o/637/21

[PLEASE ADD NUMBER FOR AP HEARING]

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NO. 00003425906 BY SB LUX LTD

AND IN THE MATTER OF OPPOSITION NO. 419470 BY UNILEVER PLC

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF L FAYTER (O/183/21) DATED 19 MARCH 2021.

DECISION

Introduction

1. This is an appeal by SB Lux Ltd ("**SBL**") from decision O/183/21 of Ms L Fayter ("**Decision**") concerning SBL's trade mark application 00003425906 ("**Application**") in relation to the following mark for various cosmetics goods in class 3.

2. In its opposition No. 419470, Unilever plc ("**Unilever**") relied upon EUTM registration no. EU016304065, shown below, registered for "Soaps; detergents; bleaching preparations, cleaning preparations; perfumery, toilet water, aftershave, cologne; essential oils; deodorants and antiperspirants; preparations for the care of the scalp and hair; shampoos and conditioners; hair colourants; hair styling products; toothpaste; mouthwash, not for medical use; preparations for the care of the mouth and teeth; non-medicated toilet preparations; bath and shower preparations; skin care preparations; oils, creams and lotions for the skin; shaving preparations; pre-shave and aftershave preparations; depilatory preparations; sun-tanning and sun protection preparations; cosmetics; make-up and make-up removing preparations; petroleum jelly; lip care preparations; talcum powder; cotton wool, cotton sticks; cosmetic pads, tissues or wipes; pre-moistened or impregnated cleansing pads, tissues or wipes; beauty masks, facial packs" In class 3.

3. Neither side requested an oral hearing, with both parties instead filing written submissions in lieu. In her Decision, Ms L Fayter for the Registrar held that the opposition succeeded.

4. On 14 April 2021 SBL filed a Notice to Appeal to the Appointed Person against the Decision under Section 76 of the Trade Marks Act 1994.

The Hearing Officer's decision

5. The Hearing Officer held as follows (in summary, and insofar as is relevant to this appeal):

    a. the goods (cosmetics) are identical;

    b. the average consumer will pay a medium level of attention and the purchasing process will be largely visual, although there may also be an aural component to the purchase;

    c. the earlier mark is distinctive to between a low and medium degree, with the word LUX playing a greater role in the overall impression of the mark, with the stylisation playing a lesser role;

    d. The word LUX in the Application plays a roughly equal role in the overall impression with the device above it. The stylisation and use of colour play a lesser role;

    e. The marks are visually similar to a medium degree, aurally identical, and conceptually identical or highly similar;

    f. There is no likelihood of direct confusion. However, the average consumer will see the addition of the highly stylised decorative device and different stylisations and perceive the Application as an alternative mark being used by the same or economically linked undertakings. There is accordingly a likelihood of indirect confusion.

Grounds of Appeal

6. SBL contended that the Hearing Officer made the following errors of principle in her assessments:

    a) First, the Hearing Officer erred by considering indirect confusion as if it were a distinct ground not covered by the principles of European law which she set out in paragraphs 17(a) – (k) in the Decision.

    b) Secondly, the Hearing Officer placed undue emphasis on the common element LUX, and did not take sufficient account of the "SB" lettering in the Application.

    c) Thirdly, Unilever made an error in its Form TM7, where it wrongly ticked the box "No" in its response to Q2 which reads "STATEMENT OF USE - Was the registration or protection process for the earlier trade mark completed 5 years or more before the application date (or priority date, if applicable) of the application or international registration you wish to oppose?". SBL alleges that, as an unrepresented party at the time, it was misled by this error.

7. SBL expanded upon the above in its skeleton argument and in oral submissions at the hearing.

8. Unilever did not attend the appeal hearing, but filed written submissions prior to the hearing, saying (in summary):

a) The Hearing Officer made no material error of principle in her decision of the likelihood of confusion (indirect or otherwise).

b) The Hearing Officer carried out a careful analysis of the marks, and correctly assessed their similarity in her Decision.

c) Unilever's TM7 initially listed two prior rights – EUTM Registration Nos. 10065761 and 16304065 - and claimed a likelihood of confusion and reputation in relation to the former, but only a likelihood of confusion in relation to the latter. However, on 26 October 2020, Unilever confirmed to the UKIPO (with the Appellant in copy) that they were no longer relying on EUTM Registration No. 10065761, and were therefore no longer relying on s. 5(3) of the Trade Marks Act 1994. The response to Q2 in which it ticked "No" was in relation to Registration No. 10065761, which was subsequently withdrawn from the opposition. There can accordingly have been no confusion on SBL's part.

Standard of review

9. The approach to be adopted in an appeal hearing has been laid down a number of times in case law, both in general terms (e.g. by the Supreme Court in *Actavis Group PTC v. ICOS Corporation* [2019] UKSC 1671) and specifically in relation to appeals before the Appointed Person (Daniel Alexander Q.C. sitting as the Appointed Person in *TT Education Ltd v Pie Corbett Consultancy Ltd* (O/017/17), approved by Arnold J in *Apple Inc v Arcadia Trading Limited* [2017] EWHC 440 (Ch)). These cases establish the following principles:

- Appeals to the appointed person are by way of review, not re-hearing;
- It is necessary for the appellant to satisfy the appeal tribunal that there was a distinct and material error of principle in the Hearing Officer's decision, or that the Hearing Officer was wrong;
- In the case of conclusions on primary facts it is only in a rare case, such as where that conclusion was one for which there was no evidence in support, which was based on a misunderstanding of the evidence, or which no reasonable judge could have reached, that the Appointed Person should interfere with it;
- In the case of a multifactorial assessment or evaluation, the Appointed Person should show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle. Special caution is required before overturning such decisions. In particular, where an Appointed Person has doubts as to whether the Registrar was right, he or she should consider with particular care whether the decision really was wrong or whether it is just not one which the appellate court would have made in a situation where reasonable people may differ as to the outcome of such a multifactorial evaluation;
- Situations where the Registrar's decision will be treated as wrong encompass those in which a decision is (a) unsupportable, (b) simply wrong (c) where the view expressed by the Registrar is one about which the Appointed Person is doubtful but, on balance, concludes was wrong. It is not necessary for the degree of error to be 'clearly' or 'plainly' wrong to warrant appellate interference but mere doubt about the decision will not suffice;

- The Appointed Person should not treat a decision as containing an error of principle simply because of a belief that the decision could have been better expressed. Appellate courts should not rush to find misdirections warranting reversal simply because they might have reached a different conclusion on the facts or expressed themselves differently. Moreover, in evaluating the evidence the Appointed Person is entitled to assume, absent good reason to the contrary, that the Registrar has taken all of the evidence into account.

10. In addition to the above, Mr Iain Purvis QC sitting as the Appointed Person in *ROCHESTER Trade Mark*, BL O/049/17, made the following observations at paragraph 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. I shall bear all the above in mind when reviewing the Decision.

Discussion

12. Looking at the various alleged errors of principle in turn, my analysis is as follows.

(a) Indirect confusion

13. There were numerous strands to SBL's appeal in relation to indirect confusion, which were set out in the skeleton argument and developed further during the hearing. On 5 August 2021, which was after the hearing in this appeal, the Court of Appeal handed down its judgment in *Liverpool Gin Distillery Limited v Sazerac Brands LLC*, [2021] EWCA Civ 1207, in which Arnold LJ provided a detailed and authoritative exposition of the law relating to indirect confusion. I shall apply *Liverpool Gin* in relation to the arguments raised in this appeal, although for obvious reasons neither party was able to rely on the decision in their submissions.

14. First, SBL alleged that the Hearing Officer erred by considering indirect confusion as if it were a distinct ground not covered by the principles of European law set out in paragraphs 17(a) – (k) of the Decision:

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

15. I am unable to accept this submission. As Arnold LJ said in *Liverpool Gin* at [10]:

> "It is well established that there are two main kinds of confusion which trade mark law aims to protect a trade mark proprietor against (see in particular Case C-251/95 *Sabel BV v Puma AG* [1997] ECR I-6191 at [16]). The first, often described as "direct confusion", is where consumers mistake the sign complained of for the trade mark. The second, often described as "indirect confusion", is where the consumers do not mistake the sign for the trade mark, but believe that goods or services denoted by the sign come from the same

> undertaking as goods or services denoted by the trade mark or from an undertaking which is economically linked to the undertaking responsible for goods or services denoted by the trade mark".

16. It is true that EU case law has laid down a set of principles for assessing likelihood of confusion, and that the EU case law does not mandate a different approach for assessment of direct and indirect confusion. Arnold LJ said in *Liverpool Gin* at [13]:

> "As James Mellor QC sitting as the Appointed Person pointed out in *Cheeky Italian Ltd v Sutaria* (O/219/16) at [16] "a finding of a likelihood of indirect confusion is not a consolation prize for those who fail to establish a likelihood of direct confusion". Mr Mellor went on to say that, if there is no likelihood of direct confusion, "one needs a reasonably special set of circumstances for a finding of a likelihood of indirect confusion". I would prefer to say that there must be a proper basis for concluding that there is a likelihood of indirect confusion given that there is no likelihood of direct confusion".

17. The correct approach, therefore, is to apply the principles (a)-(k) above in order to consider whether there is a likelihood of direct confusion, and if not, whether there is nonetheless a likelihood of indirect confusion. That is precisely what the Hearing Officer did, and she therefore made no error of principle in this regard.

18. Secondly, SBL contended that the Hearing Officer, in relying on the case of *L'Oréal SA v OHIM* (Case B27), "erroneously extended the scope of a uniquely British principle of indirect confusion to allow a comparison to be made on the basis of LUX alone". In my view, this mischaracterises the Hearing Officer's reasoning at paragraph 45 of the Decision:

> "I bear in mind the decision of the CJEU in *L'Oréal SA v OHIM*, Case C-235/05 P, in which the court confirmed that weak distinctive character of the earlier trade mark does not preclude a likelihood of confusion".

19. Far from relying on *L'Oreal*, the Hearing Officer only cited the decision to satisfy herself that her provisional finding of indirect confusion (the basis of which is set out at paragraph 46 of the Decision) is not precluded by *L'Oreal*. She accordingly made no error of principle in this regard.

20. Thirdly, SBL contends that "instead of making a proper global assessment of the likelihood of an economic connection, the earlier mark was treated as if it were a simple word mark and the later mark an embellished version of it. This is not the case the earlier mark is a stylised version of LUX in yellow the later mark is SB Lux in an elaborate pink logo. There is no rational reason why someone seeing the later mark on cosmetics would make a link with an unused mark of a different colour. Such a conclusion is implausible and unfounded".

21. This argument overlaps with the second ground of appeal, dealt with in the next section below. As explained below, I do not agree that the Hearing Officer treated the earlier mark as a simple word mark. The Hearing Officer carefully analysed the marks and gave a clear explanation as to what she considered their distinctive and dominant components. The earlier mark is less than five years old, and consequently Unilever was not required to prove use, which is therefore an irrelevant factor. The argument that the Hearing Officer's conclusion "is implausible and unfounded" can only be an argument that the Hearing Officer's finding of a likelihood of indirect confusion was wrong. However, bearing in mind the relatively high threshold for overturning a finding of confusion, as set out in paragraph 10 above, I am unable to agree that the Hearing

Officer's finding of a likelihood of indirect confusion was one which was not open to her on the facts.

22. Fourthly, SBL points out that whereas the Hearing Officer cited paragraph 16 of Iain Purvis QC's (sitting as the Appointed Person) decision in *LA Sugar Ltd v Back Beat Inc* (O/375/10), she did not cite the clarificatory paragraph 17. Paragraph 16 states:

> "Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: "The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark."

23. Paragraph 17 states:

> "Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:
>
> (a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right ("26 RED TESCO" would no doubt be such a case).
>
> (b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as "LITE", "EXPRESS", "WORLDWIDE", "MINI" etc.).
>
> (c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension ("FAT FACE" to "BRAT FACE" for example)."

24. SBL contends that, as the Hearing Officer found that the earlier mark is distinctive only to a low to medium degree, the scenario does not fall within any of the categories (a)-(c) of paragraph 17 of *LA Sugar*. However, Arnold LJ, whilst approving *LA Sugar*, said in *Liverpool Gin* at [12]:

> "This is a helpful explanation of the concept of indirect confusion, which has frequently been cited subsequently, but as Mr Purvis made clear it was not intended to be an exhaustive definition. For example, one category of indirect confusion which is not mentioned is where the sign complained of incorporates the trade mark (or a similar sign) in such a way as to lead consumers to believe that the goods or services have been co-branded and thus that there is an economic link between the proprietor of the sign and the proprietor of the trade mark (such as through merger, acquisition or licensing)."

25. The fact that the illustrative categories in paragraph 17 of *LA Sugar* do not apply is not, therefore, fatal to a finding of a likelihood of indirect confusion.

26. Fifthly, SBL relies upon James Mellor QC's (as he then was) comments in in paragraph 81.4 of *Duebros – Eden Chocolat* (O-547-17), where he said**.**

> "I think it is important to stress that a finding of indirect confusion should not be made merely because the two marks share a common element. When Mr Purvis was explaining in more formal terms the sort of mental process involved at the end of his [16], he made it clear that the mental process did not depend on the common element alone: 'Taking account of the common element in the context of the later mark as a whole' (my emphasis)."

27. I do not accept that the Hearing Officer did in fact make her finding of a likelihood of indirect confusion merely because both marks share the common element LUX. The Hearing Officer carefully analysed both marks, formed her view as to the distinctive and dominant components of each, and came to her conclusion in the context of the Application as a whole.

28. In summary, I do not agree with SBL's submission that "The finding on indirect confusion should have followed the finding on direct confusion. There is no reason why the global assessment should be different". Whereas the applicable principles are the same for direct and indirect confusion, the mental processes in the consumer's mind are different, and a finding of indirect confusion can be made even where there is no likelihood of direct confusion. As Arnold LJ said in relation to the same submission in *Liverpool Gin* at [35]:

> "First, Halewood contend that the reasons given by the judge for concluding that there was no likelihood of direct confusion, and in particular the conceptual significance of the Sign, should equally have led him to conclude that there was no likelihood of indirect confusion. This simply does not follow, however. As the judge correctly recognised, direct confusion and indirect confusion are different species of confusion. The reasons that the judge gave for concluding that the Sign would not be mistaken by the average consumer for the Trade Marks did not preclude the possibility of the average consumer believing that they were related brands."

(b) Comparison of signs

29. SBL contends that the Hearing Officer made the following errors in her comparison of the signs:

- Undue emphasis on the common element LUX;
- Failing to take into account that the distinctive visual element of the earlier mark is the linking of the L with the X, which is not carried over into the later mark;
- A reluctance to notice the SB lettering in the Application, meaning that the finding of aural and conceptual identity is incorrect.

30. Dealing with the first and second points together, the Hearing Officer held (at paragraph 32) that "The opponent's mark consists of the word LUX, with the L and X connected. This is in a stylised font in a gold colour, with a black shadow. I consider the word LUX to play a greater role in the overall impression of the mark, with the stylisation playing a lesser role". As for the Application, she held that the device "plays a roughly equal role in the overall impression with the word element. The stylisation and use of colour play a lesser role". Consequently,

the Hearing Officer carried out an analysis and made her findings as to the dominant and distinctive components of the marks. The weight to be given to each of the various factors is a matter for the Hearing Officer, and it cannot be said that she erred in principle, or made a decision that was wrong, in deciding as she did.

31. With regard to the SB lettering in the Application, the Hearing Officer said at paragraph 33:

> "The applicant submits that their mark contains the letters SB. These letters are highly stylised, surrounded by a decorative circular border. I consider that some average consumers may notice these letters, whether it be SB or BS. However, I also consider that a significant proportion of average consumers will not notice these letters due to their highly stylised and interlocking presentation. For that significant proportion of average consumers, they will just see it overall as a decorative device in conjunction with the decorative border".

32. The assertion that the Hearing Officer showed "reluctance to notice the SB lettering" is, in reality, a submission that SBL disagrees with the Hearing Officer's analysis set out above. Such a submission cannot provide a proper foundation for the Appointed Person to overturn the Decision, unless the Hearing Officer's analysis of the Application was wrong. In my view, the Hearing Officer was entitled to reach her conclusion as to the SB lettering, which is not therefore open to challenge on this appeal.

(c) Alleged error in Unilever's grounds

33. Unilever has provided an explanation of the reason why its response to Q2 in its TM7 was "No" – this was in relation to a prior mark on which Unilever was no longer relying by the time the Hearing Officer came to make her decision. On 9 November 2020 Unilever filed an amended TM7 formally removing the claim of reputation from the opposition and also removing EUTM Registration No. 10065761. As such, I cannot see how SBL could have been misled, nor that (as alleged in SBL's Notice of Appeal) "unsubstantiated assertions relating to the earlier right have infected the decision-making process". In reality, Unilever was, by the time of the Hearing Officer's decision, relying on a single prior right which was registered less than five years before the Application. It was accordingly not subject to proof of use, and the Hearing Officer therefore took its full registered specification into account, as she was entitled to do.

34. SBL's Notice of Appeal raises a further argument, namely that "The Hearing Officer took the grounds of opposition beyond those which were pled. In doing so, the Hearing Officer may be taking the opponent into territory which is now regarded as being bad faith (C-371/18 SKYKICK) in the sense of using a mark to undermine the interests of the Appellant for purposes other than those falling within the functions of a trade mark".

35. SBL's skeleton argument expands upon this, stating "The Hearing Officer disposes of it here as a preliminary issue (paragraph 10) materially changing the pleadings to embrace goods (cosmetics) on which it is unlikely the applicant ever had any intention to use the mark and certainly not in the United Kingdom. *Monopoly* T-663/19 ([2021] E.T.M.R. 39 para 33 H17) now confirms that refiling to avoid the genuine use requirement is in bad faith. Unilever had previously registered the same device in the United Kingdom for the same goods https://trademarks.ipo.gov.uk/ipo-tmcase/page/Results/1/UK00002603781. That version of the mark was in black-and-white so if Unilever are to be considered non-abusive in interfering

with the applicants right to use LUX as part of its mark, heavyweight must be placed on the gold coloration".

36. I do not agree that the Hearing Officer went beyond Unilever's opposition as pleaded, because Unilever did not (and was not required to) prove use in relation to the single mark on which it eventually relied in its opposition.

37. Furthermore, the argument as to bad faith was not raised at all before the Hearing Officer, and no application has been made by SBL in this appeal to rely on grounds which were not relied upon at first instance. In the circumstances, I decline to deal with the bad faith argument as set out in SBL's skeleton argument. I observe, however, that SBL's argument is conditional upon a finding that Unilever has not made any use in the UK of EU016304065 and its earlier mark UK00002603781. Because Unilever was not required to prove use of EU016304065, and UK00002603781 was not pleaded at all before the Hearing Officer, there is no evidence available in this appeal as to whether or not either of those marks has ever been used in the UK. Consequently, even if an application to rely on new grounds had been made in this appeal, it is difficult to see how SBL's bad faith argument could succeed in the absence of any evidence as to use by Unilever of its marks.

Costs

38. The Hearing Officer ordered SBL to pay Unilever the sum of £650. Clearly, Unilever has been the successful party in this appeal, and I order that SBL should pay Unilever a further £500 by way of costs, comprising:

- Considering Notice of Appeal: £200
- Preparing skeleton argument: £300.

Dr. Brian Whitehead

8 August 2021

Representation

Barbara E. Cookson of Filemot Technology Law Ltd for the Applicant / Appellant

Baker & McKenzie LLP for the Opponent / Respondent