's findings in respect of the grounds of opposition under S. 5 (2) (b) of the Act.

The Hearing Officer's Decision on S. 5 (2) (b)

12. The Hearing Officer reviewed the Opponent's evidence. In doing so, she made no mention of Exhibit AW22 to the first witness statement of Mr Walsh, a copy of a decision by the Taiwan Trade Mark Office. That omission forms part of the appeal, to which I shall return below.

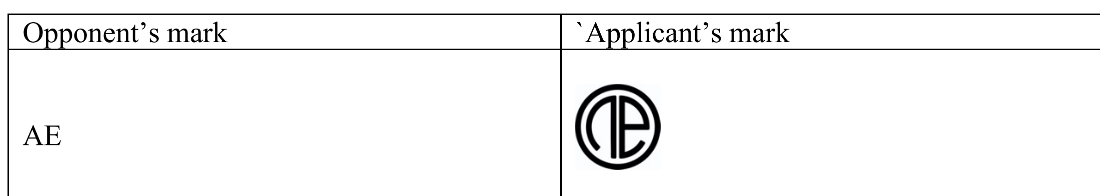
13. Ms Skilton went on to recite the usual summary of the law, cases and principles applicable to the assessment of s.5(2)(b) (paragraphs [40-42] of the Decision). At [43-44], the Hearing Officer compared the goods and services of the Opponent's EUTM No. 13945233 with the goods of the application and, not surprisingly, determined that the parties' class 18 and class 25 goods were identical. At [45-48], turning to the identification of the average consumer and the nature of the purchasing act, the Hearing Officer concluded that the average consumer would be a member of the general public using mostly visual selection and some aural selection and

paying, overall, a reasonable level of attention. None of the aforementioned findings are in dispute.

14. The Hearing Officer dealt with the comparison of the marks at length in paragraphs [49-63] and it is to this, and the consequential conduct of the global assessment, that the Appeal is essentially addressed. Having reminded herself, correctly, of the principles of comparison set out in Case C-251/95, *Sabel BV v Puma AG* and, by reference to Case C-591/12P *BIMBO SA v OHIM,* of the need to ascertain the overall impression of the contested mark without artificial dissection she proceeded to assess the competing marks against the principal submissions of the parties, of which only those of the Opponent are relevant here.

15. The Hearing Officer stated:

"51. The competing marks are:

Opponent's mark	`Applicant's mark
AE	

52. The applicant's mark comprises a black circle with two elements within it. The second element may be seen as a stylised lower case letter 'e'. The first element is less distinct and requires more work by the consumer to imbue it with a meaning. It may be seen as a shape or a letter 'n', or possibly, but less likely, a letter 'a' missing the usual crossbar, which would normally be necessary. Whatever the meaning given to the first element within the circle, a point I will come to shortly, the overall impression of the mark rests in its totality, with no single element being more dominant than another.

53. The opponent's mark comprises two letters, AE. Neither letter is emphasised or stylised and the overall impression rests in the mark as a whole.

Visual and aural similarity

----

56. The opponent submits (NB - references are to the Opponent's Skeleton before the Hearing Officer):

"13. The Earlier Marks either consist exclusively of the letters AE, or incorporate that mark as their dominant and most distinctive elements. The Applicant alleges that the Application is a complex logo mark which would be read and understood by consumers as the word 'ONE'.

14. In an Appeal to the Appointed Person in case no. O/169/16, ALTI [at para 21], the Appointed Person stated the following in the context of assessing the similarity between word marks and marks containing stylised/figurative elements:

'The approach to assessment which ought to have been applied in relation to the Applicant's stylised word mark in keeping with the case law of the supervising courts in Luxembourg is, in my view, accurately stated (in terms which repeat earlier guidance to the same effect) in paragraph 4.2.3. of Section 2, Chapter 4 of the Opposition Guidelines adopted by the President of the European Union Intellectual Property Office in March 2016:
"The question whether the verbal element is indeed 'lost' in the stylisation must be carefully assessed. The consumer intuitively looks for pronounceable elements in figurative signs by which the sign can be referred to. The high stylisation of one or more letters of a word may not prevent the consumer from identifying the verbal element as a whole… It should also be

emphasised that if the complex stylisation of the verbal element of a sign does not make it totally illegible, but merely lends itself to various interpretations, the comparison must take into account the different realistic interpretations. Thus, it is only in the – rather rare – case where the legibility of the sign is truly unrealistic, without being assisted by a mark description or the other mark, that the verbal element will be disregarded in the comparison.' [emphasis added]

15. It is submitted that the verbal element in the Application is far from lost. Consumers will intuitively look for pronounceable elements in the Application and will clearly perceive the lowercase letters 'a' and 'e' in that order, within a basic, non-distinctive circle surround. The consumer will therefore read the sign as a slightly stylised form of the mark AE. The stylisation of the mark is not so great that it prevents the consumer from identifying that verbal element, nor is it particularly complex – it does not render the AE elements 'totally illegible'. In fact, it is submitted that the only interpretation consumers will make is to read the Application as a stylised version of the mark AE; accordingly the Application does not comprise one of the 'rather rare' cases where the legibility of the mark is truly unrealistic – as such, the clear verbal element of which the Application is comprised cannot be disregarded.

16. The Application and the Earlier Marks all contain the element 'AE'. The Opponent disagrees with the Applicant's submission that "it is inconceivable that consumers would see the Applicant's mark as a representation of the letters AE" (paragraph 10). They are clearly visually similar to a high degree; aurally identical; and conceptually identical (both representing the meaningless letters AE). What is inconceivable is that consumers would interpret the Application as comprising the word 'ONE', as the Applicant claims.

17. Consumers will see the Application and interpret it as being the mark 'AE', notwithstanding the Applicant's claims that their mark will be viewed and pronounced as the word "ONE" or will be seen as a purely figurative mark with no pronunciation. The letters inside the circle will be read by consumers as a lowercase 'AE'."

57. I disagree with the applicant that its mark will be seen as the word 'ONE'. The average consumer will see the circular surround as exactly that, an outline, containing two elements. Borders and outlines are commonly used in trade marks and I do not find it at all likely that the average consumer will consider the surround and the two elements within it as three individual letters which form a word between them. That may have been the applicant's intention, but it is not how an average consumer would see it.

58. The opponent has provided a 'letter set' for illustrative purposes to show that the first element in the opponent's circle will be seen as an A rather than an N. This is not helpful. I must consider the mark as applied for and not speculate as to what the remaining alphabet may look like. It is not uncommon, in my experience, for trade mark applicants to stylise letters to fit within shapes or borders and I must make the comparison, in accordance with the relevant case law, including the paragraphs from ALTI, above, taking into account the different realistic interpretations of the marks.

59. I note that the opponent states that the 'letters' inside the circle will be read as a lowercase 'ae'. I do not find that the first element in the circle will be seen as a lower case 'a'. In my view, the first element within the circle is likely to be seen as a letter 'n', a shape, with no meaning, or possibly, but far less likely, a capital letter 'A' with the crossbar missing.

60. Visually, I find the respective marks to be similar to a very low degree. Aurally, if the consumer sees the application as a logo made up of shapes, it is possible that it may not be articulated at all. In which case there is no aural similarity. If the average consumer sees the first shape in the circle in the application as a letter N, then the comparison between pronunciation of the letters A-E and N-E gives rise to a medium degree of aural similarity. If

the first shape is seen as a letter A then the marks will be aurally identical, though I find this far less likely.

Conceptual comparison

61. For a conceptual message to be relevant it must be capable of immediate grasp by the average consumer.18 The assessment must be made from the point of view of the average consumer.

----

63. The opponent submits:
"From a conceptual comparison, the Application and the Earlier Marks each contain the letters 'AE', and will be perceived as such by consumers. To that extent, the marks are conceptually identical."

64. The earlier mark is the two letters AE. Neither side has suggested a meaning for those particular letters and I am not aware that they would convey any particular message beyond the two letters in the mark. The application contains a shape (which may be seen as a device, the letter 'n' or possibly, but less likely, the letter 'A') and a second shape which may be seen as the letter 'e', within a circle. The applicant maintains that this will be seen as the word 'ONE'. I disagree. It will be seen as two elements within a circle. I find that this marks also gives no apparent conceptual message to the average consumer."

16. Having carried out this comparative exercise, the Hearing Officer assessed the inherent distinctive character of the Opponent's mark and, by reference to the Opponent's evidence of use, whether it had enhanced distinctive character. She determined:

    1. The Earlier Mark, as a two-letter mark of a type commonly used to indicate trade origin, was inherently distinctive "to a lower than medium degree" [66].

    2. That this distinctiveness was not enhanced by use for any of the goods for which the Opponent's mark was registered in class 18 [67].

    3. The distinctiveness of AE was enhanced to the level of "medium" for the Opponent's class 25 goods [69].

17. This brought the Hearing Officer to the assessment of the likelihood of confusion:

"70. In assessing the likelihood of confusion, I must adopt the global approach advocated by case law and take into account the fact that marks are rarely recalled perfectly, the consumer relying instead on the imperfect picture of them he has kept in his mind. I must also keep in mind the average consumer for the goods, the nature of the purchasing process and have regard to 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 vice versa.

71. I have found the marks to be visually similar to a very low degree. Aurally, the marks are either not similar, where the application is not articulated, or similar to a medium degree where the application is pronounced N-E. The opponent's submission that the marks are aurally identical is only relevant where the application is seen as A-E within a circle, and I find this unlikely. Neither mark has a conceptual meaning and the parties' goods are identical. The average consumer is a member of the general public paying at least a medium degree of attention to the purchase, which is primarily a visual purchase, though I do not rule out an aural element. The earlier mark has a lower than medium degree of distinctive character for

bags and a medium degree for clothing, as the distinctiveness for those goods has been enhanced by the use made of the AE mark.

72. [This paragraph merely set out the well-known and uncontroversial explanation of direct and indirect confusion set out in L.A. Sugar Limited v By Back Beat Inc, by Mr Iain Purvis Q.C., sitting as the Appointed Person]

73. The opponent's submissions in this case seem to rely on a side by side comparison of the parties' marks. Whilst it is true that in making decisions about the likelihood of confusion between competing marks, the decision maker is presented with the marks side by side, that is not the way in which the likelihood of confusion must be assessed. In fact, the case law is clear that the average consumer is unlikely to compare the marks in such a way.

74. I find that there is no likelihood of direct confusion for those consumers who do not view the elements within the circle in the application as the letters AE. This is likely to be far the largest group of consumers, including those who see the application as including the letter 'e' (for whom the high point of similarity between the application and the earlier right is the fact that they contain a letter 'E' or 'e'); and those who give the application no meaning at all, beyond its figurative presentation. This is because, for those consumers, the differences between the marks are too great for them to be mistaken for each other.

75. For those same consumers, there is no reason for them to make a connection between the respective marks which would lead to a conclusion that the goods of one party originated from or were the responsibility of the other. I find this to be the case even if the opponent's earlier mark was highly distinctive. Having considered the competing submissions and the respective marks carefully, I find that the opponent's case requires too much of the average consumer to turn the first element in the circle of the application into an 'a' and then draw the conclusion that the conflicting marks are in some way connected economically.

76. I have accepted that there may be some consumers who see the letters AE in the application, but, I have also stressed that I find this to be far less likely than the ways I have already described. In other words, the numbers of consumers who see the application as including the letters AE will certainly not represent a significant proportion of average consumers and would be insufficient for me to conclude that there would be a likelihood of confusion, either direct or indirect, between the parties' respective marks.

77. However, even if the number of consumers who see the application as including the letters AE were more statistically significant, the contested mark is much more than the letters AE with some stylisation. A degree of work is required by the consumer to arrive at the letters AE and the visual differences are such that they offset any likelihood of confusion in a case such as this, where the purchase is primarily a visual one. The differences are also significant enough to point away from any confusion caused by imperfect recollection. Having carried out a careful global assessment, I find that there is no likelihood of direct confusion for these consumers and furthermore, I do not find it likely that these average consumers (who are likely very few in number) will see the contested mark as a development or variation of the earlier AE mark and consequently, I find no likelihood of indirect confusion".

18. The S. 5 (2) (b) ground of opposition consequently failed.

19. I note that the Hearing Officer appears to have considered two possible outcomes to her assessment of the likelihood of confusion. First, at [76] she concludes that the number of consumers who see AE in the application would not be a significant proportion such as to give rise to direct or indirect likelihood of confusion. This conclusion alone would have been sufficient to dispose of the matter.

20. However, seemingly as insulation, she went on at [77] to consider the possibility that a more statistically significant (but still a very few) number of consumers would perceive the letters AE in the application, concluding that even in that scenario the application was "much more than the letters AE with some stylisation" and that the visual differences offset the likelihood of both direct and indirect confusion.

21. The Hearing Officer made one further finding in relation to S. 5 (3), namely that the Opponent's evidence showed it had a reputation for clothing sufficient to get this case *"off the ground"* [80]. Whilst the ultimate dismissal of the S. 5 (3) ground of opposition is not appealed, the Opponent sought to play this finding back into its S. 5 (2) (b) appeal, as we shall see.

The Appeal

22. The Opponent filed its Notice of appeal to the Appointed Person under Section 76 of the Act on 21 August 2020.

23. The Applicant filed no appeal of its own nor a Respondent's Notice, so I have taken it that they believe the Decision should stand for the reasons given by the Hearing Officer. They did, through their representatives, direct me to their counterstatement and submissions at first instance dated 12th February 2020. I shall bear them in mind if and where it is appropriate to do so.

24. The Grounds of Appeal are many. Drawing them together as best I can (but in what I consider to be an appropriate order) they are essentially as follows:

    1. Failures in assessing the visual similarity of the marks.

    2. Incorrect use of a threshold test for assessing a likelihood of confusion.

    3. Incorrect requirement that confusion should be immediate.

    4. Failure to take account of the principle of interdependency.

    5. A misunderstanding of the Opponent's case on comparison of marks.

    6. Failure to take account of evidence, in particular a Decision of the Taiwanese Registry (Exhibit AW22)

    7. Failure in conceptual comparison

    8. Incorrect assessment of the application as a complex mark

25. The Statement of Grounds was 8 pages long and ran to 21 paragraphs (much of which was argument and submission). Many of the points raised were very generalised complaints about the assessment of similarity, which is often likely to be barren territory. To be fair to the Opponent and its representatives, this is not an atypical approach. Nevertheless, as a general observation, Grounds of Appeal are likely to benefit from brevity and a tight focus, particularly in identifying properly founded errors of principle (see also *GREYBOX*, referenced below).

26. The Appeal was heard remotely on 12th November 2020. I am grateful to Mr Dick for his submissions and for his patience with me in what was my first hearing sitting as AP, with technology that was not always co-operative.

The Standard of Appeal

27. The applicable principles were not disputed. I adopt the recent summary by Ms. Amanda Michaels sitting as the Appointed Person in Case BL O-542-20:

“9. The standard of appeal is by way of review. A decision of a hearing officer on an issue of this kind should not be overturned unless this tribunal is satisfied that the approach adopted to evaluation was incorrect in law or approach or that the application of the correct principles led to a decision that was wrong. Neither surprise at a Hearing Officer’s conclusion, nor a belief that he or she has reached the wrong decision suffice to justify interference in this sort of appeal. The principles relevant to this appeal are well established and I do not need to set them out in detail. They are derived from *Reef Trade Mark* [2003] RPC 5 and, more recently, *Actavis Group PTC v. ICOS Corporation* [2019] UKSC 1671 at [78] to [81]).

10. Where the decision below involves the making of a value judgment the decision maker on appeal must be especially cautious about interfering with that judgment (see Actavis at [08)]. In *ROCHESTER Trade Mark*, BL O/049/17 Mr. Iain Purvis QC sitting as the Appointed Person said:
“*33. … the reluctance of the Appointed Person to interfere with a decision of a Hearing Officer on likelihood of confusion is quite high for at least the following reasons: (i) The decision involves the consideration of a large number of factors, whose relative weight is not laid down by law but is a matter of judgment for the tribunal on the particular facts of each case (ii) The legal test ‘likely to cause confusion amongst the average consumer’ is inherently imprecise, not least because the average consumer is not a real person (iii) The Hearing Officer is an experienced and well-trained tribunal, who deals with far more cases on a day-to-day basis than the Appellate tribunal (iv) The legal test involves a prediction as to how the public might react to the presence of two trade marks in ordinary use in trade. Any wise person who has practised in this field will have come to recognize that it is often very difficult to make such a prediction with confidence … Any sensible Appellate tribunal will therefore apply a healthy degree of self-doubt to its own opinion on the result of the legal test in any particular case.”*

11. In addition, I have kept in mind the comments of *Lewison LJ In Fage UK Ltd V Chobani UK Ltd* [2014] EWCA Civ 5; [2014] F.S.R. 29:
“*114. Appellate courts have been repeatedly warned, by recent cases at the highest level, not to interfere with findings of fact by trial judges, unless compelled to do so. This applies not only to findings of primary fact, but also to the evaluation of those facts and to inferences to be drawn from them. ….*
115. It is also important to have in mind the role of a judgment given after trial. The primary function of a first instance judge is to find facts and identify the crucial legal points and to advance reasons for deciding them in a particular way. He should give his reasons in sufficient detail to show the parties and, if need be, the Court of Appeal the principles on which he has acted and the reasons that have led him to his decision. They need not be elaborate. There is no duty on a judge, in giving his reasons, to deal with every argument presented by counsel in support of his case. His function is to reach conclusions and give reasons to support his view, not to spell out every matter as if summing up to a jury. ... It is sufficient if what he says shows the basis on which he has acted. …”

12. This approach was recently reconfirmed by the Court of Appeal in *Assetco plc v. Grant Thornton UK LLP* [2020] EWCA Civ 1151 at [156], and at [157] David Richards LJ said “*In my judgment, in deciding whether the judge was "wrong" in any of his evaluative conclusions, this court should recognise not only that it was his role to decide these issues but also that, in doing so, he enjoyed advantages not available to this court, and we should interfere only if his conclusions were not ones reasonably open to him on the totality of the evidence, unless there is an underlying flaw in his reasoning which means that his assessment cannot stand.”*

28. I bear all of these principles in mind. I also bear in mind the further comments of Mr. Iain Purvis QC sitting as the Appointed Person in BL O-106-20 *GREY BOX*, to which I have added emphasis:

"Most Opposition proceedings, including this one, involve evaluative, multi-factorial decisions, in which the Hearing Officer applies a generalized legal test by weighing up the evidence and coming to a nuanced overall impression. It is well-established that a wide latitude is given to Hearing Officers in relation to such decisions and ***no appeal is likely to succeed unless the appellant demonstrates a distinct and material error of principle. This may involve an actual mistake of law, or it may involve an error in the way the legal test has been applied – for example taking into account irrelevant evidence, or failing to consider relevant evidence. When compiling Grounds of Appeal, it is important for Appellants to have this in mind. The Grounds should identify errors of principle which would provide a proper foundation for the Appointed Person to overturn the Decision.***

Decision

29. I take each of the Grounds in turn in the order set out above.

Ground 1 *– Failures in Assessing Visual Similarity/Overall Impression*

30. The general approach of the Grounds of Appeal was to claim that the Hearing Officer failed "*to give any, or any sufficient weight, to the visual similarity between the marks"* in particular that she misdirected herself when she found the level of visual similarity to be *"very low"*. It was also said that "*no reasonable Hearing Officer would come to the conclusion that there is only a very low level of visual similarity between the marks in question"*.

31. The response to that is the comment of Mr. Iain Purvis Q.C. at [23] of *GREYBOX (infra):*

"*I do not consider there is any great value in debating differences between 'fairly low' and 'medium' degrees of similarity in the context of the overall assessment of likelihood of confusion. Certainly, I do not consider that such fine distinctions can properly be characterized as errors of principle. They are at best simply disagreements about the precise 'weight' to be given to a factor in the overall assessment, something which the Courts have consistently rejected as a proper ground of Appeal. Furthermore, given the lack of clarity and subjectivity of the terms in question, it is impossible to have any sensible debate on Appeal about whether the Hearing Officer was right"*.

I need say no more.

32. The Opponent complained at length that the Hearing Officer was somehow incorrectly influenced by the decision in BL O-010-16 *Errea Sports SPA v The Royal Academy ("RA").* The point seemed to be that the case was not an appropriate reference point because it concerned a stylized earlier mark versus a plain letter mark, whereas in this case the situation was reversed. The Opponent submitted that a better case to rely on was BL O-169-16 *ALDI GmbH & Co KG v SIG Trading Ltd ("ALTI").*

33. The only express reference in the Decision to the *RA* case is as a footnote (n21) to [77], so I am at something of a loss to see that there has been any undue influence. Still less can I understand why the case should in some way be regarded as an "inapposite precedent" suggested by the Opponent. The issue in the case was that two representations of the same thing (an earlier logo incorporating the letters RA against a plain RA mark) may nevertheless have no visual similarity and that, it seems to me, works both ways. The case does not uniquely apply to situations where the earlier mark is the stylised one. It is a perfectly appropriate case for the Hearing Officer to bear in mind.

34. There is an example of this in another appeal case brought by the Opponent, on much the same grounds, namely, BL O-577-18. Ms. Emma Himsworth Q.C. sitting as the Appointed Person, had no difficulty at [55] applying *RA* where it was the contested mark which was highly stylised.

35. To the extent that the Opponent sought to argue that any verbalisation of the letters AE in the marks in suit must lead to a greater degree of similarity or a likelihood of confusion that too would "ignore the real substance of the mark applied for" (*RA*, *ibid.*)

36. In any event, the Hearing Officer recited the Opponent's arguments based on *ALTI* at [56] so she was clearly aware of it and there is nothing to suggest she did not consider it in reaching her conclusions, including the need to take account of different realistic interpretations of complex marks (a point dwelt on by the Opponent). Indeed, the Hearing Officer set out a number of likely but different interpretations. She found at [52] that the elements within the application's circular boundary could be an "N" or "less likely, a letter "a" missing the usual crossbar".

37. The Opponent argued that if the second element was a lower case "e", consumers would naturally expect the first element to be in lower case as well. The Opponent complains that the Hearing Officer did not explain why she did not see the first element as a lower case "a" and went so far as to say that in not determining the first element in that way, the Hearing Officer's decision was fundamentally flawed.

38. As to the former point, it is without foundation. Capital letters precede lower case letters in a myriad of circumstances in everyday life and grammar. There are examples throughout this Decision. The mere fact the second element is lower case in no way presupposes a consumer would assume the first would be as well. Furthermore, the Opponent did not say what difference it would have made to the ultimate determination of the case, although presumably it thought it might crank up the level of visual similarity.

39. As to the latter point, it is hopeless. The problem for the Opponent is that there is no exact science to this, and any explanation could be something as straightforward as "I simply don't think it looks like a lowercase "a"" – which in terms is what is said in the second sentence of [59]. There is nothing to be gained, in a usual case, by going further into this since, as with consumers in the real world, it is a matter of first impression, not involved analysis, and not every negative view has to be explained. Added to this is the fact that there is no question the first element in the mark is ambiguous (despite the considerable efforts of the Opponent to persuade me otherwise) so the Hearing Officer had to resolve that ambiguity as best she could.

40. In any event, the interpretation of a mark's overall impression and the comparison of marks are judgment calls it is for the tribunal to make. Stripped back to bare metal, the Opponent simply disagrees with the Hearing Officer. The Hearing Officer set out her reasons as fully as reasonably necessary and her reasoning is unimpeachable, even if the Opponent thinks a different conclusion should have been reached. There is no error of principle discernible here.

Ground 2 *- No Legal Authority For A Threshold Test In Assessing Likelihood Of Confusion.*

41. This challenge was directed to the Hearing Officer's findings in [76] that "*the numbers of consumers who see the application as including the letters AE will certainly not represent a significant proportion of average consumers and would be insufficient for me to conclude that there would be a likelihood of confusion, either direct or indirect, between the parties' respective marks"*. In effect, the Opponent is suggesting there has been an actual mistake in law, namely the application of a threshold test of a "significant proportion of consumers".

42. I was somewhat surprised to see this pleaded as a ground of appeal, given the well-established and oft-quoted authorities to the contrary (*Interflora Inc & Anor v Marks and Spencer Plc (Rev 1)* [[2013] EWHC 1291 (Ch) at [129] and *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation* [2014] EWHC 185 (Ch) at [34 (v)], both per Kitchin LJ). In addition, there are instances of the following formulation (or something essentially the same) being applied in the Registry, without disapproval on appeal:

"However, if the most that can be said is that occasional confusion amongst a few average consumers cannot be ruled out, then this is not sufficient. Rather the question is whether there is a likelihood of confusion amongst a significant proportion of the relevant public displaying the characteristics attributed to an average consumer of such goods/services."

43. Referred during the hearing to *Comic Enterprises,* Mr. Dick tacked somewhat and re-framed this on the basis that there was no *express* statement in any authority that there *must* be at least a significant proportion of confused consumers for a likelihood of confusion to be found. Indeed, he went so far as to suggest that "even if one consumer is likely to be confused" that would justify a finding of a likelihood of confusion. In other words, that there was no threshold to be met.

44. I disagree. The authorities make it clear that "likelihood of confusion" is indeed a threshold test, notwithstanding that the actual threshold depends on the facts of each case. The issue in *Interflora* was whether the threshold required a majority of relevant consumers to be confused. It was held that it did not and that a risk of confusion amongst a minority, if it was nevertheless a significant proportion of consumers, was sufficient. The corollary of this is that if the relevant proportion is insignificant, the test is not met. As Arnold J (as he then was) put it at [224] in *Interflora & Anor v Marks and Spencer Plc* [2013] EWHC 1291 (Ch), the test is that the risk "*is sufficiently likely to warrant the court's intervention*".

45. The Hearing Officer allowed for the possibility that some consumers might see AE in the application but judged that this would constitute an insignificant proportion. That was a result of her multifactorial evaluation of the relevant factors and a judgment she was wholly entitled to reach.

46. In this respect, therefore, the Hearing Officer was applying the proper law and test. No error of principle is identified.

Ground 3 *- No Legal Requirement That A Likelihood Of Confusion Should Be Immediate*

47. From the Opponent's Skeleton Argument this ground appeared to flow from [61] where the Hearing Officer states that for a conceptual message to be relevant it must be capable of immediate grasp by the average consumer. This statement repeats a well-established principle of conceptual comparison. It does not amount to applying a principle that the consumers' appreciation of a likelihood of confusion should also be immediate.

48. I therefore asked Mr. Dick where in the Decision the Hearing Officer required immediacy in the context of a likelihood of confusion. He accepted that there was no express statement but argued that it could be extrapolated from [61]. I do not agree. There is nothing at all to support this contention and, consequently, no error of principle is identified by this ground of the appeal.

Ground 4 *-Failure To Take Account Of The Principle Of Interdependency*

49. Both in his Skeleton and in argument, Mr. Dick submitted that as a distinct and material error of principle the Hearing Officer did not expressly address how she applied the interdependency principle in assessing the likelihood of confusion. The underlying point being that if this had

been done properly, then the similarity of the marks would have been "dragged up" by other factors such as the identity of goods.

50. The Hearing Officer approached this issue as follows. At [70] she set out the basic principles she intended to adopt and keep in mind, including the interdependency principle. In [71] she drew all of her conclusions on similarity together, as is the practice observed across many such Decisions. This included all the usual balancing factors of distinctive character, the identity of goods, the average consumer, the similarity of marks and, in this case, the differing aural perceptions of the marks.

51. Mr. Dick sought to persuade me that absent a precise explanation of the manner of the principle's application to each interdependent element, the Hearing Officer had deprived us of the ability to say it had in fact been applied. I do not agree. This sort of "weighing up" process, and the manner of setting it out, is entirely conventional.

52. The Opponent also appeared to be arguing, in effect, that the application of the principle of interdependency should involve an automatic uplift to the *prima facie* similarity of marks if the goods or services are identical. This is not how the principle works. The test is that the balancing of the factors *may* result in an offset, not that it *must*. It is a nuanced question of fact in each case and involves precisely the kind of evaluations with which an appellate tribunal should be slow to interfere.

53. Thus, contrary to the ground of appeal, the interdependency principle and its application are addressed by the formulation of [70-71] taken together.

Ground 5 *– The Hearing Officer Misunderstood the Opponent's Case on Comparison*

54. At [73], as part of the global assessment, the Hearing Officer stated (emphasis added):

"73. ***The opponent's submissions in this case seem to rely on a side by side comparison of the parties' marks****. Whilst it is true that in making decisions about the likelihood of confusion between competing marks, the decision maker is presented with the marks side by side, that is not the way in which the likelihood of confusion must be assessed. In fact, the case law is clear that the average consumer is unlikely to compare the marks in such a way."*

55. The Opponent took issue with the first sentence of this paragraph on the basis that this was *not* how it had presented its case and that consequently the Hearing Officer was "plainly wrong". However, it was accepted that from the remainder of the paragraph it was clear the Hearing Officer understood the correct test, regardless of whether or not she misunderstood the Opponent's case as put to her.

56. I do not think there is much to be gained by an anxious consideration of the Hearing Officer's (mis-)understanding. Indeed, I can see from the papers how Ms. Skilton might have formed that view, even if I might not have done so myself. For example, the Opponent's skeleton argument at the Opposition Hearing contained figurative "mock ups" illustrating the two marks side-by-side in the same font as the application (see also [58] in the Decision).

57. The difficulty for the Opponent is that regardless of whether the Hearing Officer was or was not mistaken (or even "plainly wrong") in that first sentence, in the next sentence she went on to identify and apply the correct test and it is in the application of *that* test that the Opponent must show the Hearing Officer made an error of principle or was otherwise wrong.

58. Nevertheless, the Opponent maintained that the fact of this misunderstanding (if indeed there was one) gave rise to the possibility that the Hearing Officer's entire thought process about the case was contaminated in some way, and that she might have misunderstood other issues (such

as the omission of any reference to the Taiwan Office decision, which I deal with below and which matter does not logically flow from the instant issue anyway). However, beyond generalised references to the Hearing Officer's various conclusions on similarity and likelihood of confusion, with which the Opponent naturally disagreed, I was not taken to anything specific. Rather, at worst it was said that this error did not inspire confidence in the rest of the Decision.

59. In the absence of any specific examples of "contamination" I do not agree that any such misunderstanding amounts to a material error. The Hearing Officer went on to expressly reference and apply the correct test (which, if anything, favours the Opponent) and there is nothing to suggest she allowed any misunderstanding to influence any of her other findings.

***Ground 6** – Failure To Take Into Account The Decision Of The Taiwanese Registry (Exhibit AW22)*

60. The Opponent identified, entirely correctly, that the Hearing Officer made no reference to a decision of the Taiwan Trade Mark Office forming Exhibit AW22 to the evidence of Mr. Walsh in her Decision. The Taiwanese case concerned a mark identical to the application but registered by a third party for various goods in class 25. The Opponent was successful in its application to cancel that mark (on the basis of earlier local rights in AE). The Opponent argued on this appeal that the Hearing Officer should have taken this evidence into account such as to tip the balance of the visual similarity of the marks from a "very low degree" to "medium to high".

61. I remind myself of the comments of Lewison LJ in *Fage* referred to above, in particular that "*There is no duty on a judge, in giving his reasons, to deal with every argument presented by counsel in support of his case"*

62. Furthermore, in *Henderson v Foxworth Investments Limited & Anor* [2014] UKSC 41 Lord Reed said at [48]:

   "*An appellate court is bound, unless there is compelling reason to the contrary, to assume that the trial judge has taken the whole of the evidence into his consideration*: *Thomas v Thomas* 1947 SC (HL) 45, 61; [1947] AC 484, 492, per Lord Simonds; see also *Housen v Nikolaisen* [2002] 2 SCR 235, para 72.

63. The Opponent devoted two paragraphs to this decision in its Skeleton Argument below. Mr. Dick told me that it was a "key point" in his submissions before Ms. Skilton. The Applicant also briefly covered the matter in its submissions to the Hearing Officer, arguing (not surprisingly) that the evidence was irrelevant.

64. It is generally the case that decisions of other national courts and tribunals are not binding on the Registrar, nor is a Hearing Officer bound to come to the same conclusions. There are different territorial, jurisprudential, procedural, factual, linguistic and cultural issues to take into account. I note in particular that, unlike the instant case, the cancellation in Taiwan was undefended, so for that reason alone (and quite apart from the vast differences in written language) it is scarcely a "like-for-like" comparison.

65. Before me Mr. Dick conceded, quite rightly, that the decision of the Taiwan Trade Mark Registry was not binding on the Hearing Officer and that she could indeed have dismissed it but argued that it was incumbent on her to at least explain, if she *had* dismissed it, her reasoning for doing so. Mr. Dick characterized this as a fundamental error although he accepted it might well have made no difference.

66. It is certainly unfortunate that the Hearing Officer did not mention this evidence or deal with it in any way. A failure to deal with relevant evidence can, as pointed out by Mr Purvis in *GREY BOX,* amount to an error of principle and I accept that such evidence may be in principle be relevant even if it ultimately has no weight.

67. Nevertheless, as per the passage in *Henderson* above, and given the parties' submissions and arguments below, there is no compelling reason for me to assume that this evidence was *not* taken into consideration merely because it was not expressly mentioned by the Hearing Officer in her Decision. Since, therefore, I am bound to assume it *was* taken into consideration I can only conclude that the Hearing Officer, with her undoubted experience, considered but discounted it as she was fully entitled to do. In any event, given the understandable caution with which foreign decisions are typically treated, I do not consider the omission of any reference to it is as a material error of principle.

***Ground** 7 – Failure In Conceptual Comparison*

68. The Hearing Officer compared the marks conceptually at [64]. She said:

"64. The earlier mark is the two letters AE. Neither side has suggested a meaning for those particular letters and I am not aware that they would convey any particular message beyond the two letters in the mark. The application contains a shape (which may be seen as a device, the letter 'n' or possibly, but less likely, the letter 'A') and a second shape which may be seen as the letter 'e', within a circle. The applicant maintains that this will be seen as the word 'ONE'. I disagree. It will be seen as two elements within a circle. I find that this marks also gives no apparent conceptual message to the average consumer."

69. The Opponent contends that, on the contrary, it *did* suggest a meaning for the letters AE, namely that over and above their meaning as mere letters they meant "AMERICAN EAGLE". The Opponent pointed to the distinctive character and reputation of AE which were respectively determined by the Hearing Officer to exist at [69] and, as regards the objection under S. 5 (3) of the Act, at [80]. The Opponent also stressed that the evidence of Mr Walsh stated that the Opponent (in effect as AMERICAN EAGLE) "is most commonly known by consumers worldwide as "AE"" and argued that, consequently, this evidence showed that was the meaning to be attributed to the term.

70. To be fair to the Hearing Officer, it is tolerably clear that this point was *not* expressly put to her. Indeed, the Opponent's own Skeleton Argument for the opposition expressly stated (emphasis added):

*"They are clearly visually similar to a high degree; aurally identical; and conceptually identical (**both representing the meaningless letters AE**). From a conceptual comparison, the Application and the Earlier Marks each contain the letters "AE" and will be perceived as such by consumers. To that extent, the marks are conceptually identical."*

71. This formulation follows the typical line of argument concerning the conceptual content (or lack of it) for "letter" marks.

72. Despite these clear submissions to the Hearing Officer, which appear to contradict the basis of the Ground of Appeal, the Opponent argued that it was clear from the evidence the sign AE had a *conceptual* meaning, in that it stood for "AMERICAN EAGLE", which the Opponent had obviously wanted the Hearing Officer to take into account. Mr Dick could not confirm to me that he raised the point during the Hearing itself but maintained that it was a fundamentally obvious point and it should have been clear from the evidence, which the Hearing Officer had read.

73. I do not agree. It is clear the arguments below and the witness statement show that what was being put forward to the Hearing Officer was, in effect, that the letters AE had a *reputation* as a trade mark **of** American Eagle but that conceptually, in the abstract, they were just letters. The fact that the letters might "stand for" AMERICAN EAGLE, absent more, is just another

way of expressing that reputation and perhaps their derivation. This is very different to saying that the letters AE had acquired, through use, an independent overriding conceptual significance capable of immediate grasp by the relevant public as always ***meaning*** AMERICAN EAGLE.

74. The Opponent is trying to equate reputation in a trade mark sense with conceptual meaning. They are not the same thing. Reputation can mean different things, and in trade mark law the term is sometimes used loosely, but in this context, it concerns the factual extent to which a sign is recognised by a significant part of the public *as a trade mark*.

75. In contrast conceptual meaning is, in simple terms, something akin to recognition in dictionaries (beyond a mere trademark acknowledgement) or a level of immediately perceptible notoriety/independent meaning, outside the confines of a purely trade mark context, of which judicial notice can be taken. Whilst a trade mark's reputation might evolve or be converted into a conceptual meaning (possibly to its detriment in terms of genericity), it needs to be properly proven.

76. It is true that there are cases where an extensive reputation has been parlayed into conceptual meaning *(*for example C-361/04 P *PICASSO/PICARO* and C-449/18 *MESSI*) but these are the exception rather than the rule and depend on their own facts. Furthermore, the "reputation" element in those cases related to the fame attached to the names of the individuals for their roles in society, rather than specifically to a trade mark function. In other words, it was a different sort of reputation.

77. In any event, from my perusal of the evidence, notwithstanding it is sufficient to justify the Hearing |Officer's findings as to the level of distinctive character and reputation in AE, it falls far short of establishing that for the average consumer AE has acquired an over-riding meaning of AMERICAN EAGLE in the sense required for a conceptual comparison.

78. Mr Dick developed his argument into a more wide-ranging submission as to whether reputation should, as a matter of general principle, play into conceptual comparison independently of its role in determining the distinctive character of the earlier mark. Mr Dick himself said that he regarded this as a novel point.

79. The general principle is that reputation, in a "trade mark" sense, is taken into account in the assessment of the likelihood of confusion rather than in the assessment of the similarity of marks, a point made in Case T-243/08 *Ravensburger AG v OHIM* [26-27]:

    "26 In that regard, first, the applicant maintains that, in its analysis of the similarity of the marks in question, the Board of Appeal failed to take proper account of the fact that the earlier marks enjoyed a reputation and had enhanced distinctive character.

    27 It is appropriate at the outset to reject that complaint as unfounded. The reputation of an earlier mark or its particular distinctive character must be taken into consideration for the purposes of assessing the likelihood of confusion, and not for the purposes of assessing the similarity of the marks in question, which is an assessment made prior to that of the likelihood of confusion (see, to that effect, judgment of 27 November 2007 in Case T-434/05 Gateway v OHIM – Fujitsu Siemens Computers (ACTIVY Media Gateway), not published in the ECR, paragraphs 50 and 51)."

80. Thus, I do not think the Hearing Officer can be criticised. She made her conceptual comparative assessment in accordance with the usual principles, apparently on the arguments put to her, and it was not expressly suggested to her that she should do otherwise, still less that she should consider any novel point on reputation as a factor in assessing similarity.

81. In sum, therefore, there is no basis for interfering with the Hearing Officer's Decision up to and including [76].

Ground 8 - *The Hearing Officer Was Plainly Wrong To Find That The Contested Mark Is Much More Than The Letters AE With Some Stylisation*

82. As noted above, paragraph [76] represents the Hearing Officer's primary decision that there is no likelihood of confusion because the threshold test is not met.

83. Paragraph [77] is apparently a fall-back to cover the possibility that the Hearing Officer was wrong about the threshold test, and she determined that even if the number of consumers seeing the mark as including the letters AE is "statistically more significant" there is still no likelihood of confusion for reasons she gave. However, none of the other matters referred to by the Opponent have undermined the findings of paragraph [76] and so the matter could end there, paragraph [77] being moot.

84. However, the Opponent took the trouble to argue the point in depth and so I shall deal with it for completeness.

85. This ground goes to the Hearing Officer's findings in [77]:

    "However, even if the number of consumers who see the application as including the letters AE were more statistically significant, the contested mark is much more than the letters AE with some stylisation. A degree of work is required by the consumer to arrive at the letters AE and the visual differences are such that they offset any likelihood of confusion in a case such as this, where the purchase is primarily a visual one. The differences are also significant enough to point away from any confusion caused by imperfect recollection".

86. The argument proceeded as follows. If the Hearing Officer accepted the possibility that the letters AE were seen in the application by consumers, then what further work needed to be done? How was the mark more than just the letters AE in a circle? This analysis seemed to assume the letters were so clear as to be seen at the outset.

87. This is to misunderstand the Hearing Officer's point and to put carts before horses. It ignores the real substance of the application. The Hearing Officer is saying that consumers have to "do the work" first in order to get to the point of perceiving the letters AE in the mark – she says as much at [52], 2nd sentence:

    "The first element is less distinct and requires more work by the consumer to imbue it with a meaning. It may be seen as a shape or a letter 'n', or possibly, but less likely, a letter 'a' missing the usual crossbar, which would normally be necessary".

88. This "work" is the result of the stylisation of the mark, which on any assessment is more than just the encircled letters A and E. The fact that the Opponent had to provide an illustrative comparative font to the Hearing Officer to try to show that the elements were those letters tends to demonstrate that very point.

89. Ultimately the level of stylisation is a matter of overall impression for the Hearing Officer. This, and its consequences for the likelihood of confusion, are wholly within the findings it was open to the Hearing Officer to make in the exercise of her value judgment.

Conclusion

90. Whilst there may be a couple of "unforced" errors in the Decision (the omission of any reference to the Taiwan Decision and the possible misunderstanding of the Opponent's case

on side-by-side comparison) these were minor. I can see no material error of principle or other material error and the Hearing Officer was entitled to make the Decision that she did.

91. The Appeal therefore fails.

Costs

92. Neither side asked for any special order as to costs. The Applicant had previously indicated that it did not wish to incur further costs in the matter and I have no reason to think it has done so.

93. I therefore make no order as to costs. The Hearing Officer's original costs order for £700, payable by the Opponent to the Applicant within 21 days of the determination of this appeal, remains in place.

Philip Harris
Appointed Person

25th November 2020