[BLO/822/21]

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK REGISTRATIONS NOS. 3455790 & 3457088 IN THE NAME OF COLABRA LIMITED

AND IN THE MATTER OF REQUESTS FOR A DECLARATION OF INVALIDITY THERETO UNDER NOS 503420 & 503421 BY FLAVOUR MANAGEMENT LIMITED

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF G W SALTHOUSE (O/544/21) DATED 20 JULY 2021.

DECISION

Introduction

1. This is an appeal by Colabra Limited ("**Colabra**") from decision O/544/21 of Mr G W Salthouse ("**Decision**") concerning Flavour Management Limited's ("**FML**") applications for declarations of invalidity ("**Applications**") in relation to the following marks in Colabra's name:

Mark	Number	Filing & registration date	Class	Specification
Pali Hill	3455790	06.01.20 27.03.20	43	Providing food and drink; restaurant services.
pali hill	3457088	10.01.20 27.03.20	43	Providing food and drink; restaurant services.

2. FML relied upon the following mark:

Mark	Number	Filing & registration date	Class	Specification relied upon
PALI KITCHEN	EU 17191206	11.09.17 07.10.20	43	Provision of food and drink; Restaurants; Grill restaurants; Restaurant services; Take-out restaurants; Takeaway services; Fast food restaurant services; Bar services; Café services; Catering services; Information advisory and consultancy relating to all aforesaid services.

3. In his Decision, Mr G W Salthouse for the Registrar held that the application succeeded.

4. On 23 August 2021 Colabra 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 services are identical.

   b. the average consumer is the public at large including businesses. Human consumers will pay a medium degree of attention to the services being selected. Businesses using such services will be likely to pay a higher than medium degree of attention. The selection process for the services is likely to be predominantly a visual one, although aural considerations will also play their part.

   c. FML's mark is inherently distinctive to an average degree, and FML's claim to enhanced distinctiveness through use is not made out on the evidence.

   d. Considered overall the marks have visual and aural differences and similarities whilst they are conceptually different. Overall they are similar to a low to medium degree.

   e. There is a likelihood of consumers being indirectly confused into believing that the services in class 43 provided by Colabra are those of FML or provided by an undertaking linked to it.

Grounds of Appeal

6. Colabra contended that the Hearing Officer made the following errors of principle in his assessments:

   a) First, he was wrong to decide that the stylisation of Colabra's marks is "*of a relatively low-key nature*". Had he made the finding contended by Colabra, he would have decided that Colabra's marks are only visually similar to FML's mark to a low degree. Furthermore, he should have found that Colabra's marks are only aurally and phonetically similar to the FML's mark to a low degree. The overall impression created by the Colabra's marks is similar only to a low degree to FML's mark, rather than low to medium.

   b) Secondly, although FML's and Colabra's marks cover services in Class 43, those services are actually very different when considering the similarity of the services.

   c) Thirdly, the average consumer would be aware that "PALI" is an area in Mumbai, India, and that it is not unusual for the names of Indian restaurants to feature a location in India or the cuisine of an area in India. The average consumer would therefore be capable of discerning the difference between the respective establishments, rendering the risk of confusion low.

   d) Finally, given that both the marks and the services are similar only to a low degree, there would be no likelihood of confusion. The finding of a likelihood of indirect confusion was wrong, because at most there would be mere association, not indirect confusion.

7. Colabra expanded upon the above in its written submissions, filed in lieu of attendance at the hearing.

8. FML attended the appeal hearing, having filed written submissions prior to the hearing, saying (in summary) in response to the above:

   a) The Hearing Officer's informed valuation was that the degree of stylisation was slight. The visual and aural similarities between the signs outweigh the differences. The Hearing Officer carried out a careful analysis of the marks, and correctly assessed their similarity in his Decision.

   b) Colabra admitted in its counterstatement that the services were identical.

   c) The Hearing Officer carefully considered this contention and rejected it.

   d) Taking everything into account, with a finding that the marks are similar to a medium degree and the services covered by the marks are identical, the Hearing Officer was justified in finding a likelihood of indirect confusion.

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) Similarity of the marks

13. The Hearing Officer considered the degree of stylisation of Colabra's marks, and concluded that it was "in a slightly stylised font, with diamonds instead of dots above the letter "i" in both words", and that "the stylisation is of a relatively low-key nature".

14. Colabra's ground of appeal is, in reality, a submission that it disagrees with the Hearing Officer's analysis. Such a ground cannot provide a proper foundation for the Appointed Person to overturn the Decision, unless the Hearing Officer's analysis was wrong. In my view, the Hearing Officer was not only entitled to reach his conclusion as the degree of stylisation, and the corresponding visual similarity, but was in fact correct in his conclusion, which is not therefore open to challenge on this appeal.

15. Colabra further contends that aurally and phonetically there are also very clear differences: with HILL and KITCHEN having a different number of syllables as well as sounding very different.

16. The Hearing Officer reminded himself that it is wrong to artificially dissect the trade marks, although it is necessary to take into account their distinctive and dominant components and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by them. He then went on to analyse the marks, concluding "Visually and aurally it is obvious that (save for the stylisation) the marks are identical in their first elements (PALI) and different in their second elements". The Hearing Officer took into account the different between HILL and KITCHEN, concluding that conceptually the marks are different, as Colabra's marks "conjure an image of a geographical location, a hill; whereas FML's mark calls to mind the space in a building where food is prepared or cooked".

17. He took into account also that in *El Corte Inglés, SA v OHIM*, Cases T-183/02 and T-184/02, the General Court noted that the beginnings of word tend to have more visual and aural impact than the ends.

18. The Hearing Officer's overall conclusion was that "Considered overall the marks have visual and aural differences and similarities whilst they are conceptually different. Overall they are similar to a low to medium degree". In my view, that was a balanced conclusion, taking all relevant factors into account. It is a conclusion which was certainly open to the Hearing Officer, and it is not open to challenge in this appeal.

(b) Identicality of the services

19. Colabra, in its counterstatement, made an admission that the services were identical. The normal consequence of such an admission is that the Applicant does not need to file evidence or put forward arguments in relation to the point. Ms McCormick, who appeared on behalf of FML, confirmed that this was indeed her and her client's understanding of the admission, and effectively the issue of identicality of services was "taken as read" by the Applicant in its preparation for, and submissions at, the hearing.

20. Colabra has made no application to withdraw that admission, either before the Hearing Officer or even in this appeal. In my view, it is simply too late for Colabra to raise the point now. It is bound by its admission.

21. In any case, however, I consider that even if the admission had not been made, a finding of a medium to high degree of similarity of services was likely to have been made. Whereas Colabra apparently operates a restaurant, whereas FML operates a takeaway, I do not accept Colabra's submission that the services are "very different". I take judicial notice of the fact that many Indian restaurants to offer a takeaway service, and this has become even more commonplace since the Covid-19 pandemic caused restaurants to close, with many offering takeaway services in lieu. In my view, an average consumer would regard the services of a restaurant and a takeaway as similar to a medium to high level.

(c) Distinctiveness of PALI

22. In its written submissions, Colabra said that "Evidence submitted by the Appellant showed that "PALI" is an area in Mumbai, India. As previously submitted, it is not unusual for the names of Indian restaurants to feature a location in India or the cuisine of an area in India. For example, use of the names "Taj Mahal", "Bombay" or "Bengal" occurs frequently amongst registered marks. It is respectfully submitted that the average consumer, who is deemed to be reasonably well informed, reasonably circumspect and observant, will be aware of this and therefore capable of discerning the difference between these different establishments".

23. This issue was carefully considered by the Hearing Officer at paragraph 31 of the Decision. He concluded that "the evidence provided [does not] show that the average Indian citizen, let alone the average UK citizen would be aware of Pali Hill".

24. The Hearing Officer took into account both parties' submissions and made a finding, which can be overturned only if it is wrong. In my view, once again the Hearing Officer's finding was not only one that was open to him, but was correct. Colabra's challenge on this ground therefore fails.

(d) Indirect confusion

25. On 5 August 2021, which was after the date of the Decision, 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 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 the Hearing Officer had been unable to take it into account in the Decision.

26. In *Liverpool Gin*, Arnold LJ gave approval to Iain Purvis QC's (sitting as the Appointed Person) approach in *LA Sugar Ltd v Back Beat Inc* (O/375/10), in which he set out a non-exhaustive list of instances in which indirect confusion can be made out. Arnold LJ further approved James Mellor QC's (sitting as the Appointed Person) statement in *Cheeky Italian Ltd v Sutari*a (O/219/16) at [16] that "a finding of a likelihood of indirect confusion is not a consolation prize for those who fail to establish a likelihood of direct confusion".

27. Overall, Arnold LJ held 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".

28. In the Decision, the Hearing Officer cited all the relevant provisions of the law pertaining to direct and indirect confusion, including *LA Sugar*. However, his conclusion, at paragraph 34, which I set out below, does not in my view contain a sufficient explanation of the Hearing Officer's reasoning to satisfy the requirement that there must be a "proper basis" for a finding of indirect confusion.

> "To my mind, taking into account all of the above, despite the conceptual differences in the marks when used on identical services the marks are similar enough through sharing their first words (PALI) that there is a likelihood of consumers being indirectly confused into believing that the services in class 43 applied for and provided by CL are those of FML or provided by an undertaking linked to it. **The invalidity under Section 5(2) (b) therefore succeeds in respect of all the services for which the two marks are registered.**" (Hearing Officer's emphasis).

29. As such, I believe it is open to me to re-consider this part of the Decision, in order to check whether there was indeed a proper basis for the Hearing Officer's finding of a likelihood of indirect confusion.

30. In paragraph 17 of *LA Sugar*, Iain Purvis set out the following non-exhaustive list of instances in which indirect confusion can be made out:

> "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)."

31. The scenario in this appeal does not necessarily fall squarely into any one of the above three categories. The common element, "PALI", was held to be distinctive only to an average degree, and cannot therefore be said to be "strikingly distinctive". The substitution of the word "HILL" for "KITCHEN" does not necessarily denote a sub-brand or brand extension, although it could do so.

32. 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)."

33. 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.

34. Colabra relies upon James Mellor QC's (as he then was) comments in *Duebros – Eden Chocolat* (O-547-17), where he said**:**

> "it is not sufficient that a mark merely calls to mind another mark. This is mere association not indirect confusion".

35. Mr Mellor QC went on, in paragraph 81.4, to say:

> "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 <u>in the context of the later mark as a whole</u>' (my emphasis)."

36. Although he does not state his reasons, I believe it is clear that the Hearing Officer cannot have made his finding of a likelihood of indirect confusion merely because both marks share the common element PALI. The Hearing Officer carefully analysed both marks, formed his view as

to the distinctive and dominant components of each, and came to his conclusion in the context of the marks as a whole.

37. The Hearing Officer's key findings were as follows:

- Although the overall similarity is only low to medium, the first word of the respective marks, "Pali", is identical, and that word is the distinctive and dominant part of both words;
- the beginnings of word tend to have more visual and aural impact than the ends; and
- the services are identical.

38. The Hearing Officer reminded himself also of 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 services and vice versa, and the fact that average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them he has retained in his mind

39. Overall, taking all the above into account, although this is a not a clear-cut case, and different hearing officers may legitimately have decided it differently, I am satisfied that the findings made by the Hearing Officer are capable of establishing a "proper basis" for a finding of indirect confusion. Accordingly, Colabra's challenge on this final ground fails.

Costs

40. The Hearing Officer ordered Colabra to pay FML the sum of £2,400. Clearly, FML has been the successful party in this appeal, and I order that Colabra should pay FML a further £1,200 by way of costs, comprising:

- Preparation of Respondent's response: £600
- Attendance at hearing: £600.

Dr. Brian Whitehead

8th November 2021

Representation

Emma Kirkpatrick of Harrison Clark Rickerbys Limited for the Proprietor / Appellant

Kate McCormick of Trade Mark Direct for the Applicant / Respondent