

O-008-21

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NO. 3392222

BY STEVEN STONE

TO REGISTER THE FOLLOWING TRADE MARK:



IN CLASS 12

AND

OPPOSITION THERETO UNDER NO. 417139

BY BAYERISCHE MOTOREN WERKE AG

BACKGROUND AND PLEADINGS

1. On 15 April 2019, Steven Stone (“the Applicant”) filed trade mark application number UK00003392222 for the mark shown on the cover page of this decision. The application was accepted and published for opposition purposes on 03 May 2019, in respect of the following goods:

Class 12 Alarm systems for motor vehicles.

2. Bayerische Motoren Werke AG (“the Opponent”) opposes the application in full under sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”).

3. For the purposes of its oppositions based upon sections 5(2)(b) and 5(3), the Opponent relies upon the following UK trade mark (no. 1068312):

Representation: PHANTOM

Filing date: 15 September 1976

Registration date: 15 September 1976

Goods:

Class 12 “Motor land vehicles and parts and fittings therefor included in Class 12...Land vehicles..... Engines for land vehicles and parts thereof.”

4. The mark relied upon by the Opponent was registered more than five years before the date of application for the contested mark. It is therefore subject to the proof of use provisions in section 6A of the Act.

5. Under section 5(2)(b), the Opponent claims that there is a likelihood of confusion because the marks are similar and the goods are identical or similar.

6. Under section 5(3), the Opponent claims a reputation in respect of all the goods for which its mark is registered. The Opponent claims that use of the Applicant’s mark,

without due cause, would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the Opponent's mark.

7. Under section 5(4)(a), the Opponent relies upon unregistered rights in the sign PHANTOM, which it states has been used throughout the UK since 1925 in relation to "land vehicles, parts and fittings for land vehicles". The Opponent claims that it has significant goodwill and reputation in the unregistered sign and that the similarity between the sign and the contested mark, and between the goods, is such that use of the contested mark would be a misrepresentation that may confuse or deceive the public into believing that the Applicant's goods are associated with the Opponent or that the Applicant's business is an extension of the Opponent's business. The Opponent claims that, as a result, it is likely to suffer damage.

8. The Applicant filed a defence and counterstatement, in which it addresses each point made by the Opponent in its statement of case, by way of reference to each paragraph. While it partially accepts the Opponent's paragraph 5 in Section A (that the Opponent's earlier mark has acquired a significant reputation in the UK) and paragraph 2 of Section C (that the Opponent has significant goodwill), the Applicant disagrees with the remaining claims and makes the following points:

- The trade mark application is for the use of the name 'CAN phantom' so there is a clear distinction from the single word 'phantom';
- The Opponent does not use the trade mark 'phantom' specifically for promoting a vehicle alarm or immobiliser system which is the intended use of the Applicant;
- The goods associated with the Applicant's trade mark are not identical to the Opponent's;
- There is "absolutely no confusion" between the commercial offerings of the Opponent and the Applicant;
- The Applicant's product "to which it desires the mark" was not in existence in 1925, nor has the Opponent's mark been used for such products since then and to the present day;

- The Opponent's product to which it attributes the mark has a significant reputation, which "is not in dispute", but the Applicant is assigning its mark to a separate and considerably different product and industry sector to the Opponent; and
- The Opponent has significant goodwill in relation to the "manufacturing and sales of luxury motor vehicles" but has no record of commercial gain from the sale of "retrofit electronic vehicle security equipment".

9. The Applicant put the Opponent to proof of use of the earlier mark.

10. Both parties filed evidence. I shall summarise this to the extent that I consider it necessary.

11. The Opponent also filed written submissions alongside its evidence, and written submissions in reply to the Applicant's evidence. Neither party requested a hearing; both parties filed written submissions in lieu of a hearing. These will not be summarised but will be referred to as and where appropriate during my decision.

12. The Opponent is represented by Palmer Biggs IP Solicitors and the Applicant is a litigant in person.

EVIDENCE

Opponent's evidence in chief

13. The Opponent's evidence in chief comes in the form of the witness statement of Bettina May dated 10 February 2020, and its accompanying exhibits. Ms May is in-house legal counsel for the Opponent, a position she has held since 2003. The salient points from Ms May's witness statement are as follows:

- i. Bayerische Motoren Werke AG ("BMW") was founded in 1916;
- ii. Rolls-Royce Limited produced the first PHANTOM vehicle in 1925;
- iii. The Phantom III model was introduced in 1936;

- iv. A limited production of Phantoms for heads of state recommenced in 1950 and continued until the Phantom VI ended production in the late 1980s;
- v. In July 1998, BMW obtained the brand and naming rights for Rolls-Royce Motor Cars from Rolls-Royce Plc;
- vi. Rolls-Royce Motor Cars Limited, a wholly owned subsidiary of BMW, has been manufacturing Rolls-Royce branded cars, including its PHANTOM models, since 2003;
- vii. The Phantom Drophead Coupé and Phantom Coupé were launched in 2007 and 2008, respectively;
- viii. The Phantom VIII was launched in 2017;
- ix. In 2017, BMW was listed, by Kantar Millward Brown, as the second most valuable global brand in the automobile sector, and in 2018, was listed as the ninth most reputable company in the world by Forbes.

14. Ms May describes each of the 16 exhibits to the witness statement as follows:

BM1 – A list of the 9 Rolls-Royce dealerships in the UK authorised to sell PHANTOM products: in London, Ascot, Leeds, Manchester, Solihull, Bristol, Birmingham and Edinburgh. This exhibit is undated.

BM2 – 2014 brochure for the PHANTOM Pinnacle collection, along with examples of the mark PHANTOM in use for the PHANTOM Zenith, and the 2018 brochure for the PHANTOM VIII vehicle.

BM3 – ‘The Accessory Collection Technical Guide’ (a brochure) for the Rolls-Royce PHANTOM and a detailed sketch showing the use of PHANTOM for vehicle treadplates. The brochure is undated, but a lot of the products are listed as available from January 2003 to September 2017.

BM4 – Examples of technological products including the Phantom’s night vision infrared camera, satellite aided transmission, digital dashboard and starlight headliner. A date (13 January 2020) is visible in the bottom, right-hand corner of the pages – presumably, the date the website was accessed from the computer.

BM5 – Samples of advertising campaigns in 2014 (PHANTOM Metropolitan collection), 2015 (PHANTOM Limelight collection) and 2018 (PHANTOM VIII), and an article featured in PR week, detailing the activities undertaken in support of the launch of the PHANTOM III.

BM6 – Examples of various activities at the Goodwood events in 2018 and 2019, which have recently included a display of the full range of Rolls-Royce vehicles.

BM7 – Emails sent to customers and potential customers in 2018, promoting the ways in which their PHANTOM could be personalised, or inviting them for a test drive. During the 2018 campaign, 18,492 customers and potential customers in the UK were directly contacted.

BM8 – Publicity for various awards received by the PHANTOM car and information on the publications issuing those awards. The publications are dated November 2017, January 2018 and May 2018.

BM9 – Reviews and articles featuring the PHANTOM in daily newspapers and their online equivalents, including The Telegraph, The Times, The Sun, The Express and The Daily Mail. The articles are dated between January 2017 and April 2018.

BM10 – A Daily Mail article (dated 03 July 2019) on Kylie Jenner which featured the PHANTOM.

BM11 – A review of the PHANTOM on thisismoney.co.uk, the financial sector of The Daily Mail. The article is dated 30 July 2017.

BM12 – A review (dated 31 January 2017) of the PHANTOM in GQ.

BM13 – PHANTOM reviews in various car magazines, including Autocar, CAR magazine, AutoExpress, the RAC magazine and Top Gear magazine. These are dated between May 2016 and December 2019.

BM14 – Images from online profiles such as Facebook and Instagram.

BM15 – Printouts from (according to the witness statement, although no website is visible) YouGov listing “The most famous car brands in the UK” (Rolls-Royce at number 20) and “The most popular car brands in the UK” (Rolls-Royce at number 3).

BM16 – A 2007 article featured in the UK publication Marketing Week entitled “Best of British” which states that “Rolls-Royce is possibly the best-known British brand in the world”.

15. Approximate sales figures relating to the number of vehicles sold in the UK under the PHANTOM trade mark are shown in the witness statement as follows:

Year	Numbers
2014	71
2015	66
2016	55
2017	22
2018	87
2019 (to June)	39

16. The recommended net retail price for a Rolls-Royce PHANTOM starts from £300,000.

17. The amount spent on marketing vehicles and associated goods under the PHANTOM trade mark in the UK is shown in the witness statement as follows:

Year	Spend
2014	£3,105
2017	£40,187
2018	£115,282
2019	£50,903

18. According to the witness statement, there was a dip in marketing spend in 2015 and 2016 in order to prepare for the launch of the PHANTOM VIII in 2017.

Applicant's evidence in chief

19. The Applicant's evidence in chief comes in the form of the witness statement of Steven Stone (the Applicant), dated 25 April 2020, and its accompanying exhibits.

20. The Applicant's witness statement begins by addressing each of the Opponent's exhibits to its witness statement. In relation to every one of the Opponent's exhibits, the Applicant makes the following submission (using this exact wording, or a variation of it):

“A meaningless document that has no relevance to [the] product the applicant seeks to use the trademark for.”

21. It is important to note here that the Opponent's evidence is filed in relation to its own goods for which it has claimed use, not in relation to the Applicant's goods. At the relevant point in this decision, I will then make a comparison between the Opponent's goods (for which I have found use, if any) and the goods in the Applicant's specification and make a finding as to the likelihood of confusion accordingly.

22. For reasons that will become apparent, it is not necessary for me to go into detail about what is contained within each of the Applicant's exhibits. I will, however, briefly summarise them as follows:

- Exhibits SS1 and SS2 relate to trade mark registrations (one of which belongs to the Opponent, the owner of the other is not related to these proceedings);
- Exhibits SS3, SS4, SS5, SS8 and SS10 relate to the Applicant's business and/or the production of its goods;
- Exhibit SS6 appears to explain the meaning and origin of “CAN”, which the Applicant submits is an acronym for “Controller Area Network”;
- Exhibit SS7 is missing; and

- Exhibit SS9 contains certificates of incorporation of companies at Companies House.

PRELIMINARY ISSUES

23. A number of points have been raised by the Applicant in its written submissions and evidence. Before going any further into the merits of this opposition it is necessary to explain why, as a matter of law, these points will have no bearing on the outcome of this opposition.

'State of the register' evidence

24. In its evidence and submissions, the Applicant has identified another trade mark registration containing the word PHANTOM. The Applicant makes the following submission in its counterstatement (and similar submissions in its evidence and written submissions):

“The name phantom has been successfully registered by a third party which was disclosed in the initial search. The registration was dated (filing date of designation 26/02/2008), Trademark UK00002480816 in the name of phantom Limited whose address is [...]. The Opponent to my application registered their application Trademark UK0001068312 on 15th/09/1976 clearly ignored the subsequent mark and so I am assuming a precedent is set by this action alone.”

25. In relation to the registered trade mark referred to by the Applicant, I bear in mind *Zero Industry Srl v OHIM*.¹ The General Court stated that:

“73. As regards the results of the research submitted by the applicant, according to which 93 Community trade marks are made up of or include the word ‘zero’, it should be pointed out that the Opposition Division found, in that regard, that ‘... there are no indications as to how many of such trade marks are effectively used in the market’. The applicant did not dispute that finding

¹ Case T-400/06

before the Board of Appeal but none the less reverted to the issue of that evidence in its application lodged at the Court. It must be found that the mere fact that a number of trade marks relating to the goods at issue contain the word 'zero' is not enough to establish that the distinctive character of that element has been weakened because of its frequent use in the field concerned (see, by analogy, Case T-135/04 GfK v OHIM – BUS(Online Bus) [2005] ECR II-4865, paragraph 68, and Case T-29/04 Castellblanch v OHIM – Champagne Roederer (CRISTAL CASTELLBLANCH) [2005] ECR II-5309, paragraph 71).”

26. Accordingly, the state of the register is not evidence of how many of such trade marks are effectively used in the market, nor does it clarify whether consumers have or have not been confused by the presence of such marks. Further, which marks a party (in this case, the Opponent) decides to oppose is entirely its own decision and nothing can be assumed from that decision, nor is it relevant to these proceedings.

Evidence relating to the parties' businesses and goods

27. The Applicant has filed numerous exhibits relating to its business and the manufacturing of its goods. It has also made submissions about the goods offered by the Opponent (for example, “the Opponent manufactures and sells luxury motor vehicle[s]”). It is the goods for which each mark has been filed for registration (in the case of the Opponent, the goods for which I find use in the proof of use assessment) that I will be comparing, later in this decision. The assessment I must make between the goods is a notional and objective assessment, rather than a subjective one.

DECISION

Proof of use

28. The relevant statutory provisions are as follows:

“6A(1) This section applies where

(a) an application for registration of a trade mark has been published,

(b) there is an earlier trade mark of a kind falling within section 6(1)(a), (b) or (ba) in relation to which the conditions set out in section 5(1), (2) or (3) obtain, and

(c) the registration procedure for the earlier trade mark was completed before the start of the relevant period.

(1A) In this section “the relevant period” means the period of 5 years ending with the date of the application for registration mentioned in subsection (1)(a) or (where applicable) the date of the priority claimed for that application.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.

(3) The use conditions are met if –

(a) within the relevant period the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or

(b) the earlier trade mark has not been so used, but there are proper reasons for non- use.

(4) For these purposes -

(a) use of a trade mark includes use in a form (the “variant form”) differing in elements which do not alter the distinctive character of the mark in the form in which it was registered (regardless of whether or not the trade mark in the variant form is also registered in the name of the proprietor), and

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(5) In relation to a European Union trade mark or international trade mark (EC), any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Community.

(5A) In relation to an international trade mark (EC) the reference in subsection (1)(c) to the completion of the registration procedure is to be construed as a reference to the publication by the European Union Intellectual Property Office of the matters referred to in Article 190(2) of the European Union Trade Mark Regulation.

(6) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.”

29. Section 100 of the Act is also relevant, which reads:

“100. If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

30. Pursuant to section 6A of the Act, the relevant period for assessing whether there has been genuine use of the earlier mark is the 5-year period ending with the date of the application in issue i.e. **16 April 2014 to 15 April 2019**.

31. In *Walton International Ltd & Anor v Verweij Fashion BV* [2018] EWHC 1608 (Ch) Arnold J summarised the law relating to genuine use as follows:

“114.....The CJEU has considered what amounts to “genuine use” of a trade mark in a series of cases: Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV*

[2003] ECR I-2439, *La Mer* (cited above), Case C-416/04 P *Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)*
[2006] ECR I-4237, Case C-442/07 *Verein Radetsky-Order v Bunderversvereinigung Kamaradschaft 'Feldmarschall Radetsky'* [2008] ECR I-9223, Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759, Case C-149/11 *Leno Marken BV v Hagelkruis Beheer BV* [EU:C:2012:816], [2013] ETMR 16, Case C-609/11 P *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR, Case C-141/13 P *Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089] and Case C-689/15 *W.F. Gözze Frottierweberei GmbH v Verein Bremer Baumwollbörse* [EU:C:2017:434], [2017] Bus LR 1795.

115. The principles established by these cases may be summarised as follows:

(1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: *Ansul* at [35] and [37].

(2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Leno* at [29]; *Centrotherm* at [71]; *Reber* at [29].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Leno* at [29]; *Centrotherm* at [71]. Accordingly, affixing of a trade mark on goods as a label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods are manufactured and which is responsible for their quality: *Gözze* at [43]-[51].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14] and [22]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71]; *Reber* at [29].

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: *Ansul* at [38] and [39]; *La Mer* at [22]-[23]; *Sunrider* at [70]-[71], [76]; *Leno* at [29]-[30], [56]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34].

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or

services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no *de minimis* rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72] and [76]-[77]; *Leno* at [55].

(8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].”

32. It is clear at the outset that the earlier mark relied upon by the Opponent is a plain word mark, which has been used, in the evidence, in upper case, lower case and sentence case. Use of a mark registered as a plain word includes such use, as per Professor Ruth Annand’s comments, sitting as the Appointed Person in *Bentley Motors Limited v Bentley 1962 Limited*:²

“16. A word trade mark registration protects the word itself (here BENTLEY) written in any normal font and irrespective of capitalisation and, or highlighting in bold (see e.g. Case T-66/11, *Present-Service Ullrich GmbH & Co. KG v. OHIM*, EU:T:2013:48, para. 57 and the cases referred to therein, BL O/281/14,).”

33. The Opponent has filed a witness statement which states that approximately 340 vehicles were sold in the relevant period in the United Kingdom under the PHANTOM trade mark, at a price of £300,000 each (which I calculate totals £102m).³ This submission is unchallenged and so I accept it as fact. This is supplemented by numerous exhibits which show the Rolls-Royce PHANTOM vehicle advertised in brochures, on show at motorsport events, reviewed in various newspapers and magazines, and featured for winning awards in several publications. I am satisfied that vehicles under the PHANTOM mark were available to the public during the relevant

² BL O/158/17

³ I note that the Opponent has submitted a different figure (£320,000) in its written submissions. I will take the figure in the signed witness statement to be the correct one.

period. Putting all the evidence together provides me with a picture which is sufficient to establish that the Opponent has genuinely used its mark in the relevant period.

Fair specification

34. In *Property Renaissance Ltd (t/a Titanic Spa) v Stanley Dock Hotel Ltd (t/a Titanic Hotel Liverpool) & Ors*,⁴ Mr Justice Carr summed up the law relating to partial revocation as follows:

“iii) Where the trade mark proprietor has made genuine use of the mark in respect of some goods or services covered by the general wording of the specification, and not others, it is necessary for the court to arrive at a fair specification in the circumstance, which may require amendment; *Thomas Pink Ltd v Victoria's Secret UK Ltd* [2014] EWHC 2631 (Ch) ("Thomas Pink") at [52].

iv) In cases of partial revocation, pursuant to section 46(5) of the Trade Marks Act 1994, the question is how would the average consumer fairly describe the services in relation to which the trade mark has been used; *Thomas Pink* at [53].

v) It is not the task of the court to describe the use made by the trade mark proprietor in the narrowest possible terms unless that is what the average consumer would do. For example, in *Pan World Brands v Tripp Ltd* (Extreme Trade Mark) [2008] RPC 2 it was held that use in relation to holdalls justified a registration for luggage generally; *Thomas Pink* at [53].

vi) A trade mark proprietor should not be allowed to monopolise the use of a trade mark in relation to a general category of goods or services simply because he has used it in relation to a few. Conversely, a proprietor cannot reasonably be expected to use a mark in relation to all possible variations of the particular goods or services covered by the registration. *Maier v Asos Plc* [2015] EWCA Civ 220 ("Asos") at [56] and [60].

⁴ [2016] EWHC 3103 (Ch)

vii) In some cases, it may be possible to identify subcategories of goods or services within a general term which are capable of being viewed independently. In such cases, use in relation to only one subcategory will not constitute use in relation to all other subcategories. On the other hand, protection must not be cut down to those precise goods or services in relation to which the mark has been used. This would be to strip the proprietor of protection for all goods or services which the average consumer would consider to belong to the same group or category as those for which the mark has been used and which are not in substance different from them; *Mundipharma AG v OHIM* (Case T-256/04) ECR II-449; EU:T:2007:46.”

35. The Opponent has shown use for vehicles and, as such, I am satisfied that the terms “motor land vehicles” and “land vehicles” in its specification represent the used goods. However, I am not satisfied that the Opponent has shown use for parts and fittings for motor land vehicles or engines for land vehicles and parts thereof. Unlike for vehicles, there is no reference in the witness statement to sales of these goods or turnover for them. There is no mention of engines or parts of engines for land vehicles anywhere in the evidence. In relation to parts and fittings for motor vehicles, there are some exhibits (BM2, BM3, BM4 and BM7) which appear to promote the customisation of PHANTOM vehicles using different parts and fittings, but no evidence of where those goods can be purchased and at what cost, and no evidence of any actual sales.

36. The Opponent may rely on its PHANTOM mark for “motor land vehicles; land vehicles” for the purposes of this opposition. I will group these goods together, where necessary in this decision, in accordance with *Separode Trade Mark*⁵ since motor land vehicles fall within land vehicles.

Section 5(2)(b)

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

⁵ BL O/399/10

“A trade mark shall not be registered if because –

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

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

Relevant law

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

The principles

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

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

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

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

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

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

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

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

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

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

(k) if the association between the marks creates a risk that the public 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

39. The competing goods are shown in the table below:

Earlier mark (following proof of use)	Contested mark
Class 12: Motor land vehicles; Land vehicles	Class 12: Alarm systems for motor vehicles

40. Both parties have made submissions relating to the comparison of their respective goods. I do not intend to reproduce these, but I have considered them in coming to the conclusions that I have reached.

41. In the judgment of the Court of Justice of the European Union (“CJEU”) in *Canon*,⁶ 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”.

42. The relevant factors identified by Jacob J. (as he then was) in the *Treat* case⁷ 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;

⁶ Case C-39/97

⁷ [1996] R.P.C. 281

(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.

43. In *Kurt Hesse v OHIM*,⁸ the CJEU stated that complementarity is an autonomous criterion capable of being the sole basis for the existence of similarity between goods/services. In *Boston Scientific Ltd v OHIM*,⁹ the General Court stated that “complementary” means:

“...there is 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”.

44. The Opponent’s goods are vehicles, the purpose of which is to transport people or goods. The Applicant’s goods are alarm systems, designed to alert the user in an attempt to prevent theft. The parties goods differ in their physical nature, their intended purpose and their method of use. However, given that alarm systems for vehicles require a vehicle in order to be fitted, I find the goods to be complementary in that customers may think that the responsibility for the goods lies with the same undertaking. There may also be an overlap in trade channels through which the goods reach the market. Overall, I find the goods to be similar to a low degree.

⁸ Case C-50/15 P

⁹ Case T-325/06

The average consumer and the nature of the purchasing act

45. It is necessary for me to determine who the average consumer is for the goods in question; I must then determine the manner in which the goods are likely to be selected by the average consumer in the course of trade.

46. 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.

47. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

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

48. The average consumer of the goods in question will fall into one of two categories: a member of the general public or a professional in the automotive industry. Neither motor land vehicles nor alarm systems for motor vehicles are purchased frequently by the general public, however, the purchase is more frequent for professionals. The cost of the goods can vary significantly, with motor land vehicles likely to cost much more than alarm systems for motor vehicles. For the general public, choosing a vehicle is a well-considered purchase, with the consumer taking into account a variety of factors, such as the cost, the suitability for their needs, the look, and many other features of the vehicle. Choosing an alarm system for a motor vehicle is also a considered purchase, albeit not quite as thought through as a vehicle purchase, with the consumer

taking into account the price and the compatibility with the consumer's vehicle. For professionals, the purchase of the goods will require slightly less consideration given their greater experience. I find that, taking all of these factors into account, the level of care and consideration that will be adopted during the purchasing process ranges from medium to high.


Comparison of marks

49. It is clear from *Sabel* that the average consumer normally perceives a trade mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the trade marks must be assessed by reference to the overall impressions created by the trade marks, bearing in mind their distinctive and dominant components. The CJEU stated at paragraph 34 of its judgment in *Bimbo*, 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 relevant 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.”

50. 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 trade marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the trade marks.

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

Earlier mark	Contested mark
<p style="text-align: center;">PHANTOM</p>	

Overall impression

52. The earlier mark consists solely of the word PHANTOM, with no stylisation or figurative elements. The overall impression of the mark rests in the word itself.

53. The contested mark consists of the words CAN PHANTOM (written in black in a standard typeface) and a figurative element. The word CAN is emboldened and positioned above the word PHANTOM, which is not emboldened. Both words are aligned left and preceded by a figurative device of what appears to be a white lock or alarm symbol on a red circular background. Given their similar size and prominence within the mark, I consider all elements to make an equal contribution to the overall look and feel of the mark, with no one element being dominant.

Visual comparison

54. The similarity between the marks rests in the word PHANTOM, meaning the entirety of the earlier mark is visible within the contested mark. The differences are in the figurative device and the word CAN in the contested mark, which have no counterpart in the earlier mark. I find a medium degree of visual similarity between the marks.

Aural comparison

55. The word PHANTOM in each mark will be pronounced identically. The word CAN in the contested mark creates an aural difference; the contested mark consists of three

syllables as opposed to the earlier mark's two. The figurative device in the contested mark will not be articulated. Overall, I find the marks aurally similar to a medium degree.

Conceptual comparison

56. For a conceptual message to be relevant it must be capable of immediate grasp by the average consumer. This is highlighted in numerous judgments of the General Court and the CJEU including *Ruiz Picasso v OHIM*.¹⁰ The assessment must be made from the point of view of the average consumer.

57. The concept of the Opponent's mark that is likely to be immediately grasped is a ghost or an illusion, being the most common dictionary definitions of the word.¹¹ The word CAN in the contested mark alters the concept of PHANTOM because it makes the meaning somewhat ambiguous. Despite the Applicant's submission that CAN stands for Controller Area Network and is instantly recognisable, I am not of the view that the average consumer would immediately recognise the acronym and grasp its associated concept. Even for the consumers (likely within the professional group of average consumers) who do have knowledge of the meaning of CAN, that word combined with PHANTOM does not create a clear concept that will be immediately grasped. Despite the shared word PHANTOM, the earlier mark has a much clearer concept than that of the contested mark. Overall, I find the marks to be conceptually similar to a low degree.

Distinctive character of the earlier mark

58. The degree of distinctiveness of the earlier mark must be assessed. This is because the more distinctive the earlier mark, the greater the likelihood of confusion (see *Sabel*). In *Lloyd Schuhfabrik Meyer* the CJEU stated that:

¹⁰ [2006] e.c.r.-I-643; [2006] E.T.M.R. 29

¹¹ See Oxford English Dictionary (www.oed.com)

“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).”

59. Registered trade marks possess varying degrees of inherent distinctive character, ranging from the very low, because they are suggestive or allusive of a characteristic of the goods, to those with high inherent distinctive character, such as invented words which have no allusive qualities. The distinctiveness of a mark can be enhanced by virtue of the use that has been made of it.

60. The Opponent, in its written submissions, made the following submissions:

“34. The evidence attached as Exhibits BM1-BM16 to the witness statement of Bettina May all support a claim that the mark in question, PHANTOM, has enhanced distinctive character through the longstanding and widespread use that has been made of it in the UK since 1925.

35. The earlier PHANTOM mark as a strong reputation, and is highly distinctive, in respect of the relevant goods in Class 12 of the application.”

61. The Applicant, in its written submissions, made the following submissions:

“The trademark owned by the Opponent has one word, ‘phantom’, in common. But in no way does this word have any relation to a specific component on a motor vehicle.

[...]

‘Phantom’ is not a generic term used in the motor vehicle industry. Furthermore, the term CAN is an acronym used to describe the Controlled Area Network and completely defines the meaning.”

62. I will begin by assessing the inherent distinctive character of the earlier mark. As I have previously mentioned, the word PHANTOM is likely to be recognised either as a reference to a ghost or an illusion. In the context of motor land vehicles, PHANTOM is not descriptive of, or allusive for, those goods. I consider the word to be unusual on the goods for which it is used and, accordingly, I find the earlier mark to be inherently distinctive to between a medium and high degree.

63. I turn now to the question of whether the distinctive character of the mark has been enhanced through use.

64. The admission by the Applicant that “the Opponent’s product to which it attributes the mark has a significant reputation”,¹² alongside its submissions at paragraph 61 of this decision, would suggest that the admission is that the distinctiveness of the Opponent’s mark has been enhanced to a high degree through use. In any event, I consider that the Opponent’s evidence is supportive of that finding.

¹² Section A, paragraph 5 of the Applicant’s counterstatement.

65. The Opponent's evidence shows that sales of PHANTOM vehicles totalled an approximate £102m between 2014 and June of 2019. Clearly, these are not insignificant sums. I do note that the Opponent's evidence has some flaws, with no mention of market share. However, there are examples of the mark relied upon being used in a range of publications such as The Telegraph, The Times, The Sun, The Express and The Daily Mail. A publication from The Telegraph in October 2017 refers to the Opponent's Phantom VIII as "a masterclass in quiet luxury" and "the world's best luxury car". Further, PHANTOM has received awards such as BBC Top Gear's 'Luxury Car of the Year' in 2017 and UK Car of the Year Awards' 'Best Luxury Car' in 2018. Taking all of the evidence into account, I am satisfied that the distinctive character of the Opponent's mark has been enhanced to a high degree through use.

Likelihood of confusion

66. In assessing the likelihood of confusion, I must adopt the global approach set out in the case law to which I have referred in paragraph 38 of this decision. Such a global assessment is not a mechanical exercise. I must keep in mind the average consumer of the goods and services and the nature of the purchasing process. I remind myself that it is generally accepted that marks are rarely recalled perfectly, the consumer relying instead on the imperfect picture they have kept in their mind: see *Lloyd Schuhfabrik Meyer*, paragraph 27.

67. There are two types of confusion: direct and indirect. The distinction between the two was summed up by Mr Iain Purvis QC, sitting as the Appointed Person, in *L.A. Sugar Limited v By Back Beat Inc.*¹³

"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 recognised that the later mark is different from the earlier mark. It therefore requires a mental

¹³ BL O/375/10

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'.

17. 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)."

68. I have borne in mind that the examples given by Mr Purvis are not exhaustive. Rather, they were intended to be illustrative of the general approach.¹⁴

69. The marks have been found to be visually similar to a medium degree, aurally similar to a medium degree and conceptually similar to a low degree. I have found the similarity between the goods to be of a low degree.

¹⁴ See *Duebros Limited v Heirler Cenovis GmbH*, BL O/547/17 at paragraphs [81] to [82]

70. Notwithstanding the principle of imperfect recollection, I consider that there are sufficient visual and aural differences between the marks to avoid them being mistakenly recalled as each other. Neither the additional word nor the device in the contested mark will be overlooked by the average consumer (not the general public nor the professionals in the field). I do not consider there to be a likelihood of direct confusion.

71. I go on now to consider whether the average consumer, having recognised that the marks are different, considers the common element of both marks (the word PHANTOM) and determines, through a mental process, that the marks are related and originate from the same, or an economically linked undertaking.

72. Despite only a low degree of similarity between the parties' goods, I bear in mind that this may be offset by a greater degree of similarity between the marks and consider that the presence of the highly distinctive word PHANTOM in both marks will lead the consumer to consider that the goods are provided by the same or economically linked undertakings. For those average consumers who recognise that CAN stands for Controller Area Network within the automotive industry, they will likely see CAN as a descriptive element added to an otherwise highly distinctive mark and see the difference as logical with a sub-brand of PHANTOM. Even if there are fewer consumers who recognise the acronym CAN than those who do not, that portion of average consumers is sufficient for me to find a likelihood of indirect confusion.

73. The opposition under section 5(2)(b) has been successful.

Section 5(4)(a)

74. Section 5(4)(a) states as follows:

“5(4) A trade mark shall not be registered it, or to the extent that, its use in the United Kingdom is liable to be prevented –

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

(b) ...

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

75. In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court, conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56. In relation to deception, the court must assess whether “*a substantial number*” of the Claimants’ customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

76. For the purposes of its opposition based upon section 5(4)(a), the Opponent claims to have used the sign PHANTOM throughout the UK since 1925 for “land vehicles; parts and fittings for land vehicles”. Whether there has been passing off must be judged at a particular point (or points) in time. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O/410/11, Mr Daniel Alexander QC, as the Appointed Person, endorsed the registrar’s assessment of the relevant date for the purposes of section 5(4)(a) of the Act, as follows:

“43. In *SWORDERS TM* O-212-06 Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

‘Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.’ ”

77. There are no submissions or evidence to suggest that the Applicant has been selling goods under its contested mark prior to its application on 15 April 2019. As such, that will be the relevant date for the purposes of my assessment based upon section 5(4)(a).

Goodwill

78. I bear in mind the guidance set out in the judgment of the House of Lords in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL), by Pumfrey J in *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC) and by Floyd J (as he then was) in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat).

79. The Applicant, in its counterstatement, made the following submission:

“The Opponent has significant good will in relation to the manufacturing and sales of luxury vehicles.”

80. This appears to be an admission on the part of the Applicant. It is clear to me from the evidence filed that the Opponent has been trading for a number of years. The Opponent has filed unchallenged sales figures in its witness statement which show that 301 vehicles were sold prior to 2019, which (I calculate) totals over £90m. Taking

this into account, regardless of the Applicant's admission, I am satisfied that the Opponent has at least a significant degree of goodwill in the UK for land vehicles.

Misrepresentation and damage

81. In *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, Morritt L.J. stated that:

“There is no dispute as to what the correct legal principle is. As stated by Lord Oliver of Aylmerton in *Reckitt & Colman Products Ltd. v. Borden Inc.* [1990] R.P.C. 341 at page 407 the question on the issue of deception or confusion is

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents' [product]”

The same proposition is stated in Halsbury's Laws of England 4th Edition Vol.48 para 148. The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd.* (1941) 58 R.P.C. 147 at page 175; and *Re Smith Hayden's Application* (1945) 63 R.P.C. 97 at page 101.”

And later in the same judgment:

“... for my part, I think that references, in this context, to “more than *de minimis*” and “above trivial level” are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993). It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion.”

82. I recognise that the test for misrepresentation is different from that for likelihood of confusion in that it entails “deception of a substantial number of members of the public” rather than “confusion of the average consumer”. However, as recognised by Lewison L.J. in *Marks and Spencer PLC v Interflora* [2012] EWCA (Civ) 1501, it is doubtful whether the difference between the legal tests will produce different outcomes. Certainly, I believe that to be the case here. Where the goods for which the Opponent has shown goodwill are similar to the goods of the Applicant, I consider that a substantial number of members of the relevant public would be misled into purchasing the Applicant’s goods in the mistaken belief that they are the goods of the Opponent. This is because both marks share the common and highly distinctive element PHANTOM. Damage through diversion is easily foreseeable. This is so even though I have found the goods to be similar to only a low degree, given the very likely shared fields of activity.

83. The opposition based upon section 5(4)(a) of the Act succeeds.

Section 5(3)

84. Section 5(3) states that:

“5(3) A trade mark which -

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a European Union trade mark or international trade mark (EC), 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 repute of the earlier trade mark.”

85. As noted above, the Opponent’s mark qualifies as an earlier trade mark by virtue of its filing date.

86. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, Case 252/07, *Intel*, Case C-408/01, *Addidas-Salomon*, Case C-487/07, *L'Oreal v Bellure* 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*).

87. The conditions of section 5(3) are cumulative. Firstly, the Opponent must show that the earlier mark has achieved a level of knowledge/reputation amongst a significant part of the public. Secondly, it must be established that the level of reputation and the similarities between the marks will cause the public to make a link between them, in the sense of the earlier mark being brought to mind by the later mark. Thirdly, assuming that the first and second conditions have been met, section 5(3) requires that one or more of the types of damage claimed will occur and/or that the Applicant's mark will, without due cause, take unfair advantage of the reputation and/or distinctive character of the reputed mark. It is unnecessary for the purposes of section

5(3) that the goods be similar, although the relative distance between them is one of the factors which must be assessed in deciding whether the public will make a link between the marks. The relevant date for the assessment under section 5(3) is the date of the application - 15 April 2019.

Reputation

88. In determining whether the Opponent has demonstrated a reputation for the goods in issue, it is necessary for me to consider whether its mark will be known by a significant part of the public concerned with the goods. In reaching this decision, I must take into account all of the evidence including the market share held by the trade mark, the intensity, geographical extent and duration of use, and the size of the investment made by the undertaking in promoting it.

89. The Applicant, in its counterstatement, makes the following submission:

“The Opponent’s product to which it attributes the mark has a significant reputation, however this is not in dispute.”

90. I take the Applicant’s submission to be an admission that the Opponent has a reputation for the goods in issue. Despite the lack of evidence regarding the market share of the Opponent’s goods, given the significant sales figures, the references to the Opponent’s goods in numerous national newspapers, the press coverage of the Opponent’s goods and the awards they have received, regardless of the Applicant’s admission, I consider that the Opponent has demonstrated a strong reputation in motor land vehicles.

Link

91. My assessment of whether the public will make the required mental ‘link’ between the marks must take account of all relevant factors. The factors identified in *Intel* are:

The degree of similarity between the conflicting marks

For the reasons set out earlier, I consider the marks to be visually and aurally similar to a medium degree and conceptually similar to a low degree.

The nature of the goods or services for which the conflicting marks are registered, or proposed to be registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public

I have found that the goods are similar to a low degree.

The strength of the earlier mark's reputation

The Opponent's mark has a strong reputation in the UK.

The degree of the earlier mark's distinctive character, whether inherent or acquired through use

The Opponent's mark has a medium to high degree of inherent distinctive character which has been enhanced to a high degree through use.

Whether there is a likelihood of confusion

I have found there to be a likelihood of confusion between the Opponent's motor land vehicles and the Applicant's applied-for goods.

92. I find that for a significant part of the relevant public, knowing the reputation of the earlier mark, seeing the later mark will bring to mind the earlier mark, therefore creating a link between the two.

Damage

93. I must now assess whether any of the three pleaded types of damage will arise.

Detriment to reputation (tarnishment)

94. The Opponent's claimed basis for tarnishment refers to a risk that the Applicant's goods are of a lower quality. Tarnishment was dealt with by Rose J. in the *Cristalino* case:¹⁵

“89. Detriment to the repute of the mark, also referred to as ‘tarnishment’ or ‘degradation’, is caused when the goods or services for which the offending sign is used may be perceived by the public in such a way that the trade mark’s power of attraction is reduced. The concept was described by Arnold J in *Red Bull v Sun Mark* [2012] EWHC 1929 (Ch) at [93] where he quoted the relevant passage from Kerly’s *Law of Trade Marks and Trade Names* (15th ed) at para 9-131. Detrimental effect occurs where the later mark is used for goods or services which provoke a reaction of annoyance or displeasure whether through their intrinsic nature or because of the unpleasant mental association with the goods for which the earlier mark is reputed. It may also occur when the trade mark applied for is used in an unpleasant, obscene or degrading context, or in a context which is not inherently unpleasant but which process to be incompatible with the earlier mark’s image. This leads to tarnishment whereby “the reputed mark ceases to convey desirable messages to the public: hence the detriment to its distinctive character.”

95. Damage by way of tarnishment is not simply about the quality of the goods. Rather, there must be something about the later mark and/or the goods which the mark is applied to which spoils the image of the earlier mark or creates negative associations in the mind of the earlier mark’s consumers. The Opponent’s position is just hypothetical and is to be rejected.

Unfair advantage

96. In my view, the Opponent’s claim that the contested mark will gain a real commercial advantage by free-riding on the reputation and distinctive character of the

¹⁵ *Champagne Louis Roederer v J Garcia Carrion SA & others* [2015] EWCH 2760 (Ch)

earlier mark is well founded. This is because, whether or not the public believe that the users of the marks are connected, the continued and extensive use and prominent exposure of the earlier mark on and in relation to motor land vehicles will also advertise the contested mark in relation to alarm systems for motor vehicles. Therefore, by promoting its own mark on a substantial scale the Opponent will, in effect, be contributing to the promotion and exposure of the contested mark and the alarm systems offered under it. On the face of things, this is an unfair advantage. This means that the section 5(3) ground of opposition succeeds.

97. In the light of this finding there is no need to determine whether use of the contested mark would also be detrimental to the distinctive character of the earlier mark.

CONCLUSION

98. The opposition succeeds under sections 5(2)(b), 5(3) and 5(4)(a). The application will be refused.

COSTS

99. The Opponent has been successful and is entitled to a contribution towards its costs. I assess these as follows:¹⁶

Official fee	£200
Preparing a statement and considering the other side's statement	£400
Preparing evidence and considering and commenting on the other side's evidence	£700
Preparation of submissions in lieu of a hearing	£300

¹⁶ Awards of costs are governed by Annex A of Tribunal Practice Notice 2/2016

Total

£1600

100. I therefore order Steven Stone to pay Bayerische Motoren Werke AG the sum of £1600. This 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 final determination of the appeal proceedings (subject to any order of the appellate tribunal).

Dated this 7th day of January 2021

**Emily Venables
For the Registrar**