

**O-450-16**

**TRADE MARKS ACT 1994**

**TRADE MARK APPLICATION NO. 3115154  
FOR THE TRADE MARK**



**IN CLASSES 14, 18, 24 and 25  
BY ALTEREGO RETAIL GROUP LTD**

**AND**

**THE OPPOSITION THERETO  
UNDER NO. 405288  
BY RETAIL ROYALTY COMPANY**

## Background and pleadings

1. On 26 June 2015, Alterego Retail Group Ltd (“the applicant”) applied for the trade mark shown below, for a wide variety of goods in classes 14, 18, 24 and 25.



2. The application was published on 17 July 2015 and was opposed by Retail Royalty Company (“the opponent”). The pleaded grounds of opposition are sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). The claim under Section 5(2)(b) is based upon the following earlier trade marks owned by the opponent:

Number	Mark	Classes	Filing and registration dates
EUTM 13945233	AE	3, 18, 25 and 35	13 April 2015 and 25 September 2015
UK 2532738	AE	18, 25 and 35	13 April 2005 and 30 April 2010
EUTM 4901931		18, 25 and 42	15 February 2006 and 12 January 2007
EUTM 5194907		9, 18, 25 and 42	12 July 2006 and 29 April 2011

3. The section 5(3) claim is based upon the first two marks in the table. The section 5(4)(a) ground is based upon the opponent’s claim that it has used the sign AE since 2006 in the UK on key rings, wrist bands, leather goods, bags, wallets, purses,

umbrellas, pet apparel, pet clothing, pet collars, leashes; towels; clothing, footwear and headgear. The opponent claims that there would be misrepresentation and damage if the applicant's mark were used owing to the similarities between the application and the sign relied upon. The opponent claims that it is entitled to prevent registration of the application under the law of passing off.

4. The applicant filed a counterstatement in which it denies the claims made against the application. The main thrust of its defence is that it does not agree that the parties' marks are similar, which means the grounds of opposition must fail.

5. The opponent filed evidence (some of which is subject to a confidentiality order). The applicant did not file evidence, but did file written submissions. The opponent is professionally represented. The applicant is unrepresented. A hearing was held on 16 September 2016 at which Mr Matthew Dick represented the opponent by video conference. Ms Jasbint Breyal, from the applicant, attended by telephone conference.

## **Decision**

6. For reasons which will become apparent, I have not produced an evidence summary.

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

“(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.”

8. 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.

9. It is clear that a number of the contested goods are identical to the goods and services in the corresponding classes upon which the opposition is based. Owing to the findings in this decision, and for reasons of procedural economy, I will not undertake a full comparison of all of the parties' goods and services. I will proceed on the assumption that all of the contested goods are identical or at least highly similar.



Comparison of marks

10. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a 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 marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The Court of Justice of the European Union 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.”

10. It is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

11. The respective marks are:

Earlier marks	Application
	

12. The opponent's position is that the application is an 'AE' mark. Given the additional elements in the earlier composite marks, if the opponent cannot succeed under its AE letter mark, it will not be in any better a position in relation to its composite marks. I will therefore confine my assessment to a comparison between the application and the earlier AE mark(s).

13. The earlier mark consists entirely of the letters AE, without embellishment or device. The combination of letters therefore comprises the overall impression of the mark. The applicant's mark is much more complex, consisting of a black and white geometric device resembling a diamond shape, with the letter E superimposed in each half of the device. The letter E and the device contribute equal weight to the overall impression of the mark.

14. Visually, the only similarity between the marks is the coincidence of the letter E. The opponent submits that the device is an A. I think this is far-fetched. Not only is the device symmetrical, but the superimposition of the E does not lend itself to resembling or approximating the gap in the top of the letter A. There is no visual similarity between the marks. The only point of aural similarity is the letter E, if the applicant's mark would be articulated at all, which I doubt. This gives rise, at best, to a low level of aural similarity.

15. There is no conceptual similarity between the marks. Neither has a meaning. Being a letter mark does not give rise to a concept per se, except at the most general of levels. The marks are conceptually neutral.

16. There is no overall similarity between the marks.

#### Likelihood of confusion

17. A pre-requisite for the existence of a likelihood of confusion is that there is at least some similarity between the marks. In acknowledging the (at best) low level of similarity on an aural level, I bear in mind the decision of Mr Iain Purvis QC, sitting as

the Appointed Person, in *Errea Sport SPA v The Royal Academy of Arts* BL O/010/16. The earlier mark consisted of the heavily stylised letters RA, as shown below, compared to the applicant's plain letters RA:



18. The high point of the opponent's argument in that case was aural 'identity'. Mr Purvis said (at paragraph 15) that:

"This argument seems to me to fly in the face of the necessary 'global' assessment, bearing in mind the visual, conceptual and aural similarities, which the tribunal must carry out. Particularly in the case of an earlier mark which is a heavily stylised device mark, taking the aural similarities alone tends to ignore the real substance and distinctive character of the mark and is likely to lead to an erroneous result."

19. Earlier in the decision, Mr Purvis observed that:

"...two representations of the same thing may have no visual similarity. In the world of art, the visual representation of a horse in Picasso's *Guernica* has little or nothing in common with the visual representation of a horse in one of George Stubbs' portraits. I do not think it unreasonable to say that they have no visual similarity, whilst having some limited conceptual similarity (they are both paintings of horses)."



20. Mr Dick referred me to the following passage from a decision by Mr Geoffrey Hobbs QC, sitting as the Appointed Person in *ALDI GmbH & Co KG v SIG Trading Ltd*<sup>1</sup>:

“The approach to assessment which ought to have been applied in relation to the Applicant’s stylised word mark in keeping with the case law of the supervising courts in Luxembourg is, in my view, accurately stated (in terms which repeat earlier guidance to the same effect) in paragraph 4.2.3 of Section 2, Chapter 4 of the Opposition Guidelines adopted by the President of the European Union Intellectual Property Office in March 2016:

The question whether the verbal element is indeed ‘lost’ in the stylisation must be carefully assessed. The consumer intuitively looks for pronounceable elements in figurative signs by which the sign can be referred to. The high stylisation of one or more letters of a word may not prevent the consumer from identifying the verbal element as a whole, particularly, if it suggests a concrete meaning. It should also be emphasised that if the complex stylisation of the verbal element of a sign does not make it totally illegible, but merely lends itself to various interpretations, the comparison must take into account the different realistic interpretations. Thus, it is only in the – rather rare – case where the legibility of the sign is truly unrealistic, without being assisted by a mark description or the other mark, that the verbal element will be disregarded in the comparison.

21. I found earlier that the low level of aural similarity between the marks is insufficient to find that the marks are similar overall. This is because I do not believe that the mark will be perceived as AE – only the E is legible, and there is no other matter in the mark (such as the company name) to prompt interpretation. Furthermore, there is a fundamental difference between the applicant’s mark, the part of the EUIPO Guidelines which I have underlined, and the mark the subject of the appeal in *ALDI GmbH & Co KG v SIG Trading Ltd*, which invited interpretation as

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<sup>1</sup> BL O/169/16

a word. The applicant's mark is not a word, so there is no reason why the average consumer would look to pronounce it. The real substance and distinctive character of the marks is very different, particularly visually. This is important considering the fact that the goods will be overwhelmingly visual purchases, where the visual differences will be stark during the purchasing process by the average consumer.

22. Mr Dick made several submissions about the identity of the applicant's mark. He submitted that the staff at the Intellectual Property Office ("IPO") had categorised the application as 'AE', when capturing the mark itself on the electronic register of trade marks. Mr Dick submitted that as the staff of the IPO are average consumers, their categorisation of the mark as AE shows that the average consumer would have the same response to the applicant's mark: the average consumer would see the mark as 'AE'. I cannot agree with this submission. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. IPO staff capturing trade mark applications onto the electronic register are actively seeking to read and categorise marks in a way which is alien to the response of the average consumer making a purchase. They have a heightened awareness of the composition of trade marks while they are performing this line of work within the trade mark registry and are most certainly not average consumers at the point at which they categorise trade mark applications.

23. Ms Breyal said that she was asked, when she applied for the mark on behalf of the applicant, to describe the mark. It may be that the staff at the IPO, in seeking to label the trade mark for the purposes of capturing the application, were influenced by the name of the applicant Alterego Retail Group Ltd (i.e. the A and E in 'alter ego'). Mr Dick submitted that notional and fair use of the applicant's mark would include its use in conjunction with the applicant's company name<sup>2</sup> and that consumers will therefore read the applicant's mark as AE; and secondly, that if the company name were subsequently not used alongside the mark, consumers would have been educated by that point to see the mark as AE.

24. This argument cannot be taken into account for the purposes of considering similarity because the company name does not form part of the mark for which the

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<sup>2</sup> Although later submissions appeared to contradict this argument.

application has been made. In *J.W. Spear & Sons Ltd & others v. Zynga Inc* [2015] EWCA Civ 290, Floyd LJ observed:

“41 In *L’Oreal v Bellure* [2007] EWCA Civ 968; [2008] RPC 9, the question arose as to whether it was legitimate to take into account, in assessing the likelihood of confusion, certain imagery used by L’Oreal, the trade mark proprietor in connection with its registered mark. The court held that it was not legitimate, when applying the global appreciation test, to take matter external to the mark into account. Jacob LJ, with whom Keene LJ and Blackburne J agreed, said at [110]:

“The test is, and must be, founded on the mark as registered, not material which forms no part of that. There is simply no warrant in the Directive for taking more than the registered mark into account. The global appreciation test does not amount to the proposition that once a registered mark is used in marketing, anything, extraneous to the mark used in marketing, comes in too – as though it formed part of the registered mark.”

25. Even if I had assessed the opponent’s evidence and found that it possessed a high level of reputation for all of the goods claimed, reputation of the earlier mark cannot be taken into account in determining similarity. In *Ravensburger AG v OHIM*, Case T-243/08, the General Court (“GC”) held that:

“27. It is appropriate at the outset to reject that complaint as unfounded. The reputation of an earlier mark or its particular distinctive character must be taken into consideration for the purposes of assessing the likelihood of confusion, and not for the purposes of assessing the similarity of the marks in question, which is an assessment made prior to that of the likelihood of confusion (see, to that effect, judgment of 27 November 2007 in Case T-434/05 *Gateway v OHIM – Fujitsu Siemens Computers (ACTIVY Media Gateway)*, not published in the ECR, paragraphs 50 and 51).”

26. The CJEU held in *Gateway v OHIM*, Case C58/08 P, that it was not necessary for the GC to make apparent the degree of renown of the earlier mark because it was not relevant in circumstances where the marks as a whole were not similar.

27. The Court of Appeal held in *J.W. Spear & Sons Ltd & others v. Zynga Inc* [2015] EWCA Civ 290 (Floyd LJ giving judgment) that where there is no overall similarity between the competing marks, there is justification for not going any further in assessing whether there is a likelihood of confusion:

“58. Thus I do not consider that any of these cases provides direct authority which suggests that there is a minimum threshold of similarity. The cases suggest instead that overall similarity is a binary question. Where there is some overall similarity, even faint, then it is necessary to carry out the global assessment, taking account of all relevant circumstances. Moreover, in such cases, the enhanced distinctive character of the mark may play a role in increasing the likelihood of confusion.

59. On the other hand the cases do show that the General Court has said that where there is (a) average visual and phonetic similarity, but no conceptual similarity (*Wesergold*), or (b) a number of visual and phonetic features which precluded the signs from being perceived as similar (*Ferrero*), or (c) no visual or phonetic similarity but a low degree of conceptual similarity (*Lufthansa*), or (d) a common suffix (*Kaul*), there may yet be no similarity overall between mark and sign. I have no difficulty with these conclusions: it is only overall similarity which counts.

60. Thus I would summarise the position in the following way:

i) The court should assess the phonetic, visual and conceptual similarity of mark and sign and decide whether, overall, mark and sign would be perceived as having any similarity by the average consumer.

ii) If no overall similarity at all would be perceived, the court would be justified in declining to go on and consider the likelihood of confusion applying the

global appreciation test, as Article 9(1)(b) is conditional on the existence of some similarity. Such situations are not likely to occur often in contested litigation, but where they do occur, it is not legitimate to take account of any enhanced reputation or recognition of the mark.

iii) Where the average consumer would perceive some overall similarity, however faint, the court must go on to conduct the global appreciation test for the likelihood of confusion, taking account where appropriate of any enhanced reputation or recognition of the mark.

iv) In conducting the global appreciation test the court must take forward its assessment of the degree of similarity perceived by the average consumer between mark and sign.”

28. As I find that the marks are dissimilar overall, there is no need to go on and consider the likelihood of confusion applying the global appreciation test. **The section 5(2)(b) ground fails.**

29. Section 5(3) of the Act states:

“A trade mark which—

is identical with or similar to an earlier trade mark shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark or international trade mark (EC) in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

30. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel*, [2009] ETMR 13, Case C-408/01, *Adidas-Salomon*, [2004] ETMR 10 and Case C-487/07,

*L'Oreal v Bellure* [2009] ETMR 55 and Case C-323/09, *Marks and Spencer v Interflora*. The law appears to be as follows.

a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors, paragraph 24*.

(b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors, paragraph 26*.

(c) It is necessary for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind; *Adidas Saloman, paragraph 29* and *Intel, paragraph 63*.

(d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks and between the goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark's reputation and distinctiveness; *Intel, paragraph 42*

(e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the future; *Intel, paragraph 68*; whether this is the case must also be assessed globally, taking account of all relevant factors; *Intel, paragraph 79*.

(f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious risk that this will happen in future; *Intel, paragraphs 76 and 77*.

(g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel, paragraph 74*.

(h) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality which is liable to have a negative impact on the earlier mark; *L'Oreal v Bellure NV, paragraph 40*.

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (*Marks and Spencer v Interflora, paragraph 74 and the court's answer to question 1 in L'Oreal v Bellure*).

31. Similarity of signs under section 5(3) of the Act is assessed in the same way as for section 5(2)(b), per *Adidas-Salomon*:

“28. The condition of similarity between the mark and the sign, referred to in Article 5(2) of the Directive, requires the existence, in particular, of elements of visual, aural or conceptual similarity (see, in respect of Article 5(1)(b) of the Directive, Case C-251/95 *SABEL* [1997] ECR I-6191, paragraph 23 in fine, and Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraphs 25 and 27 in fine).

29. The infringements referred to in Article 5(2) of the Directive, where they occur, are the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a connection between the sign and the mark, that is to say, establishes a link between them even though it does not confuse them (see, to that effect, Case C-375/97 *General Motors* [1999] ECR I-5421, paragraph 23).”

32. There is no threshold of similarity but there must be similarity when the marks are compared overall. In Case C-254/09P, *Calvin Klein Trademark Trust v OHIM*, the CJEU rejected an appeal against a judgement of the General Court rejecting an opposition against a Community trade mark application under article 8(5) of the Community Trade Mark Regulation, which is analogous to s.5(3) of the Act. The court held that:

“68. It should be noted that, in order for Article 8(5) of Regulation No 40/94 to be applicable, the marks at issue must be identical or similar. Consequently, that provision is manifestly inapplicable where, as in the present case, the General Court ruled out any similarity between the marks at issue.”

33. It is well established that the conditions of section 5(3) of the Act are cumulative. Even if a reputation exists, in the absence of similarity between the marks, there will be no link made. Without a link, there will be no damage. **The section 5(3) ground fails.**

34. Section 5(4)(a) of the Act states:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

- (a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or
- (b)...



A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark.”

35. The requirements to succeed in a passing off action are well established and are summarised in *Halsbury’s Laws of England* 4th Ed. as being that:

i) the claimant’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

ii) there is a misrepresentation by the defendant (whether or not intentional) which is likely to deceive the public into believing that the defendant’s goods or services are those of the claimant;

and iii) the claimant has suffered or is likely to suffer damage as a result of the erroneous belief created by the defendant’s misrepresentation.

36. Even if the opponent’s sign is possessed of a significant level of goodwill in relation to the goods claimed, it follows from my earlier findings that the lack of any overall similarity between the opponent’s sign and the application means that there will be no misrepresentation. **The section 5(4)(a) ground fails.**

## **Outcome**

**37. The opposition fails under all three grounds.**

## **Costs**

38. The applicant has been wholly successful and is entitled to a contribution towards its costs, based upon the published scale<sup>3</sup>. Mr Dick referred to the very lengthy specifications in the application which had taken the opponent time to go through. I suspect the specifications were compiled using the ‘pick-list’ of acceptable

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<sup>3</sup> Tribunal Practice Notice 4/2007, on the IPO website.

classification terms, as opposed to, for example in Class 25, the class heading (as appears in the opponent's class 25 specification). The opponent has cover for all clothing, footwear and headgear, so this would not have been an onerous task in Class 25. Given that the opponent would have put the applicant to some trouble in considering the opponent's request to file evidence relating to how the IPO categorised the applicant's mark in its data capture process, I consider the extra efforts of both parties cancel each other out. It is appropriate to reduce the scale to reflect the fact that the applicant has not had the cost of legal representation and to ensure that the award does not amount to more than the applicant's expenditure in defending its application. The costs award breakdown is:

Considering the opposition and preparing a counterstatement	£100
Considering evidence and filing short submissions	£250
Preparing for and attending the hearing by telephone conference	£100
<b>Total</b>	<b>£450</b>

39. I therefore order Retail Royalty Company to pay Alterego Retail Group Ltd the sum of £450. This should 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 28th day of September 2016**

**Judi Pike**

**For the Registrar,**

**The Comptroller-General**