

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO. 2412909 BY ION ASSOCIATES LIMITED TO REGISTER THE TRADE MARK “MUDDIES” IN CLASS 25.

AND IN THE MATTER OF OPPOSITION NO. 95297 THERETO BY PHILIP STANTON AND JEFFREY STANTON

APPLICANT’S APPEAL TO AN APPOINTED PERSON FROM THE DECISION OF MR M. REYNOLDS DATED 23 DECEMBER 2008

DECISION

Introduction

1. On 3 February 2006 the Applicant, Ion Associates Ltd, applied to register the word MUDDIES as a trade mark (application no. 2412909) in respect of the following goods in Class 25:

“Children’s waterproof and non waterproof equine, horticultural, agricultural and general outdoor leisure boots.”

2. The application proceeded to publication on the basis of ‘honest concurrent use’ with Community trade mark (“CTM”) application no. 4614913, owned by the Opponents, of which details are given below.
3. On 25 June 2007, Philip Stainton and Jeffrey Stainton (“the Opponents”), opposed the entire application (“the Application”) by Notice of Opposition (Form TM7), raising two grounds of objection:
 - (1) the first under section 5(2)(b) of the Trade Marks Act 1994 (“the Act”), based on the Opponents’ CTM application no. 4614913 for the mark TAYBERRY MUDDIES COLLECTION, filed on 26 September 2005 in respect of “clothing, footwear, headgear” in Class 25; and
 - (2) the second under section 5(4)(a) of the Act, based on the Opponents’ claimed use of the mark MUDDIES in the marketing and promotion of a range of Wellington boots and shoes.

4. When the opposition was launched, the Opponents' CTM application on which they relied for the first ground of opposition was itself under opposition by the Applicant before the Office for Harmonisation in the Internal Market ("OHIM"). By a decision issued on 17 March 2008, OHIM ruled in favour of the Opponents (i.e. the CTM applicants) and the CTM became registered on 29 August 2008.
5. The Applicant defended both limbs of the opposition by Notice of defence and counterstatement (Form TM8) filed on 7 August 2007.
6. Both sides filed evidence, and the matter came to be heard by Mr M. Reynolds, hearing officer for the Registrar, on 3 December 2008. The hearing officer issued a written decision on 23 December 2008 (O/337/08 – "the Decision"), allowing the opposition under section 5(2)(b), but not under section 5(4)(a).
7. On 20 January 2009, the Applicant gave notice of appeal to an Appointed Person under section 76 of the Act in respect of the failed section 5(2)(b) ground. There was no cross-appeal in relation to section 5(4)(a).
8. The hearing of the appeal took place before me on 29 April 2009, at which the parties each had the same representation as at first instance: the Applicant/Appellant was represented by John Groom of Groom Wilkes & Wright LLP; and the Opponents/Respondents were represented by Counsel, Amanda Michaels, instructed by Loven.

Legislative provisions

9. Section 5(2)(b) of the Act provides as follows:

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

(a) ...

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.

10. This provision implemented article 4(1)(b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks ("the Directive").¹ A parallel provision was found in article 9(1)(b) of Council Regulation (EC) No. 40/94 on the Community trade mark ("the Regulation").²

¹ The Directive was replaced as of 28 November 2008 by a codifying Directive (2008/95/EC), which contains an identical provision.

² The Regulation was repealed and replaced by a codified version, Council Regulation (EC) No. 207/2009, on 13 April 2009. The old Regulation and article numbering continue to be used as in the original decision.

11. The “honest concurrent use” provision referred to above is found in section 7 of the Act. This is a ‘home-grown’ provision that is not derived from the Directive, which provides as follows:

7 Raising of relative grounds in case of honest concurrent use

(1) This section applies where on an application for the registration of a trade mark it appears to the registrar –

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

but the applicant shows to the satisfaction of the registrar that there has been honest concurrent use of the trade mark for which registration is sought.

(2) In that case, the registrar shall not refuse the application by reason of the earlier trade mark or other earlier right unless objection on that ground is raised in opposition proceedings by the proprietor of the earlier trade mark or other earlier right.

(3) For the purposes of this section “honest concurrent use” means such use in the United Kingdom, by the applicant or with his consent, as would formerly have amounted to honest concurrent use for the purposes of section 12(2) of the Trade Marks Act 1938.

12. I pause to mention at this point that section 7(2) was of more significance at the time the Application was being examined by the United Kingdom Registry than it is today. At that time, the Registry had the practice of blocking the registration of any trade mark whose use was thought likely (inter alia) to give rise to a likelihood of confusion with an earlier UK trade mark or CTM, unless either the owner of the earlier mark consented to its registration or the applicant could establish honest concurrent use of the trade mark concerned in accordance with section 7 of the Act.

13. Pursuant to an Order made under section 8 of the Act,³ the Registrar’s role in raising such “relative grounds” of objection to the registration of new trade marks was stopped as of 1 October 2007. Since then, the Registrar’s examiners have instead conducted searches for earlier conflicting marks in respect of each new application and given the results of these searches to applicants and to the owners of relevant earlier UK marks as well as of certain CTMs. If the earlier trade mark owners choose not to oppose a new application, then it may proceed to registration. Section 7(2) still applies at this point, effectively avoiding a strict application of section 5(2)(b) and the other “relative grounds”.

³ The Trade Marks (Relative Grounds) Order 2007, SI 2007 No. 1976.

14. The next provision relied on by the Applicant in this case is article 6(2) of the Directive, which states the following:

Article 6

Limitation of the effects of a trade mark

(1) ...

(2) The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if that right is recognised by the laws of the Member State in question and within the limits of the territory in which it is recognised.

15. This provision is incorporated in the Act at section 11(3), as follows:

11 Limits on effect of registered trade mark

(1) ... (2) ...

(3) A registered trade mark is not infringed by the use in the course of trade in a particular locality of an earlier right which applies only in that locality.

For this purpose an “earlier right” means an unregistered trade mark or other sign continuously used in relation to goods or services by a person or a predecessor in title of his from a date prior to whichever is the earlier of –

- (a) the use of the first-mentioned trade mark in relation to those goods or services by the proprietor or a predecessor in title of his, or
- (b) the registration of the first-mentioned trade mark in respect of those goods or services in the name of the proprietor or a predecessor in title of his;

and an earlier right shall be regarded as applying in a locality if, or to the extent that, its use in that locality is protected by virtue of any rule of law (in particular, the law of passing off).

16. The Applicant also refers to article 107 of the Regulation (now article 111 of the codified Regulation), which states the following:

Article 107

Prior rights applicable to particular localities

(1) The proprietor of an earlier right which only applies to a particular locality may oppose the use of the Community trade mark in the territory where his right is protected in so far as the law of the Member State concerned so permits.

(2) Paragraph 1 shall cease to apply if the proprietor of the earlier right has acquiesced in the use of the Community trade mark in the territory where his right is protected for a period of five successive years, being aware of such use, unless the Community trade mark was applied for in bad faith.

(3) The proprietor of the Community trade mark shall not be entitled to oppose use of the right referred to in paragraph 1 even though that right may no longer be invoked against the Community trade mark.

The Decision

17. After setting out the essential details of the parties' respective marks and the case history, the hearing officer summarised the evidence, particularly as to use of the mark MUDDIES by each side. The Applicant does not criticise this summary.
18. In relation to section 5(2)(b) of the Act, the hearing officer reproduced a section of the reasoned Order issued by the European Court of Justice ("ECJ") in Case C-235/05P *L'Oréal SA v OHIM* [2006] ECR I-57, which draws together the guidance previously issued by the ECJ in *SABEL BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] FSR 77 and *Matratzen Concord GmbH v. OHIM* [2004] ECR I-3657. These are the key judgments in which the ECJ has considered the meaning and effect of Article 4(1)(b) of the Directive, from which section 5(2)(b) is derived, and its parallel provision under the Regulation.
19. The hearing officer found (at paragraph 20) that the goods covered by the Application were a subset of goods within the term "footwear" in the specification for the Opponents' earlier CTM, and were therefore identical for the purposes of assessing the likelihood of confusion.
20. He then considered the identity of the average consumer through whose eyes the assessment had to be made. Given his finding of identity of goods, he concluded that the relevant public would be substantially the same in relation to the goods on which the parties' respective trade marks were likely to be used. He said (at paragraph 22) that purchases of boots would be made with some degree of care and that: "The purchase of boots is also an occasional rather than a regular occurrence with consequential impact on the precision (or imprecision) of recollection on the part of the consumer".
21. Turning to similarity of marks, the hearing officer next set out paragraphs 28 to 37 of the ECJ's decision in Case C-120/04 *Medion AG v Thomson multimedia Sales Germany & Austria GmbH* [2006] ETMR 13, in which the Court explored the correct approach to comparing a composite mark (in that case, THOMSON LIFE) with an earlier trade mark comprising one element of the later mark (LIFE). His analysis that followed is criticised by the Applicant and so I set it out in full, as follows:
 25. The circumstances in the case before me are in one sense the reverse of those pertaining in the above case in as much as it is the later mark that consists of an element from the earlier composite mark. Nevertheless, the principle seems to me to be the same.
 26. As the *Medion* case makes clear, the overall impression given by marks must have regard to their distinctive and dominant components. The applied for mark

reproduces the second word of TAYBERRY MUDDIES COLLECTION. Self evidently the latter consists of three words as opposed to one. In fact, like the ‘Thomson Life’ mark that featured in *Medion*, the opponents’ mark is the result of bringing together a second element/second tier mark (MUDDIES) with the company name (TAYBERRY). The customer-facing material at, for instance, PS9 and 10 suggests that the company name is in evidence in promotional material. However, as Ms Michaels’ submission acknowledged, some consumers would not know the name of the company that was behind the mark or that TAYBERRY was a company name. But, even assuming for present purposes that TAYBERRY was not recognised as the company name or housemark, there is no obvious synergy or connection between the first two words of the opponents’ mark. They do not, for instance, create a new idea. Rather, they seem to me to have independent distinctive character within the composite mark. Furthermore, even if MUDDIES is not the dominant element it is certainly not negligible within the context of the guidance in *Shaker di L Laudato & C. Sas v OHIM*, Case C-334/05P at paragraphs 42 and 43.

27. The third element of the mark is the word COLLECTION. First impressions suggest that consumers would be unlikely to regard this element as contributing to the distinctive character of the mark. However, some care is needed where ostensibly descriptive or weakly distinctive words appear in marks. The words ‘Business Information’ in the sign ‘Reed Business Information’ were considered to be “too general to be wholly and specifically descriptive” in *Reed Executive PLC v Reed Business Information Ltd*, [2004] R.P.C. 40. Likewise, ‘Compass Logistics’ was held not to be identical to ‘Compass’ in *Compass Publishing BV v Compass Logistics Ltd*, it being held that there “is nothing in *LTJ* [footnote referring to Case C-291/00 SA Société LTJ Diffusion SA v Sadas Vertbaudet SA [2003] E.T.M.R. 83, [2003] F.S.R. 34] or *Reed* to suggest that noticeable differences should be ignored because they have only limited trade mark significance”. But both of those cases were concerned with whether there was Section 10(1) infringement (or Article 9.1(a) of the Community Trade Mark Regulation).

28. In the *Shaker* case (*supra*), it was held that it is only if all the other components of a composite mark are negligible that the assessment of the similarity can be carried out solely on the basis of the dominant element. It is possible, therefore, for an element within a mark to be negligible from the consumer’s perspective. That might come about either because an element is so visually unobtrusive that it simply does not attract attention in the normal circumstances of trade or it might be so utterly descriptive (the name of the goods for instance) that the consumer would not regard it as contributing to the distinctive character of the mark.

29. The earlier trade mark here gives equal prominence to the three component elements. Nevertheless, the word COLLECTION is a commonly used one in the clothing trade to indicate a range of items brought together under a particular brand or by a particular designer or supplier. If the average consumer does accord it any distinctive significance at all it can only, in my view, be at an extremely low level. It follows that I regard the distinctiveness of the earlier trade mark as being heavily weighted towards TAYBERRY MUDDIES. But, as indicated above, I regard those two elements as having independent distinctive character.

30. Considerations of visual and aural similarity flow naturally from the above analysis. The respective marks have the element MUDDIES in common but differ in the number of words and hence the length of the respective marks. To

the extent that MUDDIES may obliquely allude to the circumstances or effect of use of the goods the marks also share a conceptual point of similarity. Overall, the marks have a certain degree of similarity on account of the common element.

22. The crux of the hearing officer's assessment of the likelihood of confusion is set out in the following three paragraphs:

31. Likelihood of confusion is a matter of global appreciation in which the principle of interdependency plays a key part. In particular, a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods (the goods in this case being identical). There is also a greater likelihood of confusion where the earlier trade mark has a highly distinctive character. TAYBERRY MUDDIES COLLECTION seems to me to be an entirely distinctive mark with MUDDIES making a meaningful contribution to the totality notwithstanding the allusiveness inherent in the word.

32. No claim was made at the hearing to any further enhancement of the intrinsic qualities of the earlier trade mark based on acquired distinctiveness. I examine the use position below in considering the passing off ground. Suffice to say at this point that any such claim would in my view be bound to fail having regard to the use described below and the guidance in *Steelco Trade Mark*, O-268-04 (at paragraph 17).

33. In summary the goods are identical and of a kind where the consumer can be expected to pay a reasonable (but not the highest) degree of attention when making a purchase. The marks share a point of similarity but also differ principally because of the presence of the word TAYBERRY. In my view the presence of that element is not sufficient to avoid a likelihood of confusion. This would arise because the average consumer encountering MUDDIES would consider that the goods so branded were from the same trade source as TAYBERRY MUDDIES COLLECTION and represented use of that mark without the additional identifier (no matter whether TAYBERRY was seen as a company name or housemark). Furthermore, the non-distinctive word COLLECTION would not assist in rebalancing the matter in the applicant's favour.

23. The hearing officer then dealt with an argument put forward on behalf of the Applicant to the effect that its own use of the MUDDIES trade mark, even if insufficient to give rise to passing off rights against the Opponents, nevertheless amounted to use of a mark within a particular locality of the type recognised by article 6(2) of the Directive. Given that this provision permitted the local use to continue, Mr Groom submitted by analogy, and on the grounds of fairness, that it must also permit registration of the trade mark concerned (i.e. MUDDIES).

24. This point was dealt with in the Decision as follows:

38. These provisions appear to be concerned with the protection to be afforded to continued use of local rights. But I see nothing that points to any consequential or corresponding entitlement for that right to be registered in the locality in which it is said to exist in the face of a Community trade mark registration. I am aware of two case in the UK Courts where the scope of the provision has been considered (*Compass Publishing BV v Compass Logistics Ltd*, [2004] R.P.C. 41

at paragraph 52 et seq and, more recently, *Hotel Cipriani and Others v Cipriani (Grosvenor Street) Ltd and Others*, [2008] EWHC 3032 (Ch) at paragraph 183 et seq. I can see nothing in either of these cases that supports the position contended for by the applicant.

25. Finally, the hearing officer rejected an attempt by the Applicant to construe section 7(2) of the Act as permitting the registration of a trade mark for which honest concurrent use had been shown. He said:

39. ... For honest concurrent use to be of assistance to an applicant it must be possible for the tribunal to be satisfied that the effect of concurrent trading has been to suggest that the relevant public has shown itself able to distinguish between goods bearing the marks in question i.e. without confusing them as to trade origin. That implies that both parties are targeting an approximately similar, or at least overlapping, audience and that the use by the parties in nature, extent and duration of trade has been sufficient to satisfy the tribunal that any apparent capacity for confusion has been adequately tested and found not to exist (see *Codas Trade Mark* [2001] R.P.C.14 at paragraphs 20 to 25). However, in this case, as there had in reality been no or minimal exposure of the competing marks to consumers by the relevant date any such claim cannot assist the applicant.

26. The hearing officer thus found for the Opponents under section 5(2)(b) and went on to consider the objection under section 5(4)(a). Under this ground of opposition, the Opponents were essentially arguing for a passing off right that pre-dated the filing date of the Application, based on their preparations for trading under the sign MUDDIES, as opposed to actual market trading. The hearing officer found on the facts that the pre-trading advertising/promotional activity that had been established was insufficient to give rise to adequate goodwill to support a passing off claim that would amount to an “earlier right” under section 5(4)(a). That aspect of the Decision is not under appeal.

Grounds of appeal

27. There is a general complaint in the notice of appeal that, although the hearing officer correctly identified the relevant cases concerning the legal principles for comparing marks for the purposes of section 5(2)(b), he “erred in failing to apply those principles to the facts of the present case”.

28. The particular errors asserted by the Applicant in the grounds of appeal, as expanded at the hearing by Mr Groom, can be summarised as follows:

- (1) The hearing officer did not correctly conduct a “global assessment” as required by the authorities, which should have involved considering each of the marks as registered, and as a whole, and taking into account all of the surrounding facts and circumstances, including the Applicant’s earlier use of the MUDDIES trade mark.

- (2) By assuming that the facts of the case were the reverse of those in *THOMSON LIFE*, the hearing officer wrongly “erased the existence of” the words TAYBERRY and COLLECTION from the Opponents’ earlier CTM. He therefore failed to consider the overall impression given by each mark as a whole, bearing in mind their distinctiveness, and concentrated instead on the similarities rather than the overall dissimilarities between the respective marks.
- (3) Specifically, the hearing officer wrongly assessed the word COLLECTION within the earlier CTM as being of much lesser significance within it than he should have done.
- (4) The hearing officer failed to take account of the fact that the Applicant had established use of the mark MUDDIES that pre-dated the Opponents’ CTM and thus had the right to continue use of the mark pursuant to article 6(2) of the Directive or article 107 of the Regulation.⁴ This was a factor that should have been, but was not, taken into account in the overall assessment of the likelihood of confusion.

Standard of review

29. My job is to review the Decision, not to re-hear the case. The proper approach in an appeal from the Registrar is well-established and is conveniently summarised in the decision of Daniel Alexander QC (sitting as a Deputy High Court Judge) in *Digipos Store Solutions Group Ltd v Digi International Inc.* [2008] EWHC 3371 (Ch), [2008] Bus. L.R. 1621 at [5] - [6], as follows:

5. ... It is clear from *Reef Trade Mark* [2003] RPC 5 (“*Reef*”) and *BUD Trade Mark* [2003] RPC 25 (“*BUD*”) that neither surprise at a Hearing Officer's conclusion nor a belief that he has reached the wrong decision suffice to justify interference by this court. Before that is warranted, it is necessary for this court to be satisfied that there is a distinct and material error of principle in the decision in question or that the Hearing Officer was clearly wrong (*Reef*). As Robert Walker LJ (as he then was) said:

“...an appellate court should in my view 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” (*Reef*, para. 28)

6. This was reinforced in *BUD*, where the Court of Appeal made it clear that it preferred the approach of the appellate judge but nonetheless held that there was no error of principle justifying departure from the Hearing Officer's decision. As Lord Hoffmann said in *Biogen v. Medeva* [1997] RPC 1 at 45, appellate review of nuanced assessments requires an appellate court to be very cautious in differing from a judge's evaluation. In the context of appeals from the Registrar relating to section 5(2)(b) of the Act, alleged errors that consist of wrongly assessing similarities between marks, attributing too much or too little discernment to the average consumer or giving too much or too little weight to

⁴ Now article 111 of the codified Regulation.

certain factors in the multi-factorial global assessment are not errors of principle warranting interference.

Analysis

30. Each of the grounds of appeal identified above is dealt with in turn below.

(1) Failure to conduct a global assessment

31. As the Applicant conceded, the hearing officer referred to the appropriate authorities when setting out the approach that he had to follow in order to determine the likelihood of confusion under section 5(2)(b). He was clearly aware of the overarching requirement to assess the likelihood of confusion globally, taking into account all factors relevant to the circumstances of the case. This is expressly stated in the extract that he quoted from *L'Oréal v OHIM* at paragraph 24 of the Decision.

32. The hearing officer considered in turn the respective goods covered by each of the trade mark specifications and the characteristics of the respective trade marks, discussing the overall impression given by each of them in some detail, by reference to their inherent characteristics, to the relevant average consumer, to their distinctiveness, and to the surrounding circumstances.

33. I am unable to discern any 'global' deficiency in the approach taken by the hearing officer, as alleged by the Applicant's first ground of appeal. In the absence of any more specific objections to the approach, I have concluded that this ground is really an 'umbrella' attack under which each of grounds (2), (3) and (4) falls as specific examples of alleged deficiencies in the approach taken. Since grounds (2) and (3) overlap to some extent, I consider these together before turning to the fourth ground based on prior use.

(2) and (3): Undue focus on dissimilarities/ Significance of COLLECTION element

34. Mr Groom pointed out that *THOMSON LIFE* involved the earlier trade mark LIFE being subsumed into the later composite mark THOMSON LIFE by the addition of the 'house mark' THOMSON. He submitted that, while it made sense that the mere addition of a house mark to a pre-existing trade mark should not be sufficient to avoid confusion, it did not necessarily follow that the removal of two elements of a composite trade mark (one being the company name TAYBERRY) would leave a remaining element that was confusingly similar to the original.

35. Mr Groom may be correct in that submission. However, I do not believe that the hearing officer was relying on this specific symmetry of reasoning when he reached his conclusion. His point (at paragraph 25) about the "principle" discussed in *THOMSON LIFE* being "the same" in the circumstances of this case referred not to

the specific issue of the addition or removal of a house mark, but to the concluding guidance given by the ECJ in that case, which was:

[37] ... Article 5(1)(b) of the directive is to be interpreted as meaning that where the goods or services are identical there may be a likelihood of confusion on the part of the public where the contested sign is composed by juxtaposing the company name of another party and a registered mark which has normal distinctiveness and which, without alone determining the overall impression conveyed by the composite sign, still has an independent distinctive role therein.

36. The parallel that the hearing officer found between this case and *THOMSON LIFE* was that one of the marks comprised a single word of “normal distinctiveness” and the other mark contained the same word in combination with a company name which, even if not recognised as a company name, had no obvious synergy or connection with the other word. In other words, as he later said (at paragraph 26), they had independent distinctive character within the composite mark.
37. The Applicant’s suggestion that the hearing officer “erased the existence” of the word TAYBERRY from the Opponents’ earlier CTM is not consistent with the latter finding. Indeed, the hearing officer went on to say (at paragraph 29) that he regarded the distinctiveness of the earlier trade mark as being “heavily weighted towards TAYBERRY MUDDIES”.
38. So far as the inclusion of the word COLLECTION is concerned, again, it is not correct that the hearing officer “erased [its] existence” from the CTM, though it is true to say that he found its distinctive significance to be at best “at an extremely low level”. He reached this view after a full discussion, by reference both to pertinent case law and to the way in which the notional average consumer would regard the CTM as a whole, bearing in mind the fact that the word COLLECTION is commonly used in the clothing trade to indicate a range of items brought together under a particular brand or by a particular designer or supplier (paragraph 29). He may also have borne in mind the Applicant’s own description in its skeleton of COLLECTION as a “tertiary cursory part” of the mark.
39. I do not see any error in the hearing officer’s reasoning. His view that the distinctiveness of the CTM is “heavily weighted towards TAYBERRY MUDDIES” is a perfectly reasonable one, as is the finding that each of the elements TAYBERRY and MUDDIES has independent distinctive character within the CTM when taken as a whole. His finding (at paragraph 30) of “a certain degree of similarity” between the marks flowed inevitably from this.
40. The Applicant did not raise any specific objections to the next section of the Decision in which the hearing officer considered whether the identity of goods and similarity between marks were together sufficient to give rise to a likelihood of confusion. The hearing officer made a final reference to the principal difference

between the marks being the presence or absence of the word TAYBERRY, but concluded (at paragraph 33) that “the average consumer encountering MUDDIES would consider that the goods so branded were from the same trade source as TAYBERRY MUDDIES COLLECTION”.

41. While I recognise that it is quite possible that not every hearing officer would have reached the same conclusion at this point in the decision, I do not detect any material error of principle in this hearing officer’s approach or analysis. Further, as he pointed out (at paragraph 34), the outcome should not have come as a surprise to the Applicant, given that it had itself opposed the Opponents’ CTM application for TAYBERRY MUDDIES COLLECTION under article 8(4) of the Regulation on the basis that the use of the CTM in relation to “footwear” could be prevented on the basis of the Applicant’s claimed prior passing off rights in respect of the unregistered mark, MUDDIES. In the event, the Opposition Division of OHIM rejected the opposition on the basis that the Applicant had failed to establish genuine use of MUDDIES in trade in the United Kingdom.⁵ But the point highlighted by the hearing officer is that the Applicant’s case in the CTM opposition was that use of TAYBERRY MUDDIES COLLECTION on footwear would amount to a misrepresentation that the footwear was connected in the course of trade with the Applicant or its claimed MUDDIES trade mark.
42. Similarly, after it had received a copy of the Opponents’ mailshot material using the name TAYBERRY MUDDIES COLLECTION in January 2006, the Applicant wrote to complain that such use infringed its IP rights in the ‘MuddiesTM name’. The Applicant’s own arguments are thus echoed, in reverse, by the Opponents’ section 5(2)(b) ground in this case.

(4) Earlier use and article 6(2) of the Directive

43. The Applicant’s fourth ground of appeal is, so far as I can establish, a novel point that is not covered in any reported decision in relation to UK trade marks. It involved a two stage argument:
- (1) Firstly, the Applicant submitted that the evidence established that it had made use of the mark MUDDIES prior to the filing date of the Opponents’ CTM and that such use was sufficient to enable it under article 6(2) of the Directive and/or article 107 of the Regulation to avoid an infringement action based on the Opponents’ CTM and to continue use of the MUDDIES mark.
- (2) Secondly, given that the Applicant would be able to continue use of the mark on the market, albeit only in a specific locality, it was both appropriate that the trade

⁵ OHIM Decision of 17 March 2008 in relation to Opposition no. B 1 007 386.

marks register should reflect the market reality of co-existence and equitable to permit registration of the Applicant's trade mark.

44. In the light of the adverse OHIM decision already referred to, Mr Groom conceded that the evidence of the Applicant's earlier use of MUDDIES was insufficient to support a case for the existence of goodwill on which a passing off action could be based. However, he submitted that it was enough to give the Applicant the right to rely on the defence provided by article 6(2) of the Directive and/or article 107(3) of the Regulation.
45. Ms Michaels for the Opponents pointed out that the hearing officer did not make any findings of fact in relation to the Applicant's alleged earlier use: he simply summarised the evidence set out in the Applicant's witness statements in the early part of the Decision, without assessing it, and later (at paragraph 59) stated that he did not need to give further consideration to the Applicant's use. That is correct, though the hearing officer did (at paragraph 39) state that "there had in reality been no or minimal exposure of the competing marks to consumers by the relevant date" (by which I believe he meant the CTM filing date). From this, I take it that he had considered the Applicant's evidence of earlier use and did not think it amounted to much. But he clearly did not intend this statement to be a conclusive finding on the question of whether the Applicant had the sort of earlier right for which it argues, given that he later expressly declined to do so.
46. I have decided that it is not necessary for me to take a fresh look at the evidence to assess the factual position for myself, since the Applicant's argument does not work as a matter of law.
47. Even if the evidence were sufficient to establish the existence of an earlier right within a locality, of the sort recognised under article 6(2), that provision is about the owner of such a right being able to continue using it notwithstanding the registration of a national trade mark by a third party. As implemented in the Act, section 11(3) could be relied on to defend an action for infringement of a UK trade mark if, say, the defendant owned a local passing off right. I agree with the hearing officer that there is nothing in either article 6(2) (or, I would add, section 11(3)) to assist the Applicant in the second step of the argument to the effect that the owner of such a locally based right should itself be entitled to register the mark underlying its earlier right. If that were the position, the Applicant would thereby expand its local unregistered right into a national registered right by virtue of the fact that an unrelated third party had chosen to register a conflicting national trade mark. This would be a bizarre result. In this case, we are in any event dealing with a registered CTM, rather than a national trade mark, so article 6(2)/section 11(3) do not even come into play.

48. Article 107 of the Regulation does at least relate to conflicts between a later registered CTM and an earlier local right, but I do not think that it gets the Applicant any further. Article 107(1) would enable the Applicant to rely on its claimed earlier local right (if established) to oppose the Opponents' use of the CTM; and article 107(3) would give the Applicant a defence to a CTM infringement claim. As Laddie J said, "in the case of a national unregistered mark, it appears clear that the effect of Art.107(3) is to give immunity from infringement proceedings brought on the basis of a subsequent CTM": *Compass Publishing BV v Compass Logistics Ltd* [2004] RPC 41 at [52]. But I do not see why a provision that is plainly aimed at protecting the owner of a local right should be construed so as to turn such a right of continued local user into the right to a national registration.
49. In relation to the argument that the trade marks register should reflect the reality of co-existence on the market, the Applicant's hypothesis is that its MUDDIES trade mark co-exists at a level that is only in a particular locality (having conceded for the purposes of the argument that it does not have wider passing off rights). Given that trade marks on the United Kingdom register give rights throughout the United Kingdom, whereas the earlier right claimed is only in respect of a particular locality, it is not accurate to say that permitting the Applicant to register a UK trade mark would result in the register reflecting market reality.⁶ In any event, as Ms Michaels correctly pointed out, it is notorious that the register does not in fact reflect the marketplace. There are innumerable marks on the register which are not in use and there are innumerable marks not on the register which are in use.
50. So far as the argument based on equity or fairness is concerned, it seems to me that it would be considerably more than equitable to allow the Application to be registered in the circumstances of this case. It would be highly advantageous to the Applicant, giving it rights not only to prevent others from using conflicting signs on a national basis, but also affording it a defence to UK trade mark infringement actions under section 11(1) of the Act.⁷ For similar reasons it would be disadvantageous to the Opponents. It would also be a result that does not flow from a fair reading of the provisions of either the Directive or the Act.
51. Finally, I should mention that the Applicant did not pursue an argument on appeal that section 7 of the Act supported the case for registration based on honest concurrent use. As is clear from the section, honest concurrent use only assists an applicant until the point at which the owner of the conflicting right that had been provisionally overcome in the examination process (as it stood prior to the changes

⁶ There was no suggestion by the Applicant that the MUDDIES trade mark should be registered subject to a geographical limitation.

⁷ Section 11(1) provides that a registered trade mark is not infringed by the use of another registered trade mark in relation to goods or services for which the latter is registered.

referred to above) opposes the application. At that point, section 7 is of no further assistance and the question of relative rights has to be assessed by reference to the relevant part of section 5. Mr Groom accepted this position, but made a general submission that the fact of honest concurrent use was something that could be taken into account in applying the global appreciation test to determine the likelihood of confusion.

52. As the hearing officer said (at paragraph 39), for honest concurrent use to be of assistance to an applicant, it must be possible for the tribunal to be satisfied that the effect of concurrent trading is such as to suggest that the relevant public has shown itself able to distinguish between goods bearing the marks in question without any confusion as to trade origin. That sort of evidence was not presented and the argument therefore did not assist.

Conclusion

53. The result is that I uphold the hearing officer's decision to allow the opposition under section 5(2)(b) and I dismiss the appeal.

54. The hearing officer ordered the Applicant to pay the Opponents £2,200 in contribution to their costs. Mr Groom asked me to factor into my own decision on costs the fact that the Applicant had successfully fended off the section 5(4)(a) ground of opposition at first instance, though he did not appeal against the costs order itself. I think I am entitled to bear in mind the fact that the contribution ordered at first instance was reasonably generous to the Opponents, for the reason given by Mr Groom. On the other hand, I also take account of the fact that the Opponents instructed Counsel, which it was perfectly entitled to do. Bearing these matters in mind, I order the Applicant to pay a further £1,000 to the Opponents as a contribution to their costs of defending the appeal.



ANNA CARBONI

17th July 2009

The Appellant (Applicant) was represented by Mr John Groom of Groom Wilkes & Wright LLP.

The Respondents (Opponents) were represented by Counsel, Ms Amanda Michaels, instructed by Loven.