

O-663-19

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NO. 3276497
REGISTERED IN THE NAME OF NICK JEFFRIES AND IN RESPECT OF THE
FOLLOWING MARK**



IN CLASSES 9 AND 42

**AND IN THE MATTER OF AN APPLICATION FOR INVALIDATION NO. 502255
BY RICHARD WILLIAM SADLER**

BACKGROUND AND PLEADINGS

1) Nick Jeffries is the proprietor of the following registered trade mark:



2) He applied for the registration on 11 December 2017 and the registration procedure was completed on 16 March 2018. The registration covers the following list of goods and services:

Class 9: *Computer software for use in creating and designing websites.*

Class 42: *Computer website design; Consultancy relating to the creation and design of websites.*

3) On 24 September 2018, Richard William Sadler (hereafter “the applicant”) applied to invalidate the registration. The invalidation is based upon section 5(2)(a), section 5(2)(b), section 5(3) and section 3(6) of the Trade Marks Act 1994 (“the Act”). In respect of the first two grounds, the applicant relies on the following mark:

UK Mark No. 3108227



Filing date: 12 May 2015

Date of entry in register: 23 October 2015

The list of services:

Class 36: *Administration of capital investment services; Administration of financial affairs; Administration of financial affairs relating to real estate; Administration of fund investment; Administration of funds and investments; Administration of investment funds; Administration of investments; Administration of property portfolios; Advancement of funds; Advisory services relating to investments; Advisory services relating to money management; Advisory services relating to real estate ownership; Capital fund investment; Capital fund management; Capital investment; Capital investment advisory services; Capital investment brokerage; Capital investment in real estate; Capital (raising of -); Consultation services relating to real estate; Consultations [financial]; Project finance; Project financing; Property portfolio management; Property (real estate-) consultancy services; Property (real estate-) evaluations; Property (real estate-) finance; Property (real estate-) insurance; Property (real estate-) investment; Property (real estate-) management.*

4) This registration date of the earlier mark, being the 23 October 2015, is less than five years before the application for invalidation was made. The significance of this is that the proof of use provisions set out in section 47(2) and section 47(2A) do not apply to the earlier mark and the applicant is

entitled to rely upon the complete list of goods and services.

5) The applicant's pleadings in respect of these two grounds are as follows:

- Registration of the contested marks would be contrary to section 5(2)(a) and section 5(2)(b) of the Act because the respective marks are orally and visually identical which will bring a clear likelihood of confusion;
- The same reasons are cited in respect of the grounds based upon section 5(3) of the Act. The different classes of goods and services are recognised before the opponent going on to state that because of "the strong conflict" between the marks the "general public [will have] a strong belief that both marks [have] some connection in relation to their business".

6) In respect of the ground based upon section 3(6), the opponent asserts that the contested registration was "clearly [done] with bad intentions". It explains that the applicant and proprietor were business partners but when this partnership "stopped...because of some unfortunate reasons" the "proprietor handed over and settled everything with applicant and moved out from the company". It also claims that "after several months of hard work by the applicant name become icon in the market". It asserts that the proprietor registered his mark with the intention of confusing the applicant's clients.

7) The applicant filed a counterstatement denying the claims made. It also ticked the box under point 7 requesting that the applicant provide evidence of use. However, as I have explained earlier, the applicant is not required to provide proof of use.

8) Only the applicant filed evidence. I will refer to this to the extent that I consider it necessary. Neither side requested to be heard and I make my decision giving due regard to all the papers on file.

9) The applicant was represented in these proceedings by Shahzaib Amin Mali who is listed as being at the same address as the applicant. The proprietor is not represented.

Applicant's Evidence

10) This takes the form of a witness statement by the applicant, He states that he is the owner of Nu Builds Ltd and that it has been using his mark since 2011. The company was set up by him solely to build and refurbish residential dwellings in London. He states that he created the mark himself, including the style and colours.

11) The applicant states that:

- in 2014, he joined forces with the proprietor who became a 50% shareholder of his company. The applicant remained the sole director. They stopped working together in November 2017;
- he and the proprietor had several meetings because the proprietor had expressed an interest in purchasing the brand with a new business partner, however this did not materialise;
- In November 2017, the proprietor incorporated Nu projects Ltd and the applicant was informed by his accountant that the proprietor was using it "for website design and not for construction purposes";
- He used the applicant's mark without permission and is very visible on social media;
- NU: Group Ltd (another of the applicant's companies using the mark) "currently" has a turnover of around £23 million and annual amount spent on branding and marketing is £20,000;
- The mark has been used on the "goods/services mostly in London and online through whole UK".

DECISION

12) The invalidation action is based upon section 5(2)(a), section 5(2)(b), section 5(3) and section 3(6). These are all relevant in invalidation because of section 47, the relevant parts of which read:

“47. - (1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

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

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

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

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

[...]

(3) An application for a declaration of invalidity may be made by any person, and may be made either to the registrar or to the court, except that-

(a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and

(b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(4) [...]

(5) Where the grounds of invalidity exists in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be

declared invalid as regards those goods or services only.

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

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

Section 5(2)

13) Section 5(2) of the Act is as follows:

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

(a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or

(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”.

Comparison of goods

14) The grounds of opposition under Section 5(2)(a) and (b) of the Act require at least some degree of similarity between the goods.

15) In comparing the respective specifications, all the relevant factors should be taken into account. In the judgment of the Court of Justice of the European Union (“the CJEU”) in *Canon*, (Case C-39/97), the Court stated at paragraph 23:

“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”.

16) 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.

17) The goods and services to be compared are:

Applicant's services	Proprietor's goods and services
<p>Class 36: Administration of capital investment services; Administration of financial affairs; Administration of financial affairs relating to real estate; Administration of fund investment; Administration of funds and investments; Administration of investment funds; Administration of investments; Administration of property portfolios; Advancement of funds; Advisory services relating to investments; Advisory services relating to money management; Advisory services relating to real estate ownership; Capital fund investment; Capital fund management; Capital investment; Capital investment advisory services; Capital investment brokerage; Capital investment in real estate; Capital (raising of -); Consultation services relating to real estate; Consultations [financial]; Project finance; Project financing; Property portfolio management; Property (real estate-) consultancy services; Property (real estate-) evaluations; Property (real estate-) finance; Property (real estate-) insurance; Property (real estate-) investment; Property (real estate-) management.</p>	<p>Class 9: Computer software for use in creating and designing websites.</p> <p>Class 42: Computer website design; Consultancy relating to the creation and design of websites.</p>

18) The parties have made not made any submissions regarding the level of similarity between the respective goods and services. Therefore, I consider the issue without any informed knowledge of the parties' goods and services.

Computer software for use in creating and designing websites.

19) These are all goods and the applicant only relies upon services. There is an obvious difference in nature between goods on the one hand, and services on the other. The purpose of the proprietor's goods is for the creation and design of websites, whereas the applicant's services are either financial services, advice about financial services or real state consultation, management or financing and evaluations. These clearly have different purposes. Regarding methods of use, the proprietor's software is likely to be accessed via a computer where the user can design websites on screen. The applicant's services are likely to be accessed via

contact with a provider because of the need to discuss complex requirements and needs. Therefore, their methods of use are different. Even if the applicant's services can be accessed via a computer, so a general similarity does not result in any shared methods of use. It would not appear to me that it is normal that financial services and real estate services are provided by the same undertakings as provide website design and development. In the absence of submissions otherwise, I find that the respective trade channels are different. The respective goods and services are not in competition.

20) As regards complementarity, in *Kurt Hesse v OHIM*, Case C-50/15 P, the CJEU stated that complementarity is an autonomous criterion capable of being the sole basis for the existence of similarity between goods. In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, Case T-325/06, the General Court stated that "complementary" means:

"[...] there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking".

21) The purpose of examining whether there is a complementary relationship between goods and services is to assess whether the relevant public are liable to believe that responsibility for the goods lies with the same undertaking or with economically connected undertakings: it is neither necessary nor sufficient that the goods/services are used together: *Sandra Amalia Mary Elliot v LRC Holdings Limited*, BL O/255/13.

22) In the current case it is not obvious to me that there is a complementary relationship between the respective goods and services, nor do I have any submissions suggesting that there is. Software for the creation and design of websites is in no way indispensable or important to the provision of the applicant's services. I conclude that they are not complementary.

23) I conclude that there is no similarity between the proprietor's Class 9 goods and the applicant's services.

Computer website design; Consultancy relating to the creation and design of websites.

24) Here I am considering services v. services and the nature is slightly closer than considering services v. goods, as above. However, there is still only a very general level of similarity and this is insufficient to conclude that there is similarity for the purposes of this comparison. In other respects, the considerations are very similar to those detailed above, in respect of the proprietor's Class 9 goods. In terms of purpose, methods of use, trade channels and whether they are in competition or complementary, there is no obvious similarity.

25) In summary, I conclude that the respective services are not similar.

26) My finding of no similarity between the proprietor's goods and services and the applicant's services is significant. In *eSure Insurance v Direct Line Insurance*, [2008] ETMR 77 CA, Lady Justice Arden stated that:

"49..... I do not find any threshold condition in the jurisprudence of the Court of Justice cited to us. Moreover, I consider that no useful purpose is served by holding that there is some minimum threshold level of similarity that has to be shown. If there is no similarity at all, there is no likelihood of confusion to be considered."

27) For there to be any possibility of a likelihood of confusion, there must be at least some degree of similarity between the goods at issue.

28) Consequently, as the goods at issue have been found to be dissimilar, there can be no possibility of confusion and the invalidation fails, insofar as it is based upon section 5(2)(a) and section 5(2)(b) of the Act.

Section 5(3)

29) Section 5(3) states:

“(3) A trade mark which –

- (a) is identical with or similar to an earlier trade mark,
- (b) (repealed)

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 European Union trade mark or international trade mark (EU) in the European Union) 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 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 of 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*).

Reputation

31) The evidence that I summarised at paragraphs 10 and 11, above, is limited in detail and lacks any corroboratory evidence such as examples of the mark in use, invoices, promotional activities and no evidence of the claimed geographical spread across the UK. The applicant states that the turnover of NU: Group, that I take as a reference to his company NU: Group Ltd, is "currently" around £23 million. He does not explain whether this is turnover all relating solely to use under the earlier mark. Further, the statement was dated in October 2019, nearly 2 years after the relevant date in these proceedings, the filing date of 11 December 2017 and it is not possible from the information, to know what proportion, if any, of this turnover relates to trade before the relevant date. As a consequence, I am not able to conclude that the applicant's mark benefited from the requisite reputation required for section 5(3).

32) As a consequence of this finding, it is not necessary that I go on to consider whether the requisite link exists, or whether use of the proprietor's mark is likely to result in detriment or unfair advantage.

33) The ground based upon section 5(3) fails in its entirety.

Section 3(6)

34) This section of the Act states:

"(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith."

35) The law in relation to section 3(6) of the Act (“bad faith”) was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch):

“130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C- 529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but also "some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)."

36) Once again, the evidence before me is slim. In respect of this ground, the relevant points appear to be:

- (i) The applicant first used his mark in 2011 and in 2014, he joined forces with the proprietor who became his business partner with 50% of shares of NU Builds Ltd;
- (ii) The business partnership ended in November 2017, at which time the proprietor incorporated Nu Projects Ltd;

(iii) The applicant was informed by his accountant that the proprietor was “using the company for website design mark and not for construction purposes”.

37) The relevant date for assessing bad faith is the filing date of the contested registration, namely, 11 December 2017.

38) The proprietor is assumed to have added in good faith unless the contrary has been proven. An allegation of bad faith being a serious allegation, it must be distinctly proved. It is not enough to prove facts that are also consistent with good faith. The mere fact that the proprietor must have known that the applicant also used what, in essence, is the same mark is not, in itself, a fact that must point to the application for registration of the proprietor’s mark being made in bad faith. It is also relevant that the respective business activities of the parties do not appear to be related and are not in competition or targeting the same group of consumers and consumers would not normally expect the same business to supply the applicant’s services and the proprietor’s goods and services. There is nothing before me that suggests that the applicant intended to extend his activities into the field of web design. Further, neither is there anything that enlightens me to as to whether the proprietor was acting dishonestly or in a way that falls short of the standards of acceptable commercial behaviour. Finally, there is no evidence (or even an assertion) as to what the proprietor’s intentions were in applying to register his mark.

39) In summary, whilst the factual matrix that is asserted does raise some questions regarding the intentions of the proprietor, the evidence falls a long way short of distinctly proving that he acted in bad faith. The ground based upon section 3(6) fails.

Summary

40) The application for a declaration of invalidity fails on all grounds and UK Trade Mark No. 3276497 remains registered.

Costs

41) The proprietor has been successful and is entitled to a contribution towards his costs. However, as an unrepresented party, he was directed to complete a costs proforma by 29 January 2019. He did not comply with this direction and no completed costs proforma was filed. Therefore, I make no award of costs.

Dated this 30th day of October 2019

Mark Bryant

For the Registrar

The Comptroller-General