

# O-468-17

TRADE MARKS ACT 1994

TRADE MARK APPLICATION NO. 3115154 FOR A LOGO TRADE MARK IN CLASSES 14, 18, 24 and 25 BY ALTEREGO RETAIL GROUP LTD AND OPPOSITION THERETO UNDER NO. 405288 BY RETAIL ROYALTY COMPANY

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## DECISION

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### INTRODUCTION

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 opposition was unsuccessful.
3. The pleaded grounds of opposition were 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) was based upon a range of the opponent’s earlier marks, including stylised logos. Among them was a registration for the mark AE in respect of kinds of goods which were rightly held to be identical or very similar to the goods in the applicant’s registration.
4. The Registrar’s hearing officer therefore focussed attention on the AE mark. She recorded the opponent’s position that the application is an AE mark. She

rightly observed that, given the additional elements in the earlier composite marks, if the opponent could not succeed under this AE letter mark, it would not be in a better position in relation to its composite marks, which contained additional distinguishing features. She therefore confined assessment to a comparison between the application and the earlier AE mark(s). It was also not disputed that, if the opposition failed under section 5(2)(b), it would fail under section 5(3) and 5(4)(a) of the Act. Conversely, it was accepted that there was limited point in those other bases, if the section 5(2)(b) case succeeded.

**THE HEARING OFFICER'S DECISION**

5. The core of the hearing officer's decision was her determination that there was no overall similarity between the respective marks.
  
6. She set out the relevant principles at para. [8] of the decision, drawing them from *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.
  
7. The following are particularly important for the present appeal and the hearing officer had them well in mind.
  - (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;

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- (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.

8. She conducted the evaluation at paras. [13]-[15] of the decision where she said:

“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.”

9. She nonetheless touched on the likelihood of confusion, briefly, and said at para. [21]:

“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

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interpretation as 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."

10. She pointed out that, if there was no finding of overall similarity, it was not necessary to consider the likelihood of confusion (see para. [28]). However, she considered that the decision in *Errea Sports SPA v The Royal Academy of Arts* BL O-010-16 was more relevant to the evaluation of likelihood of confusion. That case involved an application for a two letter work mark RA which was unsuccessfully opposed in the light of the prior registration of a heavily stylised figurative mark, incorporating the same letters.
11. The hearing officer also had in mind the decision of the Court of Appeal in the *Scrabble/Sramble* case (reported at [2015] FSR 19) on the evaluation of overall similarity. She recited the extract from it as follows:

"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

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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.”

12. Those observations were made in the particular context of that case which involved infringement but are equally applicable to oppositions based on prior registrations. The central question in this case was whether the hearing officer was right to say that there was no similarity, with the consequence that no evaluation of any kind was undertaken of the likelihood of confusion, or whether, if there was some similarity, some assessment of that issue should have been carried out, including taking account of such reputation as the earlier mark was proven to enjoy.

### **THE APPEAL**

#### **Appellant's arguments**

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13. The appellant advanced two main arguments for contending that the hearing officer had approached the matter in the wrong way. These can be summarised as follows.
14. First, it said that the hearing officer had taken too unitary a view of the reaction of the average consumer and had wrongly assumed that there was only one way in which the mark in issue could be perceived, namely in the way she suggested. This, it contended, affected her evaluation of the visual similarity of the marks and led to her considering that the mark would be only perceived as a diamond with the letters “E” or “E E” as the key verbal element. That was crucial to the finding of no overall similarity and was wrong.
15. Second, it said that the hearing officer wrongly held that the mark did not consist of the letters “AE”.
16. These points are closely related and the appellant contends that, had the hearing officer approached the evaluation of similarity correctly, she would have held that the marks had significant similarity requiring evaluation of the likelihood of confusion, having regard to the earlier mark’s reputation. It is also said that the hearing officer wrongly treated 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 as relevant rather than the decision of Mr Geoffrey Hobbs QC, sitting as the Appointed Person in *ALDI GmbH & Co KG v SIG Trading* O/169/16.

### **Respondent’s arguments**

17. The respondent did not file a skeleton argument and was scheduled to attend the appeal hearing by conference telephone. The connection was made initially but, unfortunately, was broken during the hearing. After reconnection, to save time, it was agreed between the parties that the respondent should file written submissions in lieu of an oral response to the appellant’s arguments, followed by a written response from the appellant. That was done and, in the event, I therefore had complete skeleton arguments from both parties which I have taken into account.

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18. The respondent's skeleton argument invited me to uphold the decision for the reasons given by the hearing officer. In particular, it contended that there was no basis for overturning the finding that there was no overall similarity. The respondent made the following points (summarised from the skeleton and somewhat re-ordered, omitting case citations of familiar authorities) and which were similar to those made before the hearing officer.

- (i) The respondent's logo bears no resemblance to the appellant's American Eagle's logo, visually, phonetically and creatively. The respondent highlighted the letters "E E" and contended that the letter A was far less discernible, so much so as to make it almost invisible particularly because of the squared off top of the letter A, making it distinctly different to the pointed apex of the letter "A" in the appellant's mark. The respondent therefore said that the hearing officer's evaluation could not be faulted.
- (ii) No-one would look to pronounce the respondent's mark due to the fact that only the letter E is discernible on the mark. There was therefore no relevant aural similarity either.
- (iii) The respondent does not and will not use or emphasise the A and E acronym in the marketing and promotional materials other than a visual image that can be interpreted as a diamond with a hexagon shape at its centre (i.e. in the middle of two E's) which will also eliminate any confusion or conflicting messages to the general public at large and consumers. There is no similarity between the respondent's and the appellant's logos.
- (iv) There is no likelihood of actual confusion between the appellant's and the respondent's brands as the visual trademark symbols and the goods will be different in concept, style and appearances.
- (v) Consumers will not be confused by the respondent's trade mark, when purchasing goods as they would have to go through the respondent's website and platform which will be clearly labelled eliminating any possibility of confusion.

19. As to case law, the respondent referred to the well-established principles for assessment of similarity of marks and likelihood of confusion in *Calvin Klein Trademark Trust v Office for Harmonization in the Internal Market* (trade mark and Designs (OHIM) case C-254/09 P: [2011] E.T.M.R. 5).

**Appellant's further submissions**

20. In evaluating the respondent's submissions, I have also taken into account the appellant's further written argument in response, which again focuses on the submission that the mark would be seen as AE rather than EE by the average consumer and contends that the proposed manner of the applicant's trade is irrelevant.

**The respondent's proposed actual use**

21. The difficulty with the points relating to how the respondent will actually sell its goods is that they are not relevant to an evaluation of whether, comparing mark for mark alone, there is a likelihood of confusion. I am not therefore able to have regard to those points, as a matter of law. It is possible for two marks to be confusingly similar in such a way as to preclude registration of a later mark even though, in practice, because of other steps taken to counter confusion, none occurs in actual trade.
22. However, this case is somewhat unusual in that, if anything, use of the mark together with the name of the undertaking responsible, "Alterego", is likely to re-inforce a perception that the mark is (in essence) a stylised form of "AE" since these are the initial letters of Alter and Ego and the bottom part of the mark appears to be a negative image reflection of the top part, diminishing the extent to which the mark would be viewed as a diamond. In my view, while it is true that the actual proposed use does not make a specific association with "American Eagle", it does bring out the character of the mark as the two letters "A" and "E" in that order. In consequence, even if this point was relevant in the evaluation, it would not assist the respondent. To the contrary, it assist's the



appellant's case in contending that one form of ordinary and fair use of the mark is as the letters "AE".

**Approach to appeal**

23. In *Apple Inc v Arcadia Trading Ltd* [2017] EWHC 440 (Ch) (10 March 2017), Arnold J said at [11]:

"Standard of review

The principles applicable on an appeal from the Registrar of Trade Mark were recently considered in detail by Daniel Alexander QC sitting as the Appointed Person in *TT Education Ltd v Pie Corbett Consultancy Ltd* (O/017/17) at [14]-[52]. Neither party took issue with his summary at [52], which is equally applicable in this jurisdiction:

"(i) Appeals to the Appointed Person are limited to a review of the decision of Registrar (CPR 52.11). The Appointed Person will overturn a decision of the Registrar if, but only if, it is wrong (Patents Act 1977, CPR 52.11).

(ii) The approach required depends on the nature of decision in question (*REEF*). There is spectrum of appropriate respect for the Registrar's determination depending on the nature of the decision. At one end of the spectrum are decisions of primary fact reached after an evaluation of oral evidence where credibility is in issue and purely discretionary decisions. Further along the spectrum are multi-factorial decisions often dependent on inferences and an analysis of documentary material (*REEF, DuPont*).

(iii) In the case of conclusions on primary facts it is only in a rare case, such as where that conclusion was one for which there was no evidence in support, which was based on a misunderstanding of the evidence, or which no reasonable judge could have reached, that the Appointed Person should interfere with it (*Re: B* and others).

(iv) In the case of a multifactorial assessment or evaluation, the Appointed Person should show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle. Special caution is required before overturning such decisions. In particular, where an Appointed Person has doubts as to whether the Registrar was right, he or she should consider with particular care whether the decision really was wrong or whether it is just not one which the appellate court would have made in a situation where reasonable people may differ as to the outcome of such a multifactorial evaluation (*REEF, BUD, Fine & Country* and others).

(v) Situations where the Registrar's decision will be treated as wrong encompass those in which a decision is (a) unsupportable, (b) simply wrong (c) where the view expressed by the Registrar is one about which the Appointed Person is doubtful but, on balance, concludes was wrong.

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It is not necessary for the degree of error to be 'clearly' or 'plainly' wrong to warrant appellate interference but mere doubt about the decision will not suffice. However, in the case of a doubtful decision, if and only if, after anxious consideration, the Appointed Person adheres to his or her view that the Registrar's decision was wrong, should the appeal be allowed (*Re: B*).

(vi) The Appointed Person should not treat a decision as containing an error of principle simply because of a belief that the decision could have been better expressed. Appellate courts should not rush to find misdirections warranting reversal simply because they might have reached a different conclusion on the facts or expressed themselves differently. Moreover, in evaluating the evidence the Appointed Person is entitled to assume, absent good reason to the contrary, that the Registrar has taken all of the evidence into account. (*REEF, Henderson and others*)."

I apply those principles to this appeal.

### Discussion

24. First, I consider there is force in the appellant's argument that an earlier mark consisting of letters in plain font may form an appropriate basis for objecting to registration of a stylised version of those letters. However, I am not persuaded that the hearing officer treated the decisions she referred to as proving anything more than analogical comparison for a situation of this kind or were inappropriately treated in her decision, even though the facts of those decisions were different. In *Errea Sport*, Mr Purvis QC said (at para. [15]):

"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."

25. The *ALDI* case also emphasised that it is only in cases where the legibility of the sign is truly unrealistic, without being assisted by a mark description or the other mark, that the verbal element of a logo will be disregarded in the comparison on the basis that it has become "lost" in the logo.

26. In the present case, the hearing officer considered that any sense of the mark being an AE stylised logo had, in effect, become lost in the design of the mark

applied for. Viewed overall, the “A” had turned into the top and bottom halves of a diamond and the prominence of the “E” was such that this (either as a repeated single E or as a double E) and not the combination of A and E (in the order AE not EA) would be seen. It is that evaluation which is challenged on this appeal.

**The diverse perception of the average consumer**

27. I have borne in mind that mere doubt about a decision will not suffice to warrant overturning it and have had doubts about whether the hearing officer approached the issue of similarity of marks in the right way. These have been particularly prompted by a question as to whether she might have assumed an overly homogenous view of the public represented by the average consumer.
28. In cases where there is real ambiguity as to how a mark may be perceived, which is possible in this case, it is legitimate, in my view, to have regard to the range of ways in which the mark could reasonably be regarded by a reasonably observant average consumer in considering the issue of similarity.
29. I have no doubt that the hearing officer was right in her description of one way in which the mark could be and would be perceived. To my mind, to the extent that it has a verbal content, the mark more naturally appears as an “EE” double letter in a logo form and, even if it is viewed as a combination of As and Es, these would not necessarily be viewed in the specific order, A-E, of the opponent’s mark or even limited to two letters (as in of the opponent’s mark).
30. However, I am not persuaded that the matter can rest there. In my view in this case, the hearing officer fell into error in leaving out of account the fact that the applicant’s mark could also readily be read as an AE mark, was in fact intended to be read as a stylised form of AE (with a negative reflection) and was taken to be such albeit by the UKIPO in its registration classification process. That in my judgment leads to there being a degree of similarity with the opponent’s earlier registration, even though not all actual consumers would take it in that way.

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31. In my judgment, in cases where a disputed mark is genuinely ambiguous in the message it sends and where, if is viewed in one of those ways, it would be identical to the earlier mark in the message it conveys, that is a factor of which account can and should be taken in evaluating both whether it is similar and whether there is, as a result, a material likelihood of confusion. I am not satisfied that the hearing officer did so in this case and that led to a finding of no similarity in the marks when it should have led to a finding of some, albeit limited, similarity between the respective marks (in the sense that, to some, it would have appeared as highly similar). Of course, a finding of this sort of similarity – which might loosely be described as “similarity by ambiguous denotation or connotation” would not automatically lead to a finding that there was a likelihood of confusion for some or all of the goods in question, not least because the mark in question may only be slightly ambiguous and the likelihood of an average consumer being confused may be correspondingly low. Nonetheless, the *Scrabble/Scramble* case suggests that, in such a situation, it is appropriate to conduct an evaluation of likelihood of confusion where any sort of similarity is found.
32. It should be observed that the average consumer is a legal construct, designed to set a benchmark for the level of attention and discrimination applied to considering marks of a particular kind when used in relation to the goods or services for which it is proposed to be registered. That might lead to an assumption that in considering matters from the perspective of such a legal construct it is necessary to adopt a binary view of how a given mark would be seen and, having concluded that it would be taken one way, apply that throughout. The underlying difficulty here lies in the tension between the legislation which, as regards the average consumer, assumes the perspective of a unitary legal construct, and the fact that the population of actual consumers is diverse in its perceptions. HH Judge Hacon epitomised the issue in asking recently, in a related context of diverse perception of descriptiveness: “how does trade mark law deal with the frequently messy reality of what relevant persons believe?” (see *Mermeren Kombinat AD v Fox Marble Holdings Plc* [2017] EWHC 1408 (IPEC) (14 June 2017)). There is no completely satisfactory general answer to this question. There is also risk in this area of law of being

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both over analytic (by taking account of every possible perception of real consumers in constructing the notional average consumer's reaction) or under-analytic (by not taking account of the diversity of perception of a mark at all in adopting the perspective of the average consumer). In many cases, it will be right to adopt a more general approach to the average consumer. In this case, the level of ambiguity in the mark itself means that this should be taken into account in determining whether there is similarity, in the manner I have proposed.

### **Likelihood of confusion**

33. The hearing officer did not evaluate of the likelihood of confusion with respect to any of the goods for which the applicant's mark was proposed to be registered, which is required even if the degree of similarity is modest. The appellant contends that I should make the evaluation.
34. Although it would be open to me to do so and there are advantages in that course of the kind alluded to in the judgments of Floyd LJ in the Court of Appeal in *Scrabble/Scramble*, the difficulty in this case is that I do not have the benefit of any factual findings of the hearing officer as to either:
  - a. the similarity or identity of all the goods in issue; or
  - b. the reputation of the earlier mark with respect to particular goods (which may affect the case with respect to different goods in different classes differently) and which may affect the perception of the average consumer.
35. It would be possible to make such findings for the first time but since likelihood of confusion is the critical issue in the case and the respective marks appear to be core marks for the parties and their respective businesses, in my view it would be appropriate not to deprive the parties of a right of appeal on this issue by simply determining the question of likelihood of confusion myself, even though that may provide greater speed of resolution and probably lower cost. It is possible that a hearing officer may determine that, despite this decision, the

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likelihood of confusion was insufficient to refuse registration or that such was only warranted for a limited class of goods. Moreover, in cases of this kind the mere fact that an earlier mark enjoys a reputation does not necessarily mean that confusion is more likely. There are fine judgments to be made here and the primary body for making them is the Registrar.

36. I therefore consider that right course is to remit the case to a different hearing officer to consider the issue of whether such similarity as there may between the marks (on the basis I have outlined) leads to a likelihood of confusion and, if so, for which, if any, goods. He or she may also consider whether (if it is necessary to do so) the mark should be refused under section 5(3) or 5(4)(a) as well. Although it would be for the hearing officer to decide how this should best be done, it seems to me that it would be appropriate for this to be a paper exercise relying on the submissions made previously.

### **Costs**

37. In view of this decision, which has not determined this opposition finally, I consider that the right award of costs would be to leave the costs award before the hearing officer undisturbed but to award the appellant a contribution to the costs of this appeal in the sum of **£500**. It would be for the hearing officer deciding the next stage of the case to make such award as he or she sees fit in respect of that stage.

### **Appellant's further submission on costs**

38. The appellant also seeks an order for off scale costs on the basis of the respondent's approach to the hearing before me. I am not persuaded by these points. The respondent tried to attend the hearing, as pre-arranged, by telephone which was a convenient approach. The respondent was initially successful in doing so. Unfortunately, the telephone connection was broken during the appellant's submissions although that was not known to the tribunal or the appellant at the time. An attempt was apparently made to dial in again which was not successful. Continuation of the proceedings in writing, rather than

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prolonging the hearing, may have added somewhat but not greatly to the costs, since the hearing was shorter than it otherwise would have been. The appellant's further submissions were brief and largely repeated points previously made. This is not a case where off scale costs are justified.

### **OVERALL CONCLUSION**

39. The appeal will be allowed on the issue of whether there is similarity between the respective marks and the case remitted to a different hearing officer to consider the remaining issues arising in the opposition consequential upon that outcome. The appellant is awarded £500 in costs of the appeal but the costs of the proceedings below remain undisturbed.

**DANIEL ALEXANDER QC**

**Appointed Person**

28 September 2017

### **Representation**

Matthew Dick of D Young & Do LLP for the appellant

The respondent in person (by telephone and written submissions)