BLO/742/22

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NO. UK00003578831
ORISON SAPPHIRE
IN THE NAME OF ORISON SAPPHIRE LIMITED

AND IN THE MATTER OF OPPOSITION NO. OP60001880
SAPPHIRE TEXTILE MILLS LIMITED

AND IN THE MATTER OF AN APPEAL TO THE APPOINTED PERSON
FROM THE DECISION OF MS LAURA STEPHENS
DATED 22 FEBRUARY 2022

DECISION

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1. This is an appeal from a decision of Ms Laura Stephens, on behalf of the Registrar, BL O/153/22, by which she rejected the opposition by Sapphire Textile Mills Ltd (“the Opponent”) to a trade mark application filed by Orison Sapphire Ltd ("the Applicant"). The Opponent appeals.

Background

2. On 13 January 2021, the Applicant applied to register the Mark ORISON SAPPHIRE for an extremely lengthy list of goods in Class 24.

3. A fast track opposition was lodged on 4 August 2021 by the Opponent against all of the goods in the specification on the basis of section 5(2)(a) of the Trade Marks Act 1994 ("the Act"). The Opponent relied upon two earlier UK registered trade marks, both of which are registered for textiles and textile goods, bed covers and table covers in Class 24, as well as for clothing in Class 25. The marks are both combination marks:

No. 3214373	SAPPHIRE
No. 32143394	SAPPHIRE

4. As this was a fast track opposition, no evidence was filed, nor was there a hearing. Both sides filed written submissions, prepared by their professional advisers. The submissions filed on behalf of the Opponent were provided by Trademarkit LLP. The Hearing Officer rejected the opposition against all of the challenged specification.

5. There then appears to have been a change of representation for the Opponent, as the appeal was filed by Haseltine Lake Kempner LLP. On the hearing of the appeal, the Opponent relied only upon the '373 Mark, on the basis that its case on that mark was stronger than that based on the '394 Mark. In relation to that Mark, the Hearing Officer found, in brief:

   i. The majority of the goods in the Applicant's specification were identical to those in the Opponent's '373 specification. Certain goods made of plastic were similar to the Opponent's goods, some to a medium and some to a high degree.
   ii. The average consumer would apply a medium degree of attention in buying the goods, and visual considerations would be likely to play a dominant role in the purchasing process.
   iii. The overall impression of the '373 Mark was likely to be dominated by the word element. Comparing it to the Applicant's mark, there was no more than a medium visual similarity, a low degree of aural similarity, and a fairly high degree of conceptual similarity.
   iv. The '373 Mark was inherently distinctive to a medium degree.
   v. There was no likelihood of confusion, whether direct or indirect, so the opposition failed.

6. The Grounds of Appeal were lengthy but the Opponent's submissions on the hearing of the appeal related almost solely to the Hearing Officer's findings as to indirect confusion. A subsidiary point was raised about her analysis of the similarity of one category of goods. The Applicant took no part in the appeal, neither filing submissions nor attending the hearing before me.

Standard of appeal

7. The principles with regard to the appellate function on appeals from the Registrar of Trade Marks appropriate standard of appeal were discussed in *Talk for Learning* [2017] RPC 17*,* and considered in numerous later cases, including, recently, by Joanna Smith J in *Axogen Corporation v. Aviv Scientific Limited* [2022] EWHC 95 (Ch). She summarised the principles which I bear in mind on this appeal at [24]:

> "i) The appeal is by way of a review, not a rehearing (see *TT Education Ltd v Pie Corbett Consultancy Ltd* (O/017/17) at [52(i)]);
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> ii) The appeal court will allow an appeal where the decision of the lower court was "wrong" (see CPR 52.11). Neither surprise at a Hearing Officer's conclusion, nor a belief that he or she has reached the wrong decision suffices to justify interference (*NINEPLUS* O/039/21 at [14]);
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> iii) The decision of the lower court will be "wrong" if the judge makes an error of law, which might involve asking the wrong question, failing to take account of relevant matters or taking into account irrelevant matters. Absent an error of law, the appellate court would be justified in concluding that the decision of the lower court was wrong if the judge's conclusion was "outside the bounds within which reasonable disagreement is possible" (*Actavis Group* at [81]);
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> iv) The approach required by the appeal court depends on a number of variables including the nature of the evaluation in question (*REEF Trade Mark* [2003] RPC per at [26]). There is a "spectrum of appropriate respect for the Registrar's determination depending on the nature of the decision" (*TT Education* at [52(ii)]), with decisions of primary fact at one end of the spectrum and multi-factorial decisions (of the type which the parties agree were made in this case by the Hearing Officer) being further along the spectrum.
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> v) In the case of a multifactorial assessment or evaluation, involving the weighing of different factors against each other, the appeal court 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 (*TT Education* at [52(iv)], *REEF* at [28] and *Fine & Country* at [50]-[51]).
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> vi) An error of principle is not confined to an error as to the law but extends to certain types of error in the application of a legal standard to the facts in an

evaluation of those facts. The evaluative process is often a matter of degree upon which different judges can legitimately differ and an appellate court ought not to interfere unless it is satisfied that the judge's conclusion is outside the bounds within which reasonable disagreement is possible (*Actavis Group* at [80]).

vii) Another variable to be taken into account will be "the standing and experience of the fact-finding judge or tribunal" (*REEF* at [26], *Actavis Group* at [78]). Expert tribunals are charged with applying the law in the specialised fields and their decisions should be respected unless it is quite clear that they have misdirected themselves in law. Appellate courts should not rush to find such misdirections simply because they might have reached a different conclusion on the facts (*Shanks* at [28] citing the warning given by Baroness Hale in *AH (Sudan) v Secretary of State for the Home Department [2007] UKHL 49*).

viii) The appellate court should not treat a judgment as containing an error of principle simply because of its belief that the judgment or decision could have been better expressed; "The duty to give reasons must not be turned into an intolerable burden" (see *REEF at [29]*). The reasons need not be elaborate. There is no duty on a judge, in giving her reasons, to deal with every argument presented by counsel in support of his case. It is sufficient if what she says shows the basis on which she has acted (*English* at [17], *Fage* at [115]). The issues the resolution of which were vital to the judge's conclusions should be identified and the manner in which she resolved them explained (*English* at [19]).

ix) In evaluating the evidence, the appellate court is entitled to assume, absent good reason to the contrary, that the first instance judge has taken all of the evidence into account (*TT Education* at [52(vi)]).

Merits of the appeal

8. For the purposes of considering the Opponent's arguments on the likelihood of indirect confusion, it is necessary to look at three paragraphs of the decision under appeal in particular:

   i. At paragraph 29, the Hearing Officer held in relation to the ‘373 Mark that “Though the bird certainly makes a contribution, the mark's overall impression is likely to be dominated by the word element."

   ii. At paragraph 33, she held that SAPPHIRE had a clear meaning, which ORISON did not. It does have a dictionary definition, but it was common ground that its meaning would not be known to the average consumer, who would therefore be unlikely to attribute any meaning to it and would instead view it as an invented word. She concluded "The consumer is likely to take away the same concept from the word SAPPHIRE as it does in the opponent's mark, and ORISON allows it no additional context or qualification. On balance, I find the Mark

conceptually similar to a fairly high degree, on account of the identical SAPPHIRE element."

iii. The Hearing Officer held at paragraph 45 that there was no likelihood of direct confusion. She considered the possibility of indirect confusion, referring at paragraphs 42-43 to the decision of Mr Iain Purvis QC sitting as the Appointed Person in *L A Sugar,* BL O/375/10. She specifically noted in paragraph 43 that the examples or categories of instances where, Mr Purvis said, indirect confusion might arise were "illustrative and are not intended to be exhaustive." She dealt with the likelihood of indirect confusion in paragraph 46, saying:

> "An assessment as to a likelihood of *indirect* confusion is, as indicated in *L.A. Sugar*, more multifaceted. I begin by reminding myself that many of the competing goods are identical. The marks clearly share a common element in the word SAPPHIRE; the only word in each of the earlier marks and one of two words in the applicant's. In the opponent's marks, SAPPHIRE is coupled with a figurative element, both of which I have found likely to be viewed primarily as decorative elements. In the application, SAPPHIRE is coupled with a second word, ORISON, which I have found likely to be meaningless from the perspective of the average consumer. Whilst I accept that this gives the consumer little conceptual assistance, I must consider whether the parties' respective marks would be believed to be related based on a single shared element; that element being an ordinary dictionary word, albeit with no apparent link to the respective goods. I will start by clarifying that I do not consider the marks' differences consistent with any of the examples laid out in *L.A. Sugar.* I do not consider the shared element remarkably distinctive, at least to the extent that the average consumer will assume that the parties or marks must be related. I also do not find the application's ORISON element to be in any way non-distinctive, nor do I consider its addition consistent with a brand development or extension. It would be unusual, in my experience, for an entity to add what will likely be viewed as an invented word to an existing mark, let alone to lead with it. Whilst I appreciate that Mr Purvis' list is non-exhaustive, I am unable to foresee a set of circumstances whereby the average consumer would, having considered the differences between the respective marks, erroneously conclude that they originate from a shared or

related undertaking, even where the goods are identical. The shared use of 'SAPPHIRE' may cause the later mark to bring the earlier marks to mind (or vice versa), but I am conscious of distinguishing between confusion and mere association [*here the Hearing Officer referred in a footnote to the Duebros decision*]. To my mind, the latter is all that will occur. Having reached that conclusion in respect of goods which are identical, the same applies to all goods where a lesser degree of similarity has been found."

9. In *L A Sugar,* Mr Purvis QC set out his views on when there might be a likelihood only of indirect confusion. Those views are frequently considered by the Hearing Officers for the Registrar, generally subject to certain caveats expressed by Mr Mellor QC (as the Appointed Person, as he then was) in BL O/219/16 *Cheeky Italian* and/or BL O/547/17 *Duebros.*

10. Indirect confusion was also considered more recently by Arnold LJ in *Liverpool Gin Distillery v Sazerac Brands* [2021] EWCA Civ 1207; [2021] E.T.M.R. 57. There, the judge had found that there was a likelihood of indirect confusion between the appellant's sign "AMERICAN EAGLE" and the respondent's two trade marks "EAGLE RARE," both signs being for whiskey/bourbon whiskey. He took into account evidence that it was "a very common pattern in the whisky and bourbon market to have many different expressions under the same branding, including plays on the brand name" and held that "The average consumer would be aware of the fact that brands have different expressions and connected products, and that distillers can make more than one brand." On appeal it was argued that the reasons given by the judge for concluding that there was no likelihood of direct confusion, and in particular the conceptual significance of its mark, should have led him to conclude that there was no likelihood of indirect confusion. However, the Court of Appeal upheld the finding below. Arnold LJ said:

> "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 *Sabel BV v Puma AG* (C-251/95) [1997] E.C.R. 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.

11 In *LA Sugar Ltd v Back Beat Inc* (O/375/10) Iain Purvis QC sitting as the Appointed Person said:

> "16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning—it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: 'The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark'.
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> 17. Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:
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> (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).
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> (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)."

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).

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.

14 "Likelihood of confusion" usually refers to the situations described in [10] above. As this court held in *Comic Enterprises*, however, it also embraces situations where consumers believe that goods or services denoted by the trade

> mark come from the same undertaking as goods or services denoted by the sign or an economically-linked undertaking (sometimes referred to as "wrong way round confusion")."

11. Arnold LJ went on at [35]:

> "... 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 [Defendant's] 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."

12. After dismissing a number of specific points, he concluded:

> "43 In any event, what matters is whether the judge was entitled to conclude that some consumers of bourbon confronted with AMERICAN EAGLE would be likely to believe that it was a related brand to EAGLE RARE. Even if Halewood's criticisms which I have considered in the two preceding paragraphs are well-founded, I consider that the judge was entitled to take that view. In particular, I consider that he was right to infer that there was a likelihood of some consumers thinking that EAGLE RARE was a special version of AMERICAN EAGLE. Contrary to the submission of counsel for Halewood, this was not speculation given the judge's findings of fact at [24]. Moreover, the judge was correct to proceed on the basis that consumers would not necessarily scrutinise the label to check whether or not there was a link. Trade mark law is all about consumers' unwitting assumptions, not what they can find out if they think to check."

13. In the light of that judgment and especially the last sentence of [13], it is in my view still helpful to bear in mind the cautious approach advocated by Mr Mellor QC in *Duebros* at [81], and in particular his comments that:

    i. paragraph 17 of *L A Sugar* should not be applied as if it were a statutory test,

    ii. the detail of sub-paragraphs 17(a)-(c) should not "provoke the tribunal into too detailed an analysis of what I believe should be an emulation of an instinctive reaction in the mind of the average consumer when encountering the later mark with an imperfect recollection of the earlier mark in mind" and

    iii. a finding of indirect confusion should not be made merely because the two marks share a common element (i.e. the usual *Medion* or *Whyte & Mackay* point).

14. As is clear from *Liverpool Gin,* the helpful examples given in *L A Sugar* and in *Duebros* cannot displace the need for the tribunal to undertake a global appreciation of whether there is a proper basis for finding that the average consumer is liable to make a connection between the marks, which is not mere association, but leads to the

assumption that the goods in question are from the same or economically linked undertakings.

15. In the Grounds of Appeal it was asserted that the Hearing Officer had misapplied the principles identified in *L A Sugar.* No details were given of the errors she was said to have made, and to be fair to her, no relevant submissions had been made to her as to how or why indirect confusion might occur (the submissions made reference only to a case dealing with establishing a link for the purpose of opposition based upon the equivalent to sub-section 5(3)). The Opponent's case was helpfully summarised by Mr Krause as being that the Hearing Officer erred in principle in reaching her decision because she applied a narrow interpretation of *L.A. Sugar,* in particular because she essentially sought to fit the case into the three categories that were set out there by Mr. Purvis QC.

16. At the hearing of the appeal, Mr Krause accepted that the Hearing Officer had rightly directed herself that sub-paragraphs 17(a) to (c) of *L A Sugar* were illustrative, not exhaustive, but he submitted that she had nevertheless sought to shoe-horn the facts of this case into those categories and then had relied on the two factual findings made in paragraph 46, that it would be unusual for a brand owner to add what would be viewed as a invented word to an existing mark, especially as the first word of a combination, and that a consumer would not be liable to conclude that the marks had the same or a shared or related origin. Both of these findings, he said, were wrong.

17. At my invitation, after the hearing, the Opponent made helpful further submissions in writing in light of the *Liverpool Gin* case. It submitted that there were two circumstances in which consumers would be likely to be confused by use of the Applicant's mark. First, it would be seen as identifying Orison as the 'umbrella' brand for Sapphire. This point had been raised at the hearing, suggesting that the Hearing Officer was wrong about the practice of adding an invented word to an existing mark, and whether the made-up word appeared in front or after the mark really makes no difference. Alternatively, it was submitted that the Applicant's mark would be seen as indicating a collaboration of some kind between the business responsible for the SAPPHIRE mark and another business responsible for ORISON. Either scenario would, it said, fall within the range of possibilities identified by Lord Justice Arnold in

Liverpool Gin. Mr Krause also suggested that customers familiar with the ORISON SAPPHIRE mark would assume that goods simply marked SAPPHIRE were from a connected entity, so that there would be wrong way round confusion.

18. The first question is whether the Hearing Officer really did misapply the law, whether by adhering too strictly to the examples given in *L A Sugar* or otherwise. In my judgment, she did not do so, even if she referred only tangentially to *Duebros,* and did not refer to *Liverpool Gin*. She expressly noted the multi-faceted nature of the analysis of indirect confusion, she summarised the key elements of her earlier findings, and said that what she must do was "consider whether the parties' respective marks would be believed to be related based on a single shared element." It seems to me that she was, therefore, asking herself the right question. She considered whether the case fell into any of the *L A Sugar* categories, and found that it did not, but her analysis did not stop there, she went on to conclude that consumers would not think that the marks originated from a shared or related undertaking. So in my view in paragraph 46 the Hearing Officer considered whether there was a proper basis for concluding that there was a likelihood of indirect confusion, given that she had found no likelihood of direct confusion. She took into consideration her view of the distinctiveness of the marks' shared element, and of the added element ORISON. I do not consider that there was any error in that approach.

19. As stated above, the Opponent criticised some of the reasons the Hearing Officer gave for reaching her conclusion. In particular, it suggested that the Hearing Officer was wrong to say that it is unusual to add an invented word to an existing mark and especially to 'lead' with it. I think that there is some force in the criticism that it is not particularly unusual to add an invented word to an existing house (or umbrella) mark (e.g. Ford Ka, Apple Macbook). However, Mr Krause was hard put to identify convincing examples of adding the invented word before the existing mark. The examples he gave me seemed to me to add a sub-brand to an earlier (often well-known) invented word mark, with the former liable to be recognised as the house mark. However, even if the Hearing Officer should perhaps not have made that finding, it does not seem to me that it vitiates her overall reasoning, as plainly she did consider whether there was a proper basis for finding a likelihood of indirect confusion.

20. The Opponent also argued that the addition of ORISON before SAPPHIRE would be liable to be seen as indicating some commercial connection between the marks. This was a point considered by the Hearing Officer, and rejected by her. It does not seem to me that there is any error of principle in her decision on this point, or any factual error which would justify interference with her conclusion. It was suggested that the danger of her approach was that adding an invented word to an existing mark would always avoid a likelihood of confusion. I do not think that is correct, any more than it would be right to say that there would always be a likelihood of confusion, whether direct, indirect or "wrong way round" when material was added to the earlier mark. On the contrary, adding matter to an earlier mark (or a dominant part of it, as here) may or may not lead to a likelihood of confusion of any of these kinds, depending upon the particular facts of the case, including, potentially, as the Opponent submitted, any conceptual distinction effected by the additional material. The Hearing Officer had found a fairly high level of conceptual similarity between the marks, yet she plainly took that into account in her analysis in paragraph 46.

21. In the absence of any evidence about use of the earlier mark, or practices in the relevant trade (both of which were significant points in the judge's analysis in *Liverpool Gin*) the Hearing Officer had nothing but the marks and the specifications before her as the proper basis for deciding whether the average consumer would be liable to make a connection between the marks, over and above mere association. I accept the submission that consumers are used to multiple branding being used on products, but the Hearing Officer considered co-branding, and in my view it was open to her to conclude on her view of the level of similarity of the marks that the shared use of SAPPHIRE even for identical goods would lead only to an association, and not to a likelihood of confusion.

22. I have considered carefully whether the Hearing Officer erred in law or on the facts in concluding that the average consumer seeing the Applicant's Mark used on identical goods would merely call the earlier mark to mind, as opposed to assuming that the goods in question are from the same or economically linked undertakings. In my view, this is the kind of case in which the appellate tribunal should be slow to interfere. Reasonable people may differ as to the outcome of such a multifactorial evaluation and

the Hearing Officer's decision is within the ambit of the range of conclusions open to her.

23. In the circumstances, the point raised as to the Hearing Officer's analysis of the goods does not arise.

24. I therefore dismiss the appeal.

25. The Applicant took no part in the appeal, and I doubt that it has any costs to claim, but I will permit it to make any claim for costs by 4 pm on 13 September 2022.

Amanda Michaels

The Appointed Person

26 August 2022

Mr Martin Krause of **Haseltine Lake Kempner LLP**, appeared for the Appellant.