

O-291-09

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO 2473314

BY LITTLEWOODS LIMITED

TO REGISTER THE TRADE MARK:

SHOP DIRECT GROUP

AND

IN THE MATTER OF OPPOSITION NO 98021 BY

DIRECTGROUP BERTELSMANN GMBH

TRADE MARKS ACT 1994

**In the matter of application No 2473314
by Littlewoods Limited
to register the trade mark SHOP DIRECT GROUP**

and

**In the matter of opposition No 98021 by
DirectGroup Bertlesmann GmbH**

Background

1. Littlewoods Limited (“LL”) applied for the above trade mark on 26 November 2007. Registration is sought for a large range of goods and services, but as the opposition is directed at only some of them I will not detail them here.

2. On 6 October 2008 opposition to the registration of LL’s application was made by DirectGroup Bertlesmann GmbH (“DG”). DG bases its opposition on the sole ground of section 5(2)(b) of the Trade Marks Act 1994 (“the Act”) because it believes that there would be a likelihood of confusion with its earlier mark “DirectGroup”. Its earlier mark is an international registration (“IR”) (number 910400) which has designated the European Community for protection. The IR was filed on 25 April 2006 (so constituting an earlier mark in accordance with section 6(1) of the Act). This relevant date also means that the proof of use provisions contained in section 6A¹ of the Act do not apply. DG’s opposition is directed at the following goods and services in LL’s application:

Class 9: Sound and video recordings, gramophone records, compact discs, cassette tapes, video tapes, DVD’s; computer programs.

Class 16: Printed matter, publications, catalogues, stationery, office requisites.

Class 35: Advertising, providing advertising services.

Class 36: Financial services, insurance services; issuing of tokens of value in relation to discount and incentive schemes, provision of credit and finance services; budget account services; issuing of tokens of value or other incentives in relation to loyalty schemes.

3. LL filed a counterstatement in which it admitted that the respective goods/services were similar but it denied that there would be a likelihood of confusion.

¹ Section 6A of the Act was added to the Act by virtue of the Trade Marks (Proof of Use, etc.) Regulations) 2004 (SI 2004/946) which came into force on 5th May 2004.

4. Only LL filed evidence, this is summarised below. Neither side requested a hearing, although DG did file written submissions in lieu of attendance. LL did not file any written submissions, however, I will take into account its arguments it made in its counterstatement and evidence.

LL's evidence

5. This consists of a witness statement and accompanying exhibits from Ms Sarah Elizabeth Lynch, a solicitor employed by Shop Direct Home Shopping Limited ("SDHS"). According to Ms Lynch, SDHS and its affiliate companies operate under the SHOP DIRECT GROUP trade mark with the consent of LL - SDHS and LL are under common ownership.

6. Ms Lynch sets out a brief corporate history explaining how SDHS acquired (around October 2005) a business called ARG Equation Limited (which later changed its name to Shop Direct Group Limited) which operated the catalogue brands Great Universal, Choice, Kays, Additions, Marshall Ward and Abound. Information in SEL1 is provided to support this.

7. It is stated that although Shop Direct Group Limited operated under the trade marks Great Universal, Kays etc., it was made clear in the catalogues and in correspondence (with suppliers and customers) that they were operated by Shop Direct Group Limited. SEL2 consists of extract from various catalogues which make reference to the brand names (Great Universal, Kays etc) as being the trading names of Shop Direct Group Limited and also that its associated company Shop Direct Services Limited are members of the "Shop Direct Group". It is fair to say, however, that this information is carried only in the small print. Ms Lynch also notes that Shop Direct Group Limited is an authorized representative of Shop Direct Financial Services Limited which provides financial services (such as retail credit) and, accordingly, Shop Direct Group Limited have acted as a "broker" with respect to financial services.

8. Information regarding the distribution of catalogues (Great Universal, Kays etc) is then given. In spring/summer 2005 this was 9,358,000 and in autumn/winter 2005 it was 9,561,000. In relation to Great Universal, Kays and Choice, further figures are provided, namely autumn/winter 2003 5,850,000, spring summer 2004 4,250,000 & autumn/winter 2004 5,472,000. Sales figures for the businesses operated by Shop Direct Group Limited are then provided for the financial years ending 31 March 2004 & 30 April 2005, these were (in 000's): £1,413,851 & £1,036,446 respectively.

9. Reference is made to DG's opposition and that it is based on the words Direct Group. Ms Lynch states that a number of marks co-exist (particularly in the financial and related services field) that contain the words DIRECT GROUP. She sets out evidence to support her statement in a number of exhibits, namely:

Exhibit SEL3 – extracts from the website www.directgroup.co.uk showing use of the name DIRECT GROUP which is an insurance solutions provider. The print was taken on 24 March 2009 but I note that the business describes itself as being “long established”.

Exhibit SEL4 – An extract (dated 4 June 2008) from *Insurance Daily* referring to the take-over of Millennium Insurance by Direct Group. There is nothing to rule out the possibility that the Direct Group mentioned here is the same one as referred to in SEL3.

Exhibit SEL5 – an extract from the website of Medicals Direct Group (based in Middlesex) which provides “outsourced risk management and medical services solutions for insurers, employers and individuals).

Exhibit SEL6 – an extract from www.spaindirectgroup.co.uk which provides real estate services in relation to properties in Spain.

Exhibit SEL7 – an extract from www.directgroupuk.com which relates to the Direct Group of companies. The specific companies under this umbrella being “directflights”, “directprinting” and two others whose names do not feature the word “direct”.

Exhibit SEL8 – information on a company called Premier Direct Group Plc which (until it went into administration) wholesaled goods to retailers, market traders, car booters and direct sales professionals in relation to a range of goods including books, gifts, toys and novelty items.

10. Ms Lynch completes her evidence by stating her view that the visual, phonetic and semantic differences between the marks, together with the co-existence of the marks set out above, and the prior use of the Shop Direct Group Limited company name, result in there being no likelihood of confusion.

Section 5(2)(b) - decision

Legislation and the relevant authorities

11. Section 5(2)(b) of the Act states:

“5.-(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 trade 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.”

12. When reaching my decision I have taken into account the guidance provided by the European Court of Justice (“ECJ”) in a number of judgments germane to this issue, notably: *Sabel BV v. Puma AG* [1998] R.P.C. 199, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* [1999] R.P.C. 117, *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V* [2000] F.S.R. 77, *Marca Mode CV v. Adidas AG + Adidas Benelux BV* [2000] E.T.M.R. 723, *Medion AG V Thomson multimedia Sales Germany & Austria GmbH* (Case C-120/04) and *Shaker di L. Laudato & Co. Sas* (C-334/05). The above judgments set out the primary principles to be applied in matters such as these; I will refer to them, where relevant, in more detail later.

The average consumer and the purchasing act

13. As matters must be judged through the eyes of the average consumer (*Sabel BV v. Puma AG*, paragraph 23) it is important that I assess who this is. The goods in classes 9 and 16 strike me, in the main, as goods of a general consumer nature. The average consumer will therefore be a member of the general public. In relation to class 35, advertising services are not directed at the general public and are instead aimed at and utilised by businesses who wish to advertise its wares. A business user is the average consumer here. In relation to class 36, it is fair to say that both the general public and the business user will be an average consumer of financial services. Finally, there are some other goods (e.g. computer software in class 9 and certain types of printed matter in class 16) that may, also, have both the general public and the business user as an average consumer.

14. In terms of the purchasing act, the case-law informs me that the average consumer is to be regarded as reasonably observant and circumspect (*Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V* paragraph 27). However, this general presumption can change depending on the particular goods in question (see, for example, the decision of the CFI² in *Inter-Ikea Systems BV v OHIM* (Case T-112/06). In relation to the goods in classes 9 & 16 it seems to me that the general presumption of the average consumer being reasonably observant and circumspect is applicable here. There is nothing inherent in the goods that would suggest a higher or lower degree of care and attention being applied. There is one exception to this in class 9, namely, computer software, which is a fairly infrequent purchase and one to which attention will be applied in order to ensure that the software meets its desired purpose and that it is compatible with the computer system with which it is to be used; a higher degree of care and attention will be utilised here. In relation to the services in classes 35 and 36, these services strike me as ones which will also be utilised relatively

² The Court of First Instance of the European Communities

infrequently and ones which represent reasonably important choices be it for the business user (class 35 & class 36) or the general public (class 36). In view of this, the degree of care and attention is likely to be reasonably high, although, not of the most high degree.

Comparison of the goods

15. DG oppose the following goods and services in LL's application:

Class 9: Sound and video recordings, gramophone records, compact discs, cassette tapes, video tapes, DVD's; computer programs.

Class 16: Printed matter, publications, catalogues, stationery, office requisites.

Class 35: Advertising, providing advertising services.

Class 36: Financial services, insurance services; issuing of tokens of value in relation to discount and incentive schemes, provision of credit and finance services; budget account services; issuing of tokens of value or other incentives in relation to loyalty schemes.

16. DG rely on the following goods and services which are covered by its IR:

Class 9: Pre-recorded sound-, image-, image/sound and data carriers; electronic publications (downloadable); computer software.

Class 16: Printed matter, in particular books and magazines; photographs; posters; instructional and teaching materials; stationery; office requisites.

Class 35: Advertising;

Class 36: Insurance; financial affairs; monetary affairs; real estate affairs.

17. LL admit that there is identity/similarity. However, as all the various factors to be considered have a degree of interdependency, it is necessary to identify where there is identify and where there is only similarity (and its degree). In relation to class 9 of LL's application (but with the exception of computer programs) all of the goods are video and/or sound recordings, or media that could contain such recordings. Having regard to DG's goods, although worded differently, the goods are still identical. In relation to computer programs (LL's term), I consider this to be identical to DG's "computer software" – the different terms (software/programs) make no difference to the nature of the goods – they are the same. **All of the opposed goods in class 9 of LL's application are identical to goods within class 9 of DG's specification.**

18. In relation to class 16, I note that DG's class 16 specification includes printed matter at large (the further listing of "particular" types of printed matter does not detract from this). As such, LL's printed matter, publications and catalogues are the same as or fall within the ambit of DG's goods and must, therefore, be considered as identical³. The terms stationery and office requisites are specifically listed in both specifications and so are also identical. **All of the opposed goods in class 16 of LL's application are identical to goods within class 16 of DG's specification.**

19. In class 35, both specifications cover advertising/providing advertising services. **All of the opposed services in class 35 of LL's application are identical to services within class 35 of DG's specification.**

20. In relation to class 36, I note that DG's specification includes financial/monetary affairs at large. Despite the judgment in *Avnet Incorporated v Isoact Limited* [1998] F.S.R. 16⁴, it is difficult to see how a service so termed can be treated as anything other than a broad term that would cover all financial or monetary based services that fall in class 36. **I therefore consider that financial services, insurance services, budget account services, and provision of credit and finance services are either the same service, or, alternatively, fall within the ambit of DG's terms and are therefore identical.**

21. In relation to:

"issuing of tokens of value in relation to discount and incentive schemes, issuing of tokens of value or other incentives in relation to loyalty schemes."

22. These strike me as a form of financial service that would fall within the term financial affairs and, therefore, are identical. It could be argued that this is not strictly true insofar as the service extends to "other incentives", however, the nature of the precise incentive (monetary/non-monetary) is not a huge distinction and would, in any event, be regarded as highly similar. **The above term is identical or highly similar to the services of DG.**

³ See *Gérard Meric v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-133/05*

⁴ Jacob J stated in this judgment: "In my view, specifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities. They should be confined to the substance, as it were, the core of the possible meanings attributable to the rather general phrase."

Comparison of the marks

23. When assessing this factor I must do so with reference to the visual, aural and conceptual similarities between the respective marks bearing in mind their distinctive and dominant components (*Sabel BV v. Puma AG*, paragraph 23). The marks to be compared are:

| | |
|-------------------|-------------------|
| LL's mark: | SHOP DIRECT GROUP |
| DG's mark: | DirectGroup |

24. In its counterstatement, LL argues that there are differences which “render the marks, visually, phonetically and semantically removed”. In terms of the visual and phonetic differences, the addition of the word SHOP at the beginning of its mark is said to achieve this. It also argues a further visual difference given the way that DG's mark is presented. In relation to semantic meaning or concept, LL argue that there is a difference because its mark sends a message relating to the ability of being able to “shop directly” (i.e. without delay or derivation) whereas DG's mark indicates a group or organisation that is honest, straightforward or frank.

25. DG argues that all the addition of the word SHOP (in LL's mark) achieves is to render the marks non-identical and that there is an undoubted (and strong) similarity between them. It highlights that the whole of its mark is encompassed in LL's mark. It does not consider that the presentation in its mark can be treated as a stylisation that distinguishes. In relation to concepts, DG argues that there is a conceptual similarity but it does not go into detail about what it considers the respective concepts to be.

26. I agree with DG that the “stylisation” is not significant and does little to distinguish the marks on a visual level. All that has been done is to conjoin the words DIRECT and GROUP and to present them in lower and upper case. This does not disguise in any way what the mark represents nor does it provide any significant visual impact. I also agree with DG that whilst the addition of the word SHOP prevents the marks from being identical this difference does not remove all similarity. DG refers to a strong degree of similarity. I fall short of saying that this is the case here because the word SHOP creates a noticeable point of difference, a point of difference at the beginning of the mark, and the common element (direct group) does not have a greater impact in terms of overall impression. All of this creates a difference that it unlikely to go unnoticed. I consider there to be a moderate degree of visual similarity.

27. The above analysis follows through to my assessment of aural similarity. The point of difference and the points of similarity are the same and there is no different aspect of dominance in pronunciation. The marks are also aurally similar to a moderate degree.

28. In terms of concept, the case-law⁵ informs me that it is clear and specific meanings of which I must be concerned. At least one of the marks must have such a meaning with the other, in order to create a conceptual difference and consequent counteraction, having no meaning or a different one. It is, though, possible that despite the absence of a specific meaning for the mark as a whole, it may nevertheless be suggestive or evocative of something, or of another word⁶.

29. In terms of the concepts underpinning the respective marks, I agree with LL that its mark will be taken as some form of reference to direct shopping. The mark as a whole is likely to be taken as a reference to a group of companies who specialise in or offer direct shopping, direct shopping being the concept of purchasing goods direct from the supplier (so cutting out the middleman). Although there is no evidence relating to the meaning of direct shopping, I am content that this is the message that the average consumer would take based on the normal meanings attributable to the words in the mark – this also reflects my own understanding of the words in the context in which they are presented.

30. DG's mark, on the other hand, does not have the same meaning. Whilst the presence of the word group is also indicative of a group of companies, the word direct qualifies the word GROUP (as opposed to qualifying the word SHOP as in LL's mark) but in a manner that does not, in my view, send a clear message as per LL's mark. The average consumer would not take a "direct shopping" message particularly given that the assessment must, of course, be made on the basis of the goods/services under consideration (physical goods in classes 9 & 16, advertising services and financial type services). If any message is likely to be taken in relation to DG's mark then it is more likely, as LL suggests, that a message relating to a characteristic of the group of companies (straightforward etc) will be taken. This does not, however, strike me as a particularly strong or clear concept.

31. In view of the above, there is no conceptual similarity; indeed, there is a difference in concept. This, inevitably, and in line with the case-law (see footnote 5), means that this counteracts, at least to some extent, the moderate visual and aural similarities. I will return to this counteraction and what impact it has on whether there exists a likelihood of confusion later.

Distinctive character of the earlier trade mark

32. The distinctiveness of the earlier mark is another factor to consider because the more distinctive it is (based either on inherent qualities or because of the use made of it), the greater the likelihood of confusion (see *Sabel BV v. Puma AG*,

⁵ See, for example, *Case T-292/01 Phillips-Van Heusen v OHIM – Pash Textilvertrieb und Einzelhandel (BASS)* [2003]

⁶ See, for example, the decision of the CFI in *Usinor SA v OHIM* (Case T-189/05).

paragraph 24). From an inherent point of view, a trade mark based on a reference to a group of companies and a particular characteristic that the group may possess does not make for a highly distinctive trade mark. However, in my conceptual analysis of DG's mark, I stated that the mark did not send a particularly clear and strong message. It is though, allusive, as identified earlier. To my mind, this means that the mark is one of only a moderate degree of inherent distinctive character. My view is supported by the fact that other traders appear to use marks based on the word DIRECT; this, also, is not indicative of a fanciful or highly distinctive trade mark. DG filed no evidence of use of its mark so there can be no enhancement of distinctive character through use.

Co-existence

33. In its evidence LL highlights its own use of its mark and also the use by other traders of marks containing the words DIRECT GROUP. It argues that the common use of marks incorporating the words DIRECT GROUP means that the average consumer is less likely to be confused. I have reservations about this argument for a number of reasons. Firstly, its own use is only "small print" use with the primary signs it uses being the various catalogue names. I doubt whether the average consumer for any of the relevant goods and services will pay attention to the use that is presented much of which is, in any event, the full corporate name rather than the trade mark applied for. In relation to the other evidence set out in SEL3-SEL8, the use is spread over a number of different fields and there is no evidence to suggest that the use of the words DIRECT GROUP is common in any one field. LL highlight the financial services industry, but references to only two businesses are highlighted in evidence and I am not even certain that these are two different business (they could in fact be the same one). In any event, the degree to which these marks are known is not known and so the impact on the average consumer is impossible to gauge. In short, I do not see how this use can assist other than perhaps pointing to the inherent degree of distinctiveness that such marks may have (see my comments above).

34. I should add that I have considered the matter against the relevant jurisprudence, for example, although Alan Steinfield QC (sitting as a deputy judge of the High Court, in *Fiorelli Trade Mark* [2007] RPC 18) gave weight to an absence of confusion in the marketplace, caution about the circumstances in which it is appropriate to give these factors weight has been expressed in a number of judgments (see the Court of Appeal in *The European Ltd v. The Economist Newspaper Ltd* [1998] FSR 283 at page 291, Laddie J in *Compass Publishing BV v. Compass Logistics Ltd* [2004] RPC 41 at 809 and the Court of Appeal in *Phones 4U Ltd v. Phone 4u. co. uk Internet Ltd* [2007] RPC 5 at paragraphs 42 to 45.).

35. I also add that LL's claim to possess a goodwill associated with its mark (although I should say that the evidence does little to assist on this claim) has no bearing on the likelihood of confusion because DG have not filed any evidence

that it has used its mark at all let alone to a degree sufficient to show that the average consumer is able to distinguish between them. Furthermore, the mere fact that LL may have used its mark first does not avoid the possibility that the average consumer may be confused.

Likelihood of confusion

36. It is clear that the relevant factors have a degree of interdependency (*Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 17) and that a global assessment of them must be made when determining whether there exists a likelihood of confusion (*Sabel BV v. Puma AG*, paragraph 22). However, there is no scientific formula to apply. It is a matter of considering the relevant factors from the viewpoint of the average consumer(s) and determining whether they are likely to be confused.

37. The respective goods/services are identical but the earlier marks only have a moderate degree of visual and aural similarity and there is a conceptual difference. I must bear in mind the concept of imperfect recollection which relates to the fact that consumers rarely have the chance to make direct comparisons between trade marks and must instead rely on the imperfect picture of them he or she may have kept in mind (*Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.*). However, it seems to me that the conceptual difference between the marks provides a degree of mitigation against imperfect recollection. I also note that the earlier mark is not highly distinctive (a likelihood of confusion being more likely when the earlier mark is highly distinctive) and is, instead only moderately distinctive. All things considered, I do not believe that there is a likelihood of confusion when all the relevant factors are balanced together. This includes there being no likelihood of indirect confusion (where the relevant factors combine to inform the average consumer that the respective goods are being supplied by the same or an economically linked undertaking - *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*). The common presence of the word DIRECT GROUP in the respective marks will be put down to coincidence (due to the degree of distinctiveness of the respective words and the conceptual difference) rather than economic connection. **There is no likelihood of confusion. The opposition must, therefore, fail.**

Costs

38. LL have been successful and are entitled to a contribution towards its costs. I hereby order DirectGroup Bertlesmann GmbH to pay Littlewoods Limited the sum of £1000. This sum is calculated as follows:

Preparing a statement and considering the other side's statement
£500

Filing evidence
£500

Total
£1000

39. The above sum should be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 23rd day of September 2009

Oliver Morris
For the Registrar
The Comptroller-General