

BL O/641/19

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION 3316270

BY

AFTERPAY PTY LTD

TO REGISTER THE FOLLOWING TRADE MARK:

The logo for Afterpay, featuring the word "afterpay" in a lowercase, sans-serif font, followed by a blue icon consisting of two overlapping triangles forming a square shape.

IN CLASSES 09, 36 AND 42

AND

OPPOSITION THERETO (NO. 414497)

BY

ARVATO FINANCE B.V.

Background and pleadings

1. Afterpay Pty Ltd, (hereafter “the applicant”) applied to register the trade mark:



in the UK on 07 June 2018. It was accepted and published in the Trade Marks Journal on 24 August 2018, for the following goods and services:

Class 09: Computer software including downloadable computer programs and recorded computer software; computer software including downloadable computer programs and recorded computer software for facilitating financial transactions; computer software including downloadable computer programs and recorded computer software for facilitating transfer of funds; a system for allowing goods and services to be purchased electronically via electronic terminals, such as electronic funds transfer devices and automatic teller machines; magnetically encoded cards including credit cards and debit cards; chip cards and smart cards; encoded cards for use in relation to the electronic transfer of funds.

Class 36: Financial and monetary services including card operated financial services, computerised financial services, conducting of financial transactions, financial payment services, financial transaction services, electronic payment services, payment of bills and accounts for others, payment transaction card services, computerised transfer of funds, electronic funds transfer, transfer of funds, provision of transactional services relating to point-of-sale transactions, card accessed financial services and card operated financial services.

Class 42: SAAS (software as service); providing temporary use of on-line non-downloadable software for processing electronic payments; providing temporary use of on-line non-downloadable authentication software for

controlling access to and communications with computers and computer networks.

2. Arvato Finance B.V. (“the opponent”) opposes the trade mark on the basis of Section 5(2)(b) of the Trade Marks Act 1994 (“the Act”).
3. The opposition is based on two earlier European Union Trade Marks (EUTM’s).
4. Firstly, EUTM no. 9731514, which was filed on 11 February 2011 and registered on 18 July 2011, in classes 35, 36 and 38; for the mark:



5. The opponent relies only on the services registered in classes 35 and 36 of that earlier mark, namely:

Class 35: Business management; Business administration; Office functions; Business organisation, strategy and economics consultancy; Accountancy; Business consultancy, business appraisals of business plans and with regard to business organisation; Business management in connection with establishing and running of partnerships; Business management assistance; Advertising; Advertising; Marketing; Drawing up of statistics; Information and consultancy with regard to the aforesaid services; Providing of retail services, including via the Internet, in the field of personal care products, clothing and footwear, furnishing, interior decor, electronics, sporting articles and playthings, clocks and watches, household appliances, cosmetics, vehicles, (game) computers, photographic and video apparatus and jewellery.

Class 36: Financial affairs; Insurance, monetary affairs; Financial services of a holding company; Financial management of company partnerships; Financial intermediation; Financial consultancy relating to fiscal issues; Financial consultancy relating to establishing, supporting and auditing of

other enterprises; Financial consultancy in connection with mediation in the acquisition and disposal of shares in partnerships and enterprises; Financial participation in enterprises; Asset management and consultancy; Mediation with regard to investment and the purchase and sale of equity; Foreign exchange trading; Investment in shares; Financing services; Consultancy and brokerage relating to providing of credit, mortgages and pensions; Establishment of pension funds and consultancy thereon; Real estate management; Mediation and surveys concerning real estate and mortgages (real estate affairs); Leasing; Financial planning in connection with or for the purposes of project development in the field of construction; Real estate investment consultancy.

6. The opposition is also based on EUTM no. 15837826, which was filed on 16 September 2016 and registered on 27 February 2017, in classes 35 and 36; for the mark:¹



7. The opponent relies on all of the services for which this earlier mark is registered, namely:

Class 35: Business management; Business administration; Office functions; Business organisation, strategy and economics consultancy; Accountancy; Business consultancy, business appraisals of business plans and with regard to business organisation; Business management in connection with establishing and running of partnerships; Business management assistance; Advertising; Advertising; Marketing; Drawing up of statistics; Information and consultancy with regard to the aforesaid services; Providing of retail services, including via the Internet, in the field of clothing and footwear, furnishing, sporting articles and playthings, clocks and watches, household

¹ Description Colour - Green, Brown, Dark green, White

appliances, cosmetics, vehicles, (game) computers, photographic and video apparatus and jewellery.

Class 36: Financial affairs; Insurance, monetary affairs; Financial services of a holding company; Financial management of company partnerships; Financial intermediation; Financial consultancy relating to fiscal issues; Financial consultancy relating to establishing, supporting and auditing of other enterprises; Financial consultancy in connection with mediation in the acquisition and disposal of shares in partnerships and enterprises; Financial participation in enterprises; Asset management and consultancy; Mediation with regard to investment and the purchase and sale of equity; Foreign exchange trading; Investment in shares; Financing services; Consultancy and brokerage relating to providing of credit, mortgages and pensions; Establishment of pension funds and consultancy thereon; Real estate management; Mediation and surveys concerning real estate and mortgages (real estate affairs); Financial leasing; Financial planning in connection with or for the purposes of project development in the field of construction; Real estate investment consultancy.

8. Given the dates of registration, the opponent's marks qualify as earlier marks in accordance with section 6 of the Act.
9. EUTM 9731514 was registered on 18 July 2011 and is therefore subject to proof of use. EUTM 15837826 was registered on 27 February 2017 and is therefore not subject to proof of use.
10. In its statement of grounds, the opponent states that the earlier marks are phonetically and conceptually identical to the contested mark and visually highly similar. The goods and services of the contested mark are identical or similar to the opponent's earlier rights; all of which leads to a likelihood of confusion.
11. In its counterstatement the applicant states:

- There is some similarity between the services on which the opposition is based in classes 35 and 36, and the contested services. It is denied however that the mark applied for is similar overall to the earlier marks.
- Conceptually it is accepted that the marks have a low degree of similarity but only in that the marks both contain the words AFTER and PAY
- In the context of the services at issue the words 'AFTER' and 'PAY' can be attributed specific meanings and therefore the opponent's marks cannot afford protection for these words *per se*.

12. Referring to the IPO Manual of trade marks practice and the 'The Organic Food Company' example, by way of an analogy, the applicant states:

- As that mark (The Organic Food Company) would not be distinctive for organic foodstuffs, the same can be said for the plain words 'AFTER' and 'PAY'. It follows therefore, that the dominant elements of the earlier marks are the stylised elements which are the distinctive aspects of each mark. Taking this into account, as it must be the stylisation of the respective marks that adds distinctive character, the stylisation of the respective marks creates an entirely distinguishable visual impression. The various fonts and colours are different and the overall look and 'feel' of the marks is very distinguishable.
- The average consumer will understand that different entities will want to use the terms 'AFTER' and 'PAY' and will be able to readily distinguish between the signs at issue.
- As the services at issue are primarily offered online, the visual comparison of the marks will be the most important.

13. The applicant puts the opponent to proof of use in respect of earlier EUTM 9731514.

14. Both parties filed written submissions and the opponent has submitted proof of use evidence in respect of EUTM 9731514. I will not summarise the written submissions here but will refer to them later in my decision, where necessary. I will not, at this point, go further into the evidence submitted as proof of use of EUTM 9731514. I will

deal with the question of proof of use and earlier EUTM 9731514 later in this decision.

15. As no hearing was requested, this decision is taken following a careful perusal of the papers.
16. Throughout the proceedings the applicant has been represented by Baker & McKenzie LLP, whilst the opponent has been represented by Keltie LLP.

Decision

Section 5(2)(b) of the Act

17. Section 5(2)(b) of the Act is as follows:

“(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.”

18. The following principles are gleaned from the decisions of the CJEU 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 might 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

19. In the judgment of the Court of Justice of the European Union in *Canon*, Case C-39/97, the court stated at paragraph 23 of its judgment that:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary”.

20. The relevant factors identified by Jacob J. (as he then was) in the *Treat* case, [1996] R.P.C. 281, for assessing similarity were:

(a) The respective uses of the respective goods or services;

(b) The respective users of the respective goods or services;

(c) The physical nature of the goods or acts of service;

(d) The respective trade channels through which the goods or services reach the market;

(e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be, found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;

(f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

21. The opponent's earlier rights in classes 35 and 36 (which are the only classes relied upon in the earlier EUTMs) are almost identical to one another. I note that EUTM 9731514, which is the subject of proof of use, contains a slightly wider range of products being retailed in class 35, namely 'Providing of retail services..., in the field of personal care products, interior décor and electronics'.

22. In class 36, the only difference between EUTM 9731514 and EUTM 15837826 is that 9731514 has the term 'Leasing' whilst EUTM 15837826 has the term 'Financial leasing' in the alternative.

23. Other than these two differences, the specifications of services in classes 35 and 36 are identical. That being the case, as the opponent's earlier marks are very similar (differing only in the use of colour), I will begin by comparing earlier EUTM 15837826. As EUTM 15837826 is not the subject of proof of use the opponent can rely on all of the services for which it is registered. I will go on to compare those services in EUTM 9731514 which are not covered by EUTM 15837826, later in my decision.

24. In *Gérard Meric v Office for Harmonisation in the Internal Market*, Case T- 133/05, the General Court stated that:

“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 fur 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”.

25. The parties’ respective goods and services are:

Opponent’s services	Contested goods and services
<p><u>EUTM 15837826</u></p> <p><u>Class 35:</u> Business management; Business administration; Office functions; Business organisation, strategy and economics consultancy; Accountancy; Business consultancy, business appraisals of business plans and with regard to business organisation; Business management in connection with establishing and running of partnerships; Business management assistance; Advertising; Advertising; Marketing; Drawing up of statistics; Information and consultancy with regard to the aforesaid services; Providing of retail services, including via the Internet, in the field of clothing and footwear, furnishing, sporting articles and playthings, clocks and watches, household appliances, cosmetics, vehicles, (game) computers, photographic and video apparatus and</p>	<p><u>Class 09:</u> Computer software including downloadable computer programs and recorded computer software; computer software including downloadable computer programs and recorded computer software for facilitating financial transactions; computer software including downloadable computer programs and recorded computer software for facilitating transfer of funds; a system for allowing goods and services to be purchased electronically via electronic terminals, such as electronic funds transfer devices and automatic teller machines; magnetically encoded cards including credit cards and debit cards; chip cards and smart cards; encoded cards for use in relation to the electronic transfer of funds.</p> <p><u>Class 36:</u> Financial and monetary</p>

jewellery.

Class 36: Financial affairs; Insurance, monetary affairs; Financial services of a holding company; Financial management of company partnerships; Financial intermediation; Financial consultancy relating to fiscal issues; Financial consultancy relating to establishing, supporting and auditing of other enterprises; Financial consultancy in connection with mediation in the acquisition and disposal of shares in partnerships and enterprises; Financial participation in enterprises; Asset management and consultancy; Mediation with regard to investment and the purchase and sale of equity; Foreign exchange trading; Investment in shares; Financing services; Consultancy and brokerage relating to providing of credit, mortgages and pensions; Establishment of pension funds and consultancy thereon; Real estate management; Mediation and surveys concerning real estate and mortgages (real estate affairs); Financial leasing; Financial planning in connection with or for the purposes of project development in the field of construction; Real estate investment consultancy.

services including card operated financial services, computerised financial services, conducting of financial transactions, financial payment services, financial transaction services, electronic payment services, payment of bills and accounts for others, payment transaction card services, computerised transfer of funds, electronic funds transfer, transfer of funds, provision of transactional services relating to point-of-sale transactions, card accessed financial services and card operated financial services.

Class 42: SAAS (software as service); providing temporary use of on-line non-downloadable software for processing electronic payments; providing temporary use of on-line non-downloadable authentication software for controlling access to and communications with computers and computer networks.

26. The contested class 09 goods cover *computer software; magnetically encoded cards including credit cards and debit cards; chip cards and smart cards; encoded cards for use in relation to the electronic transfer of funds, and a system for allowing goods and services to be purchased electronically via electronic terminals, such as electronic funds transfer devices and automatic teller machines.*
27. The earlier services '*Providing of retail services, including via the Internet, in the field of (game) computers*' covers the sale of gaming computers. These goods can only be used to carry out their intended role, i.e. allowing the consumer/user to play games for entertainment purposes, when used in conjunction with the appropriate computer software. The contested '*Computer software including downloadable computer programs and recorded computer software; computer software including downloadable computer programs and recorded computer software for facilitating financial transactions; computer software including downloadable computer programs and recorded computer software for facilitating transfer of funds*' are sufficiently broad terms that they may encompass computer games software.
28. It should be noted that the use of the word '*including*' in the list of computer software above, does nothing to limit the broad nature of the initial term '*computer software*'. It is possible, however, for the applicant to propose a suitable limitation to the two terms '*computer software including downloadable computer programs and recorded computer software for facilitating financial transactions*' and '*computer software including downloadable computer programs and recorded computer software for facilitating transfer of funds*' in order to remove the possibility of any similarity with the earlier retail of (game) computers, e.g. by replacing the word '*including*' with the word '*namely*'.² Such an amendment would serve to limit the computer software in those terms to software, the purpose of which, is solely '*facilitating financial transactions*' and '*facilitating transfer of funds*'.
29. In *Oakley, Inc v OHIM*, Case T-116/06, at paragraphs 46-57, the General Court held that although retail services are different in nature, purpose and method of use to

² [TPN 1/2011](#)

goods, retail services for particular goods may be complementary to those goods, and distributed through the same trade channels, and therefore similar to a degree.

30. In *Tony Van Gulck v Wasabi Frog Ltd*, Case BL O/391/14, Mr Geoffrey Hobbs Q.C. as the Appointed Person reviewed the law concerning retail services v goods. He said (at paragraph 9 of his judgment) that:

“9. The position with regard to the question of conflict between use of **BOO!** for handbags in Class 18 and shoes for women in Class 25 and use of **MissBoo** for the Listed Services is considerably more complex. There are four main reasons for that: (i) selling and offering to sell goods does not, in itself, amount to providing retail services in Class 35; (ii) an application for registration of a trade mark for retail services in Class 35 can validly describe the retail services for which protection is requested in general terms; (iii) for the purpose of determining whether such an application is objectionable under Section 5(2)(b), it is necessary to ascertain whether there is a likelihood of confusion with the opponent’s earlier trade mark in all the circumstances in which the trade mark applied for might be used if it were to be registered; (iv) the criteria for determining whether, when and to what degree services are ‘*similar*’ to goods are not clear cut.”

31. However, on the basis of the European courts’ judgments in *Sanco SA v OHIM*³, and *Assembled Investments (Proprietary) Ltd v. OHIM*⁴, upheld on appeal in *Waterford Wedgewood Plc v. Assembled Investments (Proprietary) Ltd*⁵, Mr Hobbs concluded that:

i) Goods and services are not similar on the basis that they are complementary if the complementarity between them is insufficiently pronounced that, from the consumer’s point of view, they are unlikely to be offered by one and the same undertaking;

³ Case C-411/13P

⁴ Case T-105/05, at paragraphs [30] to [35] of the judgment

⁵ Case C-398/07P

ii) In making a comparison involving a mark registered for goods and a mark proposed to be registered for retail services (or vice versa), it is necessary to envisage the retail services normally associated with the opponent's goods and then to compare the opponent's goods with the retail services covered by the applicant's trade mark;

iii) It is not permissible to treat a mark registered for 'retail services for goods X' as though the mark was registered for goods X;

iv) The General Court's findings in *Oakley* did not mean that goods could only be regarded as similar to retail services where the retail services related to exactly the same goods as those for which the other party's trade mark was registered (or proposed to be registered).

32. Although the nature, purpose and method of use of these goods and services are not the same; in my view the opponent's retail services are those which would normally be associated with the applicant's software. The contested '*Computer software including downloadable computer programs and recorded computer software; computer software including downloadable computer programs and recorded computer software for facilitating financial transactions; computer software including downloadable computer programs and recorded computer software for facilitating transfer of funds*' encompasses computer games software at large, and the earlier services include the retail of games computers. It is high likely that a retailer of games computers will also sell games software to be used with the computer. As such, the channels of trade are likely to coincide, and the same public is being targeted. I consider these goods and services to be complementary and therefore there is at least a low degree of similarity.

33. In the event that the applicant chooses to amend the terms referred to above in paragraph 28, to '*computer software namely downloadable computer programs and recorded computer software for facilitating financial transactions; computer software namely downloadable computer programs and recorded computer software for facilitating transfer of funds*, I must find that there is no similarity between those software products and the earlier retail services in class 35.

34. However, when comparing such specific software products with the opponent's earlier services in class 36, I must consider the fact that, where the software products of the applicant can be said to have a purely financial function or purpose, the earlier broad ranging financial and monetary services provided by the opponent are likely to be seen to have a connection with those goods. The financial and monetary services of the opponent are services which are very often provided electronically and/or online. The provision of these services is largely reliant on specialist finance related software. Therefore, whilst they differ in nature, they can coincide in provider, end-user and distribution channels and furthermore, can be said to be complementary in the sense that one cannot be effectively utilised without the other. Therefore, the contested goods (if limited to software in the field of financial transactions and funds transfer, to avoid similarity with the earlier retail services in class 35) must be found to be similar to at least a low degree with the earlier class 36 services of the opponent.

35. The contested class 09 goods '*a system for allowing goods and services to be purchased electronically via electronic terminals, such as electronic funds transfer devices and automatic teller machines*' appears to be a computerised or automated 'system' which facilitates financial transactions. The earlier services '*Financial affairs*' and '*monetary affairs*' can include financial transactions and banking services, which provide e.g. fund transfer services, automated teller machines and the facilities to make payment electronically for goods or services. As such, these goods and services may share purpose, end-user, provider and channels of trade. Whilst they differ in nature, they could be complementary in the sense that one cannot be effectively utilised without the other. These goods and services are found to be similar to at least a low degree.

36. In respect of the remaining contested goods in class 09 namely '*magnetically encoded cards including credit cards and debit cards; chip cards and smart cards; encoded cards for use in relation to the electronic transfer of funds*', I find these to be similar to at least a low degree to the opponent's '*Financial affairs*' and '*monetary affairs*' as they may share the same purpose, e.g. gaining access to funds and making financial transactions. They differ in nature but can coincide in provider, end-user and distribution channels and furthermore can be said to be complementary.

37. Applying the principles in *Meric*, all of the contested class 36 services are wholly encompassed by the opponent's earlier '*Financial affairs; Insurance, monetary affairs*'. These services are identical.
38. The contested class 42 services '*SAAS (software as a service)*' are the provision of software online on a rental or subscription basis. This service encompasses the provision of games software and can be said to be similar to the earlier retail of (games) computers, for the same reasons that the contested software in class 09 has been found similar to those services. Whilst the take-up of online games software will occur at a different time and place, e.g. the rental of a game online will generally take place in the consumer's home once the games computer has been purchased and set up for use. Manufacturers of games computers generally provide a physical version of games software in the same retail setting as the games computer but will also offer the rental or purchase of the same game online, using the computer or console, once connected to the internet, as the conduit for such activity. These services are therefore found to be similar to at least a low degree.
39. The contested class 42 services '*providing temporary use of on-line non-downloadable software for processing electronic payments; providing temporary use of on-line non-downloadable authentication software for controlling access to and communications with computers and computer networks*' cover the provision of software on a temporary basis, for the purposes of processing electronic payments and authenticating user details. The opponent's earlier services in class 36 cover a wide range of financial and monetary services including financing services and financial leasing. The provision of the opponent's services relies, to at least some degree, on the use of appropriate and focussed software, where, for example, the provider of a financing product requires temporary use of a piece of software that facilitates the authentication of a user and provides the functionality to process electronic payments, as part of a finance agreement or a financial leasing service. Therefore, I find these services to be similar, albeit to a low degree.
40. In conclusion, all of the contested goods and services have been found to be identical or similar to at least a low degree, to the opponent's earlier goods and services.

Average consumer and the purchasing act

41. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer, Case C-342/97*.

42. 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 word “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median.”

43. The goods and services at issue cover a wide range of business and financial services as well as software products that may be related to the provision of such services. These include services that will be offered to members of the public and specialist services offered to business customers. I therefore find that the average consumer of these services may be a member of the general public or a professional. Decisions taken on the selection of these kinds of services are particularly important to most consumers, as they concern the individuals or companies that the consumer will trust to help them choose appropriate products. They are often also decisions not taken fairly frequently, for example, the selection of a mortgage product. The average consumer of financial services can generally be expected to pay a medium to high level of attention when selecting a service provider.

44. The average consumer of the services e.g. 'business management; business administration and office functions' will be a professional consumer engaged, or planning on engaging, in business activities, and requiring professional assistance. These services include business advice, business consultancy and the provision of office-based services, secretarial services and facilities management services. The average consumer of these services will take more than a normal level of care over the selection of them.
45. The provision of some of the services at issue is unlikely to be low cost. The costs involved in retaining e.g. business consultancy services is generally likely to be relatively high. The average consumer will therefore pay a slightly higher than normal degree of attention during the selection and purchase of these services. The costs involved with the take up of services such as electronic payment services, will not be particularly significant and that consumer will pay only an average level of attention in the selection of those services.
46. The average consumer of software, software as a service, and use of on-line non-downloadable software, will be both the general public and a professional consumer. The general public will pay an average degree of attention when choosing such products, to ensure that the goods are compatible with their needs and their existing technical arrangements. For example, when choosing a piece of software, the consumer, being the general public, will make sure that the product will be fit for purpose and work with whichever equipment they already possess. The professional consumer will pay a somewhat higher level of attention and will also display a higher level of awareness, particularly in respect of technical products such as computer software. The professional consumer will be purchasing the goods either for themselves or for third parties. In either scenario, it will be essential that the products selected are fit for purpose.
47. Service providers are likely to be selected by visual means, from websites, brochures, newspapers, magazines, etc. Word of mouth recommendation may also play some part in the selection process, so it is important also to consider the possibility of aural confusion. The selection of the goods at issue will be primarily a visual process within high street retail outlets, supermarkets, websites and specialist

shops, but may also be a combination of visual and aural selection, when that process takes place over the telephone.



Comparison of marks

48. 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 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.”

49. It would be wrong, therefore, to artificially dissect the trade marks, although, 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.

50. The marks to be compared are:

Earlier EUTM 15837826	Contested mark
	

51. The earlier EU mark is a complex figurative mark. The words 'After' and 'Pay' in the mark are presented in fairly standard typeface. The word 'After' is presented in green colour with the letter 'A' in upper-case and the remaining letters in lower case. The word 'Pay' is presented in black lettering, with the letter 'P' in upper case. The use of the colour green and the upper-case letters 'A' and 'P' all serve to distinguish the two words readily. The mark also comprises a figurative element in the form of a green rectangular border encompassing the verbal elements. At the bottom right hand side, running horizontally along the border, there are four small solid coloured circles in varying shades of green, moving from a dark green on the left side to a paler green on the right side. Due to their size and placement at the centre of the mark, the words 'After' and 'Pay' are the dominant elements and play a greater role in the mark than the figurative elements. The overall impression in the earlier mark lies in the words 'After' and 'Pay' conjoined.

52. The contested mark is also a complex mark comprised of the words 'after' and 'pay' combined with a figurative element that is presented at the end of the verbal elements. The words 'after' and 'pay' are presented in fairly standard lower-case typeface, although the letters 'pay' are presented in a heavier font, which serves to distinguish the two words individually. The figurative element after the words 'afterpay' can be described as two small blue triangular devices within which an arrow design may or may not be perceived. The first triangular device points upwards vertically whilst the second device is turned roughly 45 degrees to the right, pointing away from the verbal elements in the mark. Whilst the figurative elements in the mark cannot be discounted, it is the words 'after' and 'pay' conjoined which form the largest and the initial elements of the contested mark. They make up the most dominant part of the mark and the elements likely to play the greater role. The overall impression in the contested mark lies in the conjoined words 'after' and 'pay'.

Visual similarity

53. The marks at issue are visually similar insomuch as they both share the words 'AFTER' and 'PAY' conjoined. The use of capital letters in the earlier mark and in the heavier bold font in the contested mark, serve to ensure that the average consumer when faced with either mark will automatically perceive the two words 'AFTER' and 'PAY' independently of the other.

54. The marks are visually dissimilar in the figurative elements found in each mark, as described previously; in the colour green used in the word 'After' of the earlier mark, and in the slight difference of the typefaces used in the lettering in each mark. Due to the dominance of the verbal elements in the marks, they are considered to be visually similar to a high degree.

Aural similarity

55. The marks both contain identical verbal elements in the words 'After' and 'Pay'. The enunciation of these elements will be the same regardless of the perception of them, either as a single term, due to their conjoined presentation, or when regarded as two distinct and separate words. None of the additional elements in either mark would be articulated and therefore the marks are found to be aurally identical.

Conceptual similarity

56. Conceptually, both marks share the words 'AFTER' and 'PAY'. Both words are fairly common English words and will be readily understood. The word 'AFTER' can be defined as following; next or concerning. The word 'PAY' can be defined as giving money in return for goods or services. These meanings will be commonly understood by an English-speaking consumer and the applicant has accepted in its' submissions that there is at least some degree of conceptual similarity due to the inclusion of these well-known words. The combination of the two words, 'AFTERPAY', has no known or obvious meaning as a single term in the English language. The words 'AFTERPAY' when conjoined, will convey a nebulous concept to the average consumer due to the unusual construction of the term. Although the expression has no clear or obvious meaning either as a single term or as two words in that particular order, the average consumer is likely to perceive a concept alluding to the provision of something once a payment has been made.

57. As both marks are comprised of the same verbal elements presented in an identical order, they can be said to contain the same potentially allusive message and are therefore conceptually identical.

58. It might be argued that, because the expression 'AFTERPAY' has no meaning it is, as a whole, unable to convey any conceptual message. In that regard I find that

where two common, basic English words are conjoined as a single term that has no known meaning; or when those two words might be separated in a mark but still, due to their separate definitions, fail to create a clear meaning, the average English speaker will generally attempt to make some sense of the combination it is faced with. In the matter to hand, the term 'AFTERPAY' has no known meaning, however it is my opinion that the average English speaker will, understanding both words separately, attempt to find some meaning in the expression as a whole.

59. The figurative elements in both marks convey no obvious message or concept.

60. In conclusion, the marks have been found to be visually highly similar and aurally and conceptually identical.

Distinctive character of the earlier trade marks

61. 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-0000, 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).”

62. The opponent has not claimed that its earlier marks have enhanced distinctive character through use, I therefore have to consider only the question of inherent distinctive character.

63. In its written submissions in lieu, the opponent refers to T-544/11 *Steam Glide* where it was found that it is “not sufficient that each component is descriptive – the word itself must also be found to be so” and T-346/07 *Easycover* where the court found that the combination would be considered descriptive ‘unless there is a perceptible difference between the word and the mere sum of its parts’. The opponent also stated that the combination ‘AfterPay’ “*is neither primarily descriptive nor devoid of any distinctive character. It is missing crucial information that would convey a direct and obvious message to the consumer. The consumer must go through a number of mental steps to conclude that the services are as described by the applicant*”.

64. In *Campina Melkunie BV and Benelux-Merkenbureau*, Case C-265/00, the Court of Justice of the European Union stated that:

“39. As a general rule, the mere combination of elements, each of which is descriptive of characteristics of the goods or services in respect of which registration is sought, itself remains descriptive of those characteristics within the meaning of Article 3(1)(c) of the Directive even if the combination creates a neologism. Merely bringing those elements together without introducing any unusual variations, in particular as to syntax or meaning, cannot result in anything other than a mark consisting exclusively of signs or indications which may serve, in trade, to designate characteristics of the goods or services concerned.

40 However, such a combination may not be descriptive within the meaning of Art.3(1)(c) of the Directive, provided that it creates an impression which is sufficiently far removed from that produced by the simple combination of those elements. In the case of a word mark, which is intended to be heard as much

as to be read, that condition will have to be satisfied as regards both the aural and the visual impression produced by the mark.

41 Thus, a mark consisting of a neologism composed of elements, each of which is descriptive of characteristics of the goods or services in respect of which registration is sought, is itself descriptive of those characteristics within the meaning of Art.3(1)(c) of the Directive, unless there is a perceptible difference between the neologism and the mere sum of its parts: that assumes that, because of the unusual nature of the combination in relation to the goods or services, the word creates an impression which is sufficiently far removed from that produced by the mere combination of meanings lent by the elements of which it is composed, with the result that the word is more than the sum of its parts.”

65. Whilst the words ‘AFTER’ and ‘PAY’ have clear and obvious meanings, the expression ‘AfterPay’ is essentially meaningless. It is likely to be perceived by the average consumer of business and financial services and consumers of software and software services that are connected with the provision of business and financial services, as an allusive term that suggests some form of product or service that is provided following a payment of some kind. The addition of the figurative elements adds further to the distinctive character of the whole and cannot be dismissed. As the term ‘AfterPay’ has no clear or obvious meaning, it will be considered to be somewhat unusual and an oddly constructed expression that consumers will need to digest and reflect on before attributing any allusive meaning to. As such, the earlier mark, when considered as a whole, taking into account the unusual construction of the term, in combination with the figurative and stylised elements, can be said to enjoy at least a medium level of inherent distinctiveness.

66. I therefore conclude that the earlier mark is inherently distinctive to at least a medium degree.

Likelihood of Confusion

67. I now draw together my earlier findings into a global assessment of the likelihood of confusion, keeping in mind the legal principles established previously (see paragraph 18 above).

68. 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 marks may be offset by a greater degree of similarity between the respective goods and vice versa. As I mentioned above, it is also necessary for me to keep in mind the distinctive character of the opponent's trade mark as the more distinctive it is, the greater the likelihood of confusion. I must also keep 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 marks side by side but must instead rely upon the imperfect picture of them he has retained in his mind.

69. Confusion can be direct or indirect. Direct confusion involves the average consumer mistaking one trade mark for the other, whilst indirect confusion is where the average consumer realises the marks are not the same but puts the similarity that exists between the marks and goods/services down to the responsible undertakings being the same or related.

70. I have already found that:

- the goods and services are identical or similar to at least a low degree;
- the marks are visually highly similar and aurally and conceptually identical;
- the average consumer will be a member of the general public or a professional;
- the general public consumer can be expected to be paying at least an average level of attention when selecting the goods at issue; the professional consumer may pay a higher than average level of attention;
- during the selection process, the visual and aural considerations will both be important however the visual element will likely play the greater role;
- the earlier mark has at least a medium degree of inherent distinctiveness.

71. Having weighed up all of the factors, I conclude that there is a likelihood of direct confusion between the marks. As the oral and conceptual impacts at issue are identical and as the visual similarities have been found to be high, I find that, taking into account the principle of imperfect recollection, it is likely that the average consumer will mistake one mark for the other; certainly, this will be the case in the event of a selection being made orally.

72. However, in the event that I am found to be wrong on this point, I will now go on to consider the potential for indirect confusion between the marks.

73. In *L.A. Sugar Limited v By Back Beat Inc*, Case BL O/375/10, Mr Iain Purvis Q.C., as the Appointed Person, explained that:

“16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: “The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark.

Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:

(a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even

where the other elements of the later mark are quite distinctive in their own right (“26 RED TESCO” would no doubt be such a case).

(b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as “LITE”, “EXPRESS”, “WORLDWIDE”, “MINI” etc.).

(c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension (“FAT FACE” to “BRAT FACE” for example).”

74. These examples are not exhaustive but provide helpful focus.

75. In my opinion the average consumer, when faced with either the earlier or later mark, having previously been exposed to the other mark at issue, would assume, due to the identity of the verbal elements in the marks and the fact that the expression ‘AFTERPAY’ is an unusual and meaningless construction, that the goods and services offered under these marks originate from the same or an economically linked undertaking. In this situation the differences in type face and font, and the changes in the figurative aspects of the marks, are likely to be viewed as purely an evolutionary step or an extension of the ‘AFTERPAY’ brand. I conclude therefore that indirect confusion would occur.

76. For the sake of completeness, I now return to the matter of the opponent’s other earlier mark, EUTM 9731514, which was the subject of proof of use. As I have previously noted (in paragraphs 21-23 above), that earlier mark contains a slightly wider range of products being retailed in class 35 and, in class 36, lists ‘leasing’ as a service whilst EUTM 15837826 lists ‘financial leasing’ in the alternative.

77. As all of the contested goods and services have been found to be identical or similar to at least a low degree to the earlier services of EUTM 15837826, I do not need to go further and consider those small areas of difference in the services covered by the other earlier EUTM. However, I note that as all of the contested class 36 services have been found to be identical to the earlier class 36 services in EUTM 15837826, the difference between the terms ‘leasing’ under EUTM 9731514 and ‘financial

leasing' under EUTM 15837826 is irrelevant. In respect of the additional products retailed under EUTM 9731514, none of those goods, namely: 'personal care products; interior décor and electronics' can be said to be more similar to the contested goods and services than the '(game) computers' that have already been compared within EUTM 15837826, and as such the opponent would be in no stronger a position in relying on EUTM 9731514.

Conclusion

78. The opposition has been successful. Subject to appeal the application is refused.

Costs

79. As the opponent has been successful, it is entitled to a contribution towards its costs, which are sought on the usual scale (contained in Tribunal Practice Notice 2/2016). I award the opponent the sum of £1000 as a contribution towards the cost of the proceedings.

80. The sum is calculated as follows:

Official fee for opposition	£100
Preparing the statement of case and considering the counterstatement	£200
Preparing evidence and submissions in lieu	£700
Total	£1000

81. I therefore order Afterpay Pty Ltd to pay Arvato Finance B.V. the sum of £1000. The above sum should be paid within 21 days of the expiry of the appeal period or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings.

Dated this 24th day of October 2019

Andrew Feldon

For the Registrar

The Comptroller-General