

O-313-16

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NO. 3088924
IN THE NAME OF LABEL X FASHION LIMITED**

FOR THE FOLLOWING TRADE MARK:

Label X

IN CLASS 25

AND

**AN APPLICATION FOR A DECLARATION OF INVALIDITY
UNDER NO. 500969 BY NEXT RETAIL LIMITED**

BACKGROUND AND PLEADINGS

1. This is an application, filed on 26 August 2015 by Next Retail Limited (“the applicant”), to have registration number 3088924 for the mark **Label X** (“the registration”) declared invalid.

2. The application to register the trade mark was filed on 12 January 2015 by Label X Fashion Limited (“the proprietor”). The mark was registered on 8 May 2015 for the following goods:

Class 25 Premium t-shirts;Casual clothing.

3. The application to invalidate the registration is based upon sections 47(2) and 5(2)(b) of the Trade Marks Act 1994 (“the Act”) and is directed against all of the goods in the registration.

4. The applicant relies upon goods and services in classes 25 and 35 for which its earlier trade marks are registered. The trade marks relied upon are shown below:

Mark details	Relevant dates	Specification relied upon
UK trade mark 2555795 LABEL	Filing date: 12 August 2010 Date of entry in the Register: 11 February 2011	Goods and services in classes 25 and 35.
European Union Trade Mark (“EUTM”) number 12706164 LABEL	Filing date: 18 March 2014 Date of entry in the Register: 7 January 2015 Seniority date: 12 August 2010 Seniority No: 2555795	Goods and services in classes 25 and 35.

5. In its application for invalidation, the applicant claims that:

“the Trade Mark is similar to the Applicant’s Earlier Marks and is registered for goods which are identical and similar to the goods and services for which the Earlier Marks are protected, and as a consequence of the identity or similarity there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the Earlier Marks” (paragraph 6).

6. The proprietor filed a counterstatement, in which it denies the claim. As these are the only comments I have from the proprietor, they are reproduced in full, below:

“I deny that my trademark is identical or similar to an earlier trademark and is to be registered for similar goods because

a) the name itself is completely different. It uses a word and a letter to create a brand.

b) I use ‘Label X’ as a brand name for one type of clothing (t-shirts). Next Retail Ltd use ‘LABEL’ as a category [sic] for branded/fashion & designer label clothing. This is the most important point Next are using ‘LABEL’ as a category [sic] on their website for designer labels. It’s not a brand name for them. Check for yourself: www.next.co.uk/branded/mens-fashion”.

7. Neither party filed evidence. Neither party asked to be heard. The applicant filed written submissions both during the evidence rounds and in lieu of attendance at a hearing. I will bear the applicant’s submissions in mind and refer to them, as appropriate, below. Unless otherwise indicated, all references to the applicant’s submissions are to those dated 1 June 2016.

Preliminary issues

8. The proprietor claims in its counterstatement that the likelihood of confusion will be avoided because the parties use their marks in different ways and on different types of clothing. I will consider later in this decision whether there is any similarity between the goods and services but it is helpful to set out now why the parties’ actual use of the marks will have no bearing on the outcome of these invalidity proceedings.

9. A trade mark registration is essentially a claim to a piece of legal property (the trade mark). Every registered mark is entitled to legal protection against the use, or registration, of the same or similar trade marks for the same or similar goods/services if there is a likelihood of confusion. Once a trade mark has been registered for five years, section 47(2A) of the Act is engaged and the applicant can be required to provide evidence of use of its mark. Until that point, however, the mark is entitled to protection in respect of the full range of goods and services for which it is registered.

10. Neither of the marks relied on by the applicant had been registered for five years at the date on which the application for a declaration of invalidity was made. Consequently, the applicant does not need to prove use for any of the goods or services

upon which it relies. The earlier marks are entitled to protection against a likelihood of confusion with the proprietor's mark based on the 'notional' use of the earlier marks for all the goods and services listed in the register. This concept of notional use was explained by Laddie J. in *Compass Publishing BV v Compass Logistics Ltd* ([2004] RPC 41) like this:

"22. [...] It must be borne in mind that the provisions in the legislation relating to infringement are not simply reflective of what is happening in the market. It is possible to register a mark which is not being used. Infringement in such a case must involve considering notional use of the registered mark. In such a case there can be no confusion in practice, yet it is possible for there to be a finding of infringement. Similarly, even when the proprietor of a registered mark uses it, he may well not use it throughout the whole width of the registration or he may use it on a scale which is very small compared with the sector of trade in which the mark is registered and the alleged infringer's use may be very limited also. In the former situation, the court must consider notional use extended to the full width of the classification of goods or services. In the latter it must consider notional use on a scale where direct competition between the proprietor and the alleged infringer could take place".

11. As a consequence, I must take into account only the registration (and its specification) and any potential conflict with the earlier trade marks. Any differences between the goods and services provided by the parties or the way they use the marks in the marketplace are irrelevant unless those differences are apparent from the marks themselves and their respective specifications.

DECISION

12. Section 5 of the Act has application in invalidation proceedings because of the provisions set out in section 47. The relevant legislation is set out below:

"47. - (1) [...]

(2) The registration of a trade mark may be declared invalid on the ground-

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

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

(2A) But the registration of a trade mark may not be declared invalid on the ground that there is an earlier trade mark unless –

- (a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration,
- (b) the registration procedure for the earlier trade mark was not completed before that date, or
- (c) the use conditions are met.

(2B) The use conditions are met if –

- (a) within the period of five years ending with the date of the application for the declaration the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or
- (b) it has not been so used, but there are proper reasons for non-use.

[...]

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made.

Provided that this shall not affect transactions past and closed”.

13. Section 5(2)(b) of the Act reads as follows:

“5 (2) A trade mark shall not be registered if because -

(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”.

14. An earlier trade mark is defined in section 6 of the Act, the relevant parts of which state:

“6. - (1) In this Act an “earlier trade mark” means -

(a) a registered trade mark, international trade mark (UK) or Community trade mark or international trade mark (EC) which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks,

(2) References in this Act to an earlier trade mark include a trade mark in respect of which an application for registration has been made and which, if registered, would be an earlier trade mark by virtue of subsection (1)(a) or (b), subject to its being so registered”.

15. As can be seen from the details given above, the marks relied upon by the applicant have a filing date earlier than that of the proprietor's mark and, as such, qualify as earlier trade marks under the above provisions. I indicated above that neither mark is subject to proof of use.

16. The opponent's earlier EUTM is based on the earlier UK mark. Both the marks and the goods and services relied upon are identical. If the applicant fails in respect of one mark it will be in no better a position in relation to the other and I will therefore confine my analysis to the applicant's case under UK trade mark number 2555795.

Section 5(2)(b) – case law

17. The following principles are gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

The principles:

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks creates a risk that the public will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

Comparison of goods and services

18. The competing goods and services are as follows:

Applicant's goods and services	Proprietor's goods
<u>Class 25</u> Clothing, footwear, headgear.	<u>Class 25</u> Premium t-shirts; Casual clothing.
<u>Class 35</u> Retail services, including retail services offered via a store, mail order catalogue, online, via television channel, via mobile phone and by direct marketing, all connected with the sale of clothing, footwear, headgear and parts and fittings for all the aforesaid goods.	

19. The General Court (“GC”) confirmed in *Gérard Meric v Office for Harmonisation in the Internal Market*, Case T-133/05, that, even if goods/services are not worded identically, they can still be considered identical if one term falls within the scope of another (or vice versa):

“29. In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by trade mark application (Case T-388/00 *Institut für Lernsysteme v OHIM- Educational Services (ELS)* [2002] ECR II-4301, paragraph 53) or where the goods designated by the trade mark application are included in a more general category designated by the earlier mark”.

20. The proprietor’s “premium t-shirts” and “casual clothing” are both included in the broader term “clothing” in the applicant’s specification. Applying the principle identified in *Merich*, the goods are identical.

The average consumer and the nature of the purchasing act

21. As the case law above indicates, it is necessary for me to determine who the average consumer is for the respective parties’ goods. I must then determine the manner in which these goods are likely to be selected by the average consumer in the course of trade. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

“60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median”.

22. Given my findings regarding the identity of the goods at paragraph 20, the relevant average consumer is the consumer of the goods at issue in class 25. I consider that the relevant average consumer of those goods is a member of the general public.

23. It is my experience that the goods at issue are generally sold through bricks and mortar retail premises on the high street and their online equivalents. The goods will normally be chosen via self-selection from a shelf or the online equivalent. In *New Look Limited v OHIM*, joined cases T-117/03 to T-119/03 and T-171/03, the GC stated that:

“50. [...] Generally in clothes shops customers can themselves either choose the clothes they wish to buy or be assisted by the sales staff. Whilst oral

communication in respect of the product and the trade mark is not excluded, the choice of the item of clothing is generally made visually. Therefore, the visual perception of the marks in question will generally take place prior to purchase. Accordingly the visual aspect plays a greater role in the global assessment of the likelihood of confusion”.

24. Consequently, while I do not rule out that there may be an aural component (advice may, for example, be sought from a shop assistant), when considered overall, the selection process will be mainly visual.

25. The consumer of the goods at issue will be attentive to ensure that the goods are, for example, the desired colour, fit or style. I am of the view that the average consumer will pay an average degree of attention in the selection of the goods.

Comparison of trade marks

26. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a trade mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the trade marks must be assessed by reference to the overall impressions created by the trade marks, bearing in mind their distinctive and dominant components. The Court of Justice of the European Union (“CJEU”) stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

“[...] it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion”.

27. It would be wrong, therefore, artificially to dissect the trade marks, although it is necessary to take into account the distinctive and dominant components of the trade marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the trade marks.

28. The trade marks to be compared are as follows:

Applicant’s trade mark	Proprietor’s trade mark
LABEL	Label X

29. The applicant submits that the marks are visually, phonetically and conceptually highly similar (paragraph 11). In its counterstatement, the proprietor denies that the marks are identical or similar.

30. The proprietor's mark consists of two elements. The first element is the word "Label", which appears in title case. The second element is the capital letter "X". Due to its length and position at the start of the mark, the word "Label" has a greater impact in the overall impression, with a lesser role being played by the letter "X".

31. The applicant's mark consists of the word "LABEL", presented in capitals. There are no other elements to contribute to the overall impression, which is contained in the word itself.

32. Visually, both marks share the same word "Label" / "LABEL". Nothing turns on the use of lower and upper case in the marks, as notional and fair use would allow the applicant to present its mark as "Label"; in any event, the average consumer is unlikely to notice the difference between the lower and upper case letters in the marks. The significant difference between the marks is the presence of "X" at the end of the proprietor's mark. Having regard to all the similarities and differences, and bearing in mind my assessment of the overall impression of the respective marks, I consider there to be a reasonably high degree of visual similarity.

33. Aurally, the words "Label" and "LABEL" will be pronounced identically in each mark. I consider it likely that "X" in the proprietor's mark will be articulated as the letter of the alphabet; I am aware that "X" is the Roman numeral for the number ten but, given that there is nothing else in the mark to suggest this meaning, I think it unlikely that the letter will be perceived and thus articulated in that way. I am of the view that the marks have a reasonably high degree of aural similarity.

34. For a conceptual message to be relevant, it must be capable of immediate grasp by the average consumer.¹ In respect of the word "Label" / "LABEL", the opponent argues that:

"10. [...] the relevant public will perceive the word LABEL, present in both marks, as referring to a small piece of paper, fabric, plastic or other material attached to an object and giving information about that object".

35. This closely resembles the *Oxford English Dictionary* definition of the word 'label'.² I agree with the opponent that this is the most likely meaning that the average consumer will attribute to "Label" / "LABEL". As I have already indicated, I consider that the letter "X" in the proprietor's mark will be perceived as the letter of the alphabet. I am of the view that, while the letter "X" will be noted, it will not be given any particular meaning. Bearing in mind my assessment of the overall impression of the respective trade marks, I consider that there is a reasonably high degree of conceptual similarity.

¹ See Case C-361/04 P *Ruiz-Picasso and Others v OHIM* [2006] ECR I-00643; [2006] E.T.M.R. 29

² "a small piece of paper, fabric, plastic, or similar material attached to an object and giving information about it: *the alcohol content is clearly stated on the label | price labels*", http://www.oxfordreference.com/view/10.1093/acref/9780199571123.001.0001/m_en_gb0451630?rskey=llg5OD&result=1 [accessed 20 June 2016]

Distinctive character of the earlier trade mark

36. The distinctive character of a trade mark can be appraised only, first, by reference to the goods in respect of which registration is sought and, secondly, by reference to the way it is perceived by the relevant public – *Rewe Zentral AG v OHIM (LITE)* [2002] ETMR 91. In determining the distinctive character of a trade mark and, accordingly, in assessing whether it is highly distinctive, it is necessary to make an overall assessment of the greater or lesser capacity of the trade mark to identify the goods for which it has been registered as coming from a particular undertaking and thus to distinguish those goods from those of other undertakings - *Windsurfing Chiemsee v Huber and Attenberger* Joined Cases C-108/97 and C-109/97 [1999] ETMR 585. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 the CJEU stated that:

“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-2779, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51)”.

37. The applicant submits that:

“22. The likelihood of confusion between the marks is further heightened by the fact that the Applicant’s mark LABEL is well known in the territory in which the mark is protected, the UK and Europe. Due to the recognition of the LABEL mark on the market, the mark enjoys a broader level of protection”.

38. However, the applicant has not filed any evidence to support a claim of enhanced distinctiveness. As a consequence, the assessment I must make is of the inherent distinctiveness of the mark as registered.

39. Invented words usually have the highest degree of inherent distinctive character; words which are descriptive of the goods and services relied upon normally have the lowest. The judgment of the CJEU in *Formula One Licensing BV v OHIM* Case C-196/11P indicates that a registered trade mark must be considered to have at least a minimum degree of distinctive character. In my experience, the dictionary word “LABEL” is very widely used in relation to clothing (for example, branded clothing can be said to be from a particular label). As a consequence, I consider that the earlier mark has a very low degree of inherent distinctive character.

Likelihood of confusion

40. In determining whether there is a likelihood of confusion, a number of factors need to be borne in mind. The first is 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 goods and vice versa. As I mentioned above, it is necessary for me to keep in mind the distinctive character of the opponent’s trade mark, as the more distinctive this trade mark is, the greater the likelihood of confusion. I must also bear in mind the average consumer for the goods, the nature of the purchasing process and the fact that the 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.

41. I have found that the parties’ marks are visually, aurally and conceptually similar to a reasonably high degree. I have found the earlier mark to have a very low degree of inherent distinctive character. I have identified the average consumer as a member of the general public who will select the goods primarily by visual means (though I do not discount an aural component) and with an average degree of attention. I have found that the goods at issue are identical.

42. Although I have found that the earlier mark has a very low degree of inherent distinctive character, that does not, of itself, preclude a finding of likelihood of confusion. In *L’Oréal SA v OHIM*, Case C-235/05 P, the CJEU found that:

“45. The applicant’s approach would have the effect of disregarding the notion of the similarity of the marks in favour of one based on the distinctive character of the earlier mark, which would then be given undue importance. The result would be that where the earlier mark is only of weak distinctive character a likelihood of confusion would exist only where there was a complete reproduction of that mark by the mark applied for, whatever the degree of similarity between the marks in question. If that were the case, it would be possible to register a complex mark, one of the elements of which was identical with or similar to those of an earlier mark with a weak distinctive character, even where the other elements of that complex mark were still less distinctive than the common element and notwithstanding a likelihood that consumers would believe that the slight difference between the signs reflected a variation in the nature of the products or stemmed from marketing

considerations and not that that difference denoted goods from different traders”.

43. Whilst I bear in mind that the earlier mark has a very low degree of inherent distinctiveness, *L’Oréal* tells me that I must not give this factor undue importance in my overall finding. I also take into account that the overall impression of the competing marks is dominated by the shared word “Label” / “LABEL”. Although there is an additional element in the proprietor’s mark (the letter “X”), it appears at the end of the mark, is of lower relative weight in the overall impression and does not provide a clear conceptual hook to distinguish the marks in the mind of the average consumer. Taking into account the principle of imperfect recollection, in the context of widely available goods where only an average degree of care will be taken in their selection, I consider that there is a likelihood of direct confusion, i.e. that the average consumer will mistake one mark for the other.

Conclusion

44. The invalidation has succeeded in full and the subject registration is hereby declared invalid. Under the provisions of Section 47(6) of the Act, it is deemed never to have been made.

Costs

45. As the applicant has been successful it is entitled to a contribution towards its costs. Neither party filed evidence. I take into account that the applicant’s submissions in lieu duplicated those filed earlier in proceedings. Awards of costs are governed by Annex A of Tribunal Practice Notice (“TPN”) 4 of 2007. Using that TPN as a guide but bearing in mind my comments, above, I award costs to the applicant on the following basis:

Official fees:	£200
Preparing a statement and considering the other side’s statement:	£200
Written submissions:	£300
Total:	£700

46. I order Label X Fashion Limited to pay Next Retail Limited the sum of **£700**. 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 29th day of June 2016

**Heather Harrison
For the Registrar
The Comptroller-General**