

O-419-15

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO 3048129
IN THE NAME OF PAY4LATER LTD

AND

OPPOSITION THERETO UNDER NO 402945
BY WDFC SERVICES LTD

Background

1. On 23 March 2014, PAY4LATER Ltd, (“the applicant”) filed an application under no 3048129 for registration of the trade mark PAY4LATER in respect of the following goods and services:

Class 9

Computer hardware; computer software; recorded media, software downloadable from the Internet; downloadable electronic publications; telecommunications apparatus; communications hardware and software; computer software for business purposes; materials bearing recorded computer programs; memory carriers, interactive compact discs, CD-ROMs and other means of transmission; computer programs for processing data and information; research, instructional, teaching and consultancy materials and data provided on-line from computer databases; computer software for database and digital data management and integration and to enable searching of data; computer software relating to financial matters and financial transactions; computer software for enabling financial transactions; publications relating to financial services and finance, provided in electronic form and supplied online from databases, from the Internet, or via mobile communications devices.

Class 16

Printed matter; stationery; printed publications; books, booklets, catalogues, magazines, periodical publications, manuals, all relating to financial services and finance.

Class 35

Advertising; marketing and promotional services; business management; business administration; sales promotion; publicity services; arranging and conducting trade shows; arranging and conducting promotional and marketing events; public relations; market research services; office functions; organisation, operation and supervision of loyalty and incentive schemes; advertising services provided via the Internet; data processing; provision of business advice and information relating to financial matters and financial transactions.

Class 36

Insurance services; financial services; issuing of tokens of value in relation to bonus and loyalty schemes; financial planning and management; financial investigation services; financial services provided over the Internet; monetary affairs; financial analysis and financial consulting services; financial research; loan services; loan finance services; lending on mortgages; financial valuations; credit and debit card services; bill payment services; advisory service relating to credit; consumer credit services; point of sale credit services; arranging point of sale credit; computerised financial services; information and advisory services relating to all of the aforementioned services, including the provision of such information and advisory services on-line or via mobile communications devices.

Class 42

Research and development services; consultancy services for analysing information systems; design and development of computer hardware and software; computer programming; installation, maintenance and repair of computer software; electronic

data storage; computer consultancy services; providing online non-downloadable software relating to financial matters and financial transactions; providing online non-downloadable software for enabling financial transactions; rental of computer apparatus; rental of computer hardware; rental of computer software; rental of computer hardware for enabling financial transactions; rental of computer software for enabling financial transactions.

Class 45

Legal services; security services for the protection of property and individuals; legal services in connection with banking, currency, investment, mortgage, insurance, and financing services; legal services in connection with marketing, business management, personnel administration, business operation and business administration; security services for the protection of personal finance; consultation services in regard to security, including financial security; identity theft and fraud prevention services.

2. The application was published in *Trade Marks Journal* 2014/027 on 27 June 2014, and is opposed by WDFC Services Ltd (“the opponent”). The grounds of opposition are founded on objections under sections 3(1)(b) and (c) of the Trade Marks Act 1994 (“the Act”) on the basis that the mark applied for lacks distinctive character or is descriptive. In the alternative, there is an objection under section 5(2)(b) of the Act on the basis that there is a likelihood of confusion with the opponent’s own Community Trade Mark (“CTM”) no 10727154.

3. The applicant filed a counterstatement denying the claims made.

4. Only the opponent filed evidence which I will refer to as necessary in this decision. It also filed written submissions. The matter came before me for a hearing on 29 July 2015. The applicant did not attend and, despite it having had professional representation during the course of proceedings, it was not represented at that hearing nor were written submissions filed on its behalf in lieu of attendance. The opponent was represented by Ms Helen Wakerley of Reddie & Grose LLP.

The objection under section 3 of the Act

5. The relevant parts of section 3(1) state:

“3(1) The following shall not be registered –

(a) ...

(b) trade marks which are devoid of any distinctive character,

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,

(d) ...

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

6. In its counterstatement, the applicant refers to the above proviso and claims its mark has been “used extensively and substantially...and has therefore acquired distinctiveness of character”. It has not filed any evidence to support such a claim, however, (indeed, as set out above, it has not filed any evidence at all) and thus I dismiss the claim.

7. The principles to be applied under article 7(1)(b) of the CTM Regulation (which is identical to article 3(1)(b) of the Trade Marks Directive and s.3(1)(b) of the Act) were conveniently summarised by the CJEU in *OHIM v BORCO-Marken-Import Matthiesen GmbH & Co KG* (C-265/09 P) as follows:

“29..... the fact that a sign is, in general, capable of constituting a trade mark does not mean that the sign necessarily has distinctive character for the purposes of Article 7(1)(b) of the regulation in relation to a specific product or service (Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 32).

30. Under that provision, marks which are devoid of any distinctive character are not to be registered.

31. According to settled case law, for a trade mark to possess distinctive character for the purposes of that provision, it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from those of other undertakings (*Henkel v OHIM*, paragraph 34; Case C-304/06 P *Eurohypo v OHIM* [2008] ECR I-3297, paragraph 66; and Case C-398/08 P *Audi v OHIM* [2010] ECR I-0000, paragraph 33).

32. It is settled case law that that distinctive character must be assessed, first, by reference to the goods or services in respect of which registration has been applied for and, second, by reference to the perception of them by the relevant public (*Storck v OHIM*, paragraph 25; *Henkel v OHIM*, paragraph 35; and *Eurohypo v OHIM*, paragraph 67). Furthermore, the Court has held, as *OHIM* points out in its appeal, that that method of assessment is also applicable to an analysis of the distinctive character of signs consisting solely of a colour per se, three-dimensional marks and slogans (see, to that effect, respectively, Case C-447/02 P *KWS Saat v OHIM* [2004] ECR I-10107, paragraph 78; *Storck v OHIM*, paragraph 26; and *Audi v OHIM*, paragraphs 35 and 36).

33. However, while the criteria for the assessment of distinctive character are the same for different categories of marks, it may be that, for the purposes of applying those criteria, the relevant public’s perception is not necessarily the same in relation to each of those categories and it could therefore prove more difficult to establish distinctiveness in relation to marks of certain categories as compared with marks of other categories (see Joined Cases C-473/01 P and

C-474/01 P *Proctor & Gamble v OHIM* [2004] ECR I-5173, paragraph 36; Case C-64/02 P *OHIM v Erpo Möbelwerk* [2004] ECR I-10031, paragraph 34; *Henkel v OHIM*, paragraphs 36 and 38; and *Audi v OHIM*, paragraph 37).”

8. The mark for which registration is applied is PAY4LATER. The opponent submits:

“It is common to replace the “for” in any message to the consumer with the number “4” to give a shorter, eye-catching, modern phrase to attract the consumer’s attention.

The mark of the application is just the words and letter combination PAY4LATER, which may be equated to PAY FOR LATER. The phrase “PAY FOR LATER” is grammatically correct. We refer to the evidence, in particular, Exhibit JJB1, which shows how the phrase is used in sites directed to the UK consumer. There are entries in this search hit list referring to the general concept of credit facilities in these terms.

...

[the] words are used by ...companies descriptively as a way to attract potential customers, not as a branding device to distinguish their undertakings from those of competitors.”

9. The opponent’s evidence consists of a witness statement of Justin-Jonathan Bukspan, a paralegal in the employ of the opponent’s legal representatives. The witness statement acts as a vehicle to introduce various exhibits. Exhibit JJB1 consists of a single page showing the first page of results of an internet search. The search is for the term “pay for later”, filtered to the UK. Three of the results are highlighted and contain the following:

- “...a far wider range of both products and prices available to buy now, and pay for later”;
- “Credit is a common way of borrowing money for things you need right now, but want or need to pay for later.”
- “...allows customers to buy the furniture they need and pay for later...”

10. Referring me to a decision exhibited at JJB4 and issued by OHIM rejecting the applicant’s corresponding CTM application (CTM 011615861 for the same mark and classes of goods and services), the opponent also submits, in relation to services in class 36:

“In the context of loan services, allowing the consumer to defer payment for an item, the words PAY FOR LATER are practically identical to the phrase “pay for it later” which describes the effect of the loan service”.

It further submits that:

“Insofar as the goods in classes 9 and 16 and services in classes 35, 42 and 45 relate to the subject of loans, the objections apply equally as these are goods/services associated with the services in class 36. If the goods or services do not relate to loans, the mark of the application used in relation to

these goods or services is still an indication that the consumer may defer payment for the goods or services: for example, that legal services (class 45) would be provided on a deferred payment basis.”

11. At the hearing, Ms Wakerley reiterated the submission that the mark applied for was not and would not be taken as an indicator of origin in respect of any of the goods or services for which registration was sought.

12. As indicated above, the only submissions I have from the applicant are those contained in its counterstatement. Its first submission is that no objections on distinctiveness grounds were raised during the examination process. It makes no submissions as to why it might think this is of relevance but, whilst it might be true that no objection was made, this is not a factor to which I can, or should, attach any weight. This is because in inter partes proceedings, the registrar must act as an independent tribunal and judge the matter on the basis of the arguments and evidence presented to him by the parties in those proceedings.

13. The applicant also submits:

“The Opponent argues in the Opposition that the words “PAY FOR LATER” (the number “4” being a replacement for “FOR”) is similar to the phrase “pay for it later” and in the context of loan services is a description that the consumer can defer payment for an item; that it is (sic) therefore lacks distinctive character and is descriptive.

We do not agree. As the Opponent has pointed out, the phrase that properly describes deferment of payment is “pay for it later” or “pay for [something] later”. “PAY 4 LATER” (and “PAY FOR LATER”) is in fact grammatically incorrect and a deliberate playful modification of the phrase “pay for it/something later”. Consequently, the mark is neither entirely descriptive nor devoid of distinctive character.”

14. The mark is presented as a single entity made up of letters and a numeral. The use of numerals as substitutes for words (e.g. “2” in place of “to” or “4” in place of “for”) is a well-established practice. The consumer is well-used to seeing such substitutions in the course of trade and is well-used to using them in informal writing such as when texting.

15. Whilst the numeral 4 within the mark will be substituted for the word ‘for’ by the average consumer and gives the mark no added distinctiveness, the fact that it is presented as a numeral serves to separate the elements making up the mark. The word PAY is a well-known word which has a clear and immediate connection to finances. The word LATER is equally well-known and refers to a subsequent time.

16. As the evidence shows (see JJB1-3), it is common practice for traders to offer the consumer goods or services which he can pay for later, even where the goods are everyday ones bought regularly. Whilst it is possible, as both parties have done, to insert words such as “it” or “them” into the mark (e.g. pay for it later, pay for them later), it can be used in an equally grammatically correct fashion (as I have done above) without additional words. I do not consider that PAY4LATER would naturally

be seen and remembered as an indication of trade origin by the relevant average consumer of the goods and services in question. Instead, it would clearly be taken to be a statement about enabling the purchaser to defer payment for the goods or services he wishes to obtain. I find that the mark is objectionable under the provisions of section 3(1)(b) of the Act.

17. In light of my finding, it is not strictly necessary for me to go on to consider the objection under section 3(1)(c), however, I will do so briefly. The case law under section 3(1)(c) was summarised by Arnold J. in *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc* [2012] EWHC 3074 (Ch):

“91. The principles to be applied under art.7(1)(c) of the CTM Regulation were conveniently summarised by the CJEU in *Agencja Wydawnicza Technopol sp. z o.o. v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-51/10 P) [2011] E.T.M.R. 34 as follows:

“33. A sign which, in relation to the goods or services for which its registration as a mark is applied for, has descriptive character for the purposes of Article 7(1)(c) of Regulation No 40/94 is – save where Article 7(3) applies – devoid of any distinctive character as regards those goods or services (as regards Article 3 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p.1), see, by analogy, [2004] ECR I-1699, paragraph 19; as regards Article 7 of Regulation No 40/94, see *Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) v Wm Wrigley Jr Co* (C-191/01 P) [2004] 1 W.L.R. 1728 [2003] E.C.R. I-12447; [2004] E.T.M.R. 9; [2004] R.P.C. 18, paragraph 30, and the order in *Streamserve v OHIM* (C-150/02 P) [2004] E.C.R. I-1461, paragraph 24).

36. ... due account must be taken of the objective pursued by Article 7(1)(c) of Regulation No 40/94. Each of the grounds for refusal listed in Article 7(1) must be interpreted in the light of the general interest underlying it (see, inter alia, *Henkel KGaA v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-456/01P) [2004] E.C.R. I-5089; [2005] E.T.M.R. 44, paragraph 45, and *Lego Juris v OHIM* (C-48/09 P), paragraph 43).

37. The general interest underlying Article 7(1)(c) of Regulation No 40/94 is that of ensuring that descriptive signs relating to one or more characteristics of the goods or services in respect of which registration as a mark is sought may be freely used by all traders offering such goods or services (see, to that effect, *OHIM v Wrigley*, paragraph 31 and the case-law cited).

38. With a view to ensuring that that objective of free use is fully met, the Court has stated that, in order for OHIM to refuse to register a sign on the basis of Article 7(1)(c) of Regulation No 40/94, it is not necessary that the sign in question actually be in use at the time of the application for registration in a way that is descriptive. It is sufficient

that the sign could be used for such purposes (*OHIM v Wrigley*, paragraph 32; *Campina Melkunie*, paragraph 38; and the order of 5 February 2010 in *Mergel and Others v OHIM* (C-80/09 P), paragraph 37).

39. By the same token, the Court has stated that the application of that ground for refusal does not depend on there being a real, current or serious need to leave a sign or indication free and that it is therefore of no relevance to know the number of competitors who have an interest, or who might have an interest, in using the sign in question (Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, paragraph 35, and Case C-363/99 *Koninklijke KPN Nederland* [2004] ECR I-1619, paragraph 38). It is, furthermore, irrelevant whether there are other, more usual, signs than that at issue for designating the same characteristics of the goods or services referred to in the application for registration (*Koninklijke KPN Nederland*, paragraph 57).

And

46. As was pointed out in paragraph 33 above, the descriptive signs referred to in Article 7(1)(c) of Regulation No 40/94 are also devoid of any distinctive character for the purposes of Article 7(1)(b) of that regulation. Conversely, a sign may be devoid of distinctive character for the purposes of Article 7(1)(b) for reasons other than the fact that it may be descriptive (see, with regard to the identical provision laid down in Article 3 of Directive 89/104, *Koninklijke KPN Nederland*, paragraph 86, and *Campina Melkunie*, paragraph 19).

47. There is therefore a measure of overlap between the scope of Article 7(1)(b) of Regulation No 40/94 and the scope of Article 7(1)(c) of that regulation (see, by analogy, *Koninklijke KPN Nederland*, paragraph 67), Article 7(1)(b) being distinguished from Article 7(1)(c) in that it covers all the circumstances in which a sign is not capable of distinguishing the goods or services of one undertaking from those of other undertakings.

48. In those circumstances, it is important for the correct application of Article 7(1) of Regulation No 40/94 to ensure that the ground for refusal set out in Article 7(1)(c) of that regulation duly continues to be applied only to the situations specifically covered by that ground for refusal.

49. The situations specifically covered by Article 7(1)(c) of Regulation No.40/94 are those in which the sign in respect of which registration as a mark is sought is capable of designating a 'characteristic' of the goods or services referred to in the application. By using, in Article 7(1)(c) of Regulation No 40/94, the terms 'the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service', the legislature made it clear, first, that the kind, quality, quantity, intended purpose, value, geographical origin or the

time of production of the goods or of rendering of the service must all be regarded as characteristics of goods or services and, secondly, that that list is not exhaustive, since any other characteristics of goods or services may also be taken into account.

50. The fact that the legislature chose to use the word 'characteristic' highlights the fact that the signs referred to in Article 7(1)(c) of Regulation No 40/94 are merely those which serve to designate a property, easily recognisable by the relevant class of persons, of the goods or the services in respect of which registration is sought. As the Court has pointed out, a sign can be refused registration on the basis of Article 7(1)(c) of Regulation No 40/94 only if it is reasonable to believe that it will actually be recognised by the relevant class of persons as a description of one of those characteristics (see, by analogy, as regards the identical provision laid down in Article 3 of Directive 89/104, *Windsurfing Chiemsee*, paragraph 31, and *Koninklijke KPN Nederland*, paragraph 56)."

92. In addition, a sign is caught by the exclusion from registration in art.7(1)(c) if at least one of its possible meanings designates a characteristic of the goods or services concerned: see *OHIM v Wrigley* [2003] E.C.R. I-12447 at [32] and *Koninklijke KPN Nederland NV v Benelux-Merkenbureau* (C-363/99 [2004] E.C.R. I-1619; [2004] E.T.M.R. 57 at [97]."

18. In relation to services such as loan services and point of sale credit services or goods relating to such services, I consider the mark immediately informs the consumer that the intended purpose of the service it is to enable him to make purchases which he can pay for later through the use of a loan or other credit. There is, therefore, a direct link to certain characteristics of these services and goods relating to such services such that the mark is also objectionable for them under the provisions of section 3(1)(c) of the Act.

19. The opposition has succeeded in full on grounds brought under section 3(1)(b) and in part under section 3(1)(c) of the Act. That being the case, I do not intend to go on to consider the alternate ground of opposition under section 5 of the Act.

Costs

20. The opposition having succeeded, the opponent is entitled to an award of costs in its favour. In making that award, I note that other than the filing of a counterstatement, the applicant has taken no active part in these proceedings. I also note that the evidence filed was far from extensive. Whilst the opponent sought and attended a hearing, and filed a skeleton argument in relation to that hearing, that document was very short and the hearing itself was brief in the extreme. I make the award on the following basis:

For filing the TM7 and reviewing the TM8:	£300
Fee:	£200

Evidence and written submissions:	£500
Preparation for and attendance at hearing:	£500
Total:	£1500

21. I order Pay4Later Limited to pay WDFC Services Limited the sum of £1500 as a contribution towards its costs. This sum is to be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 7th day of September 2015

**Ann Corbett
For the Registrar
The Comptroller-General**