

O-847-21

TRADE MARKS ACT 1994

IN THE MATTER OF

APPLICATION NOS 3282923 & 3282921

BY COOLAIR EQUIPMENT LIMITED

AND OPPOSITION THERETO UNDER NOS 412581 & 412582

BY SEELEY INTERNATIONAL PTY LTD

AND

APPLICATION NO. 3443145

BY SEELEY INTERNATIONAL PTY LTD

AND OPPOSITION THERETO UNDER NO. 421019

BY COOLAIR EQUIPMENT LIMITED

Background and pleadings

1. This decision concerns two applications for registration filed by Coolair Equipment Limited (“CEL”) which are opposed by Seeley International Pty Ltd (“Seeley”) and a cross opposition filed by CEL against an application for registration made by Seeley.

Seeley’s oppositions to CEL’s trade mark applications

2. The first opposed application is trade mark application number 3282921. CEL filed the application on 16 January 2018 for the series of two figurative marks shown below:



3. As nothing turns on the difference in colour, I will refer to the marks in the singular as “UK921” unless it is necessary for me to distinguish between them. The application was published in respect of the following goods and services:

Class 11: Apparatus for heating, refrigerating and ventilating; heating, ventilating, and air conditioning and purification equipment (ambient); air treatment equipment; HVAC systems (heating, ventilation and air conditioning); combined heating and air conditioning apparatus; air conditioning; air conditioning apparatus and installations; air conditioning filters; air conditioning fans; air conditioning apparatus and installations for domestic, commercial and industrial use; residential air conditioning units; cooling apparatus; room coolers; air cooling apparatus and installations; air heating apparatus and installations; heat pumps; ventilation terminals; ventilation apparatus; extractors [ventilation or air conditioning]; parts and fittings for all the aforesaid goods.

Class 37: Installation, maintenance and repair of apparatus for heating, refrigerating, ventilating and air conditioning; HVAC systems (heating, ventilation

and air conditioning) installation, maintenance and repair; installation, repair and maintenance of heating equipment; maintenance and repair of heating and cooling apparatus, appliances and installations; air conditioning contractor services; routine servicing of air conditioning apparatus and installations; routine servicing of heating and cooling apparatus and installations; routine servicing of ventilating apparatus and installations; retrofitting of heating, ventilating and air conditioning installations in buildings; information, advisory and consultancy services relating to all of the aforesaid.

Class 42: Engineering design services; engineering design services in the field of HVAC systems (heating, ventilation and air conditioning); technical design and planning of HVAC systems (heating, ventilation and air conditioning); technical design services relating to heating, cooling and air-conditioning apparatus, appliances and installations; technical design and planning of heating installations; technical design and planning of cooling installations; information, advisory and consultancy services relating to all of the aforesaid.

4. Seeley opposes the application on the basis of s. 5(2)(b), under the provisions of s. 56(1), as well as s. 5(4)(a) of the Trade Marks Act 1994 (“the Act”). In both cases, the opposition is directed against all of the goods and services in the application. I will return to the details of the claims shortly.

5. The second opposition concerns trade mark application number 3282923 for the word “COOLAIR” (“UK923”). This trade mark was also filed by CEL on 16 January 2018. Registration is sought in classes 37 and 42 for services identical to those in the same classes of the specification of UK921, shown above. Seeley’s opposition against this mark is brought under ss. 5(2)(a) and 5(2)(b), based upon the provisions of s. 56(1), and on s. 5(4)(a). The opposition under each of these grounds is directed against all of the services in the application.

6. The claims in the two oppositions are nearly identical. Seeley says that it is the owner of two Australian trade marks (“AUTMs”) which are entitled to protection as well-known marks under article 6*bis* of the Paris Convention (s. 56(1) of the Act) and which therefore

qualify as earlier marks under s. 6 of the Act. The trade marks upon which Seeley relies are:

(i) AUTM813748 “COOLAIR”

Priority and registration date: 1 December 1997

Registered in class 11 for “evaporative air conditioners and coolers, and parts and accessories included in this class”.

(ii) AUTM315475



Priority and registration date: 11 October 1975

Registered in class 11 for “air conditioners and air conditioning installations and equipment”.

7. It is said that both of these trade marks have been used in Australia since 1978 and have gained a huge reputation in that country. The opposition against UK923, insofar as it is based upon AUTM813748, is said to offend against s. 5(2)(a) of the Act; all of the remaining objections based upon these trade marks are under s. 5(2)(b). It is said that the marks are identical or similar and that the goods and services are also identical or similar, which would give rise to a likelihood of confusion, including the likelihood of association.

8. Seeley also claims that it has used the sign “COOLAIR” and the figurative sign shown below in the UK since 1978:



9. The signs are said to have been used in respect of “air conditioning units; air conditioners and air conditioning installations and equipment; evaporative air conditioners

and coolers, and parts and accessories relating to these goods”. Seeley says that its use, or that of its predecessor in title, has resulted in a significant goodwill. It claims that the use of the contested mark would lead to misrepresentation, which in turn would result in lost sales or damage to its reputation. As a consequence, Seeley says that the applications offend against s. 5(4)(a) of the Act.

10. CEL filed counterstatements denying the claims and putting Seeley to proof, including proof that its signs qualify as well-known marks and of its alleged goodwill. CEL also relies in defence on concurrent user of the sign “COOLAIR” since 1980 and the absence of any instances of actual confusion or association with Seeley.

11. These cases were consolidated, without objection.

CEL’s opposition to Seeley’s trade mark application

12. On 11 November 2019, Seeley applied to register the following series of two trade marks under number 3443145:



13. Again, as nothing turns on the difference in colour, I will refer to the marks in the singular unless it is necessary to distinguish between them. Registration is sought in class 11 for the goods shown below:

Class 11: Apparatus for heating, cooling, ventilating, air conditioning; air re-heaters, sterilisers, central heating radiators, drying apparatus, desiccating apparatus; air filtration apparatus; evaporating air coolers, fans, blowers, filters, controllers, fittings and accessories therefor; ventilating equipment including ventilation hoods.

14. CEL opposes the application on the basis of ss. 5(2)(b), 5(3) and 5(4)(a) of the Act. Under each of these grounds, the opposition is directed against all of the goods in the

application. The opposition under ss. 5(2)(b) and 5(3) is based upon UK921 and UK923, the details of which are given at paragraphs 2 to 3 and 5, above. Given their filing dates, these marks qualify as earlier marks under s. 6 of the Act but, as they have not yet been registered, they are not subject to the use provisions at s. 6A.

15. Under s. 5(2)(b), CEL relies upon all of the goods and services in the specifications of its earlier marks. It says that the marks are similar and the goods and services identical or similar. It also claims that extensive use of UK923 since 1980 and of UK921 since 2001 has enhanced the distinctive character of the earlier marks. There would, it asserts, be a likelihood of confusion, including the likelihood of association.

16. Under s. 5(3), a reputation is claimed for all of the services in classes 37 and 42 for which registration is sought. CEL says that the similarity between the marks is such that the relevant public will believe they are used by the same undertaking or think that there is an economic connection between the users of the marks. It alleges that use of the contested mark would take unfair advantage of the earlier marks, tarnish their reputation and dilute their distinctive character.

17. Under s. 5(4)(a), CEL relies upon use throughout the UK of the word sign "COOLAIR" from 1980 and of figurative signs corresponding to UK921 from 2001. It is claimed that the signs have been used in relation to the same services as those in classes 37 and 42 of its trade mark applications. The use is said to have given rise to goodwill protectable under the law of passing off. CEL claims that use of the contested mark would cause misrepresentation and consequently damage through diversion of trade or erosion of its goodwill.

18. Seeley filed a counterstatement. In particular, it denies the validity of CEL's earlier marks and puts CEL to proof of the marks' alleged enhanced distinctive character and reputation. Seeley denies that there will be any damage under s. 5(3) and says it had due cause for applying for the trade mark. In respect of the s. 5(4)(a) grounds, Seeley put CEL to proof of goodwill and denies that there would be any misrepresentation or damage. It relies upon concurrent user from 1972.

Hearing and representation

19. A hearing was held before me, by videoconference, on 22 September 2021. Seeley was represented by Denise McFarland of Counsel, instructed by Forresters IP LLP, and CEL was represented by Charlotte Blythe of Counsel, instructed by Wilson Gunn.

Preliminary issues

20. Two preliminary issues required determination at the start of the hearing, namely the request by Seeley to add grounds of opposition and the consolidation of Seeley's oppositions against CEL's applications with CEL's opposition against Seeley's application. I rejected the request to add grounds and directed that the proceedings be consolidated. I gave brief reasons at the hearing but said I would give my reasons in full in this written decision. Before doing so, it is helpful to set out some brief background.

21. The hearing for Seeley's oppositions against CEL's applications was appointed on 23 July 2012 for 22 September 2021. On 17 August 2021, the tribunal wrote to the parties indicating that it was minded to consolidate CEL's opposition with the other cases and that in any event, if a hearing was required, CEL's opposition would be heard on 22 September 2021, either as part of the consolidated group or as a separate case. Neither party wished for the cases to be consolidated, nor, it is fair to say, was either party keen to have CEL's opposition heard on 22 September. I was not persuaded that the reasons put forward for delaying the hearing of CEL's opposition, all of which are set out in correspondence on the official file along with the tribunal's responses, amounted to sufficient justification for postponing the hearing, given the grounds in the competing cases and that the evidence is, as the parties accept, virtually identical. I indicated that consolidation would be considered as a preliminary matter.¹

¹ An application by CEL to suspend its opposition case, refused in a preliminary view on 6 September 2021, was not pursued at the hearing.

Request to amend the notice of opposition

22. On 17 September 2021, Seeley requested permission to add grounds under ss. 3(1)(b), 3(1)(c) and 3(3)(b) to its pleaded case in both of its oppositions against CEL's applications.² The reason given on the forms TM7G was that the proposed consolidation of all three cases had "led to a more deep review of the marks in question" and that Seeley had "become acutely aware of the importance of the question of the validity of the mark[s] applied for". At the hearing, Ms McFarland acknowledged the lateness of the request but argued that there was no urgency in these proceedings. She submitted that the validity of the marks was a fundamental matter which should be dealt with. Ms McFarland argued that no prejudice had been identified and that even if there were harm, it could be met with directions or an appropriate award of costs. Ms McFarland also pointed out that there was no estoppel and that the issue would have to be grappled with at some point, potentially leading to a multiplicity of proceedings. No additional explanation was offered to explain why the request was not made earlier. Whether Seeley would wish to file evidence was said to be dependent on any amended defence filed by CEL. Ms McFarland added that the work which had already been done for the hearing would not be wasted and that, for example, skeleton arguments could be re-used.

23. Not surprisingly, CEL objected strongly to the request to add grounds. Ms Blythe submitted that no valid reason for the late request had been offered and that the proposed consolidation "changed nothing". She indicated that CEL would wish to file evidence of acquired distinctiveness, because the evidence already filed did not go to that issue. Ms Blythe also pointed out that the logical conclusion of the validity point was that any late-filed request to add absolute grounds ought to be allowed, which could not be right. Prejudice was said to result from the delay if the hearing was adjourned, dragging out further a case that was already over three years old.

24. By any reckoning, the request to amend the pleadings was made very late in the day. Any opponent should identify the grounds upon which it wishes to rely at the earliest

² It was clarified at the hearing that the original reference on the forms TM7G to 3(3)(a) rather than 3(3)(b) was an error.

opportunity. In this case, I cannot see why the mere proposed consolidation of the proceedings would have awakened the opponent to the need to add three entirely novel grounds. As there are only very slight differences in the evidence in the cases, the proposed hearing of the cases together cannot have prompted such a wholesale review, nor are there absolute grounds in CEL's cross opposition. No good reason has been provided to explain why the opponent did not identify the validity of the marks as a critical issue three years ago when it filed the oppositions, or at least at an earlier stage of proceedings, such as when it saw CEL's evidence. Further, CEL wished to file evidence and an adjournment would therefore have been required if I permitted the amendment, resulting in significant delay. I do not consider it unreasonable that CEL indicated it would want to file evidence of acquired distinctiveness. Acquired distinctiveness of its trade marks is, admittedly, part of CEL's claim in its opposition to Seeley's mark but I accept that there are a number of factors in any opponent's decision about the evidence reasonably required to substantiate its claim and that it is not necessarily the case that CEL has already filed its best evidence of acquired distinctiveness across the full specification. Seeley was unable to say whether it would need to file evidence. It is not appropriate that a party wishing to add grounds at a very late stage of proceedings is unable to state whether it wishes to file evidence in respect of those grounds and the lack of clarity on this point is further reason to doubt that the delay would be anything other than substantial. A further factor in my decision was that, even if the objections were in some respects successful, given the evidence of use filed by CEL I was doubtful that the additional grounds would make any material difference to the outcome of these oppositions. A refusal of the request to amend the pleadings may open the door to future invalidation proceedings but I did not consider that justification for allowing the amendment, with all of the delay that would entail.

Consolidation

25. By the time of the hearing, CEL had dropped its opposition to the consolidation of proceedings. For Seeley, Ms McFarland stressed the "purity" of dealing with the cases separately and the difficulty of the parties occupying the position of opponent/applicant in one set of proceedings and reverse roles in the other. She also pointed out that it might

be of benefit to have the tribunal's decision on the first two cases, to know which submissions had found favour in order to deploy or amend them in CEL's opposition. Ms McFarland also complained of the short period of notice given in fixing the hearing.

26. I recognise that main hearings are often appointed with a good deal of notice. However, the parties were first advised of the hearing of CEL's opposition with over a month's notice and, therefore, more than the minimum laid down by the legislation. I do not think there is anything in the notice point. There are obvious benefits in consolidating the cases, not the least of which is the saving of time, including hearing officer time and therefore public money, in dealing with the cases comprehensively rather than as two separate sets of proceedings. These proceedings particularly lend themselves to that approach, since there are competing passing off claims and the evidence is very similar. There did not seem to me to be any significant disadvantage to the parties which would arise from consolidation. It is relatively common for parties to be both poacher and gamekeeper in consolidated proceedings. Of course, that means that it is more difficult for a party to adopt one position in one case and entirely the reverse position in another. Another way of putting it is that parties cannot both have their cake and eat it. I do not see that as being prejudicial; on the contrary, it is more likely to lead to even-handed and realistic evaluation of the issues. I accept that parties may amend their submissions in response to a decision of the tribunal in related proceedings but, as has been pointed out, albeit in a different context, tribunal proceedings are the first and last night of the show and parties should make their case accordingly. As CEL's opposition was ready for hearing, there was no guarantee that the decision on Seeley's oppositions would be issued before CEL's case came on for hearing; indeed, in this case that would not have happened. In order to make the most efficient use of tribunal resources, the case would have stayed with me for a decision and I would simply have deferred writing the decision on the first group until the later case was heard, then I would have written two separate decisions in parallel rather than one comprehensive decision. It was, in my view, appropriate to consolidate.

Witnesses

27. Seeley's witnesses are as follows:

- Frederic Frank Seeley, the founder and Chairman of Seeley and of F.F. Seeley Nominees Pty Ltd, which is Seeley's parent company. Mr Seeley has held his role in F.F. Seeley Nominees Pty Ltd since 1975. His evidence concerns the history of Seeley, which is an Australian company, and the use which has been made of the marks.
- Samuele Peli, the General Manager Sales of Seeley International Europe (Italia) S.r.l. Mr Peli heads up European operations. His evidence goes to the market for evaporative coolers in the EU, as well as some details about the "Coolair" product and sales.
- Brett Smith, the Heating Products Manager for Powrmatic Limited. He has worked for the company for 25 years. Mr Smith's evidence concerns the distribution arrangement between Powrmatic and Seeley and his company's marketing of Seeley's goods.
- David Hithersay, the Divisional Manger for the climate and heating division of TIDYCO Limited. Mr Hithersay has a long history in industrial and heating sales and has held his current role since 2009. Mr Hithersay's evidence concerns the purchase of Seeley products by his company from Powrmatic, and their onward sale.
- Bill Threadgold, the owner and Managing Director of Air Diffusion Agencies Pty Ltd, an Australian company. Mr Threadgold gives evidence about his own company, its purchase of "Coolair" products and the air conditioning market in Australia.
- Sam Ceravolo, a director of Quality Air-conditioning & Heating, another Australian company. He gives evidence about his company's sale of "Coolair" products.

- Kathryn Cruse, a Trade Mark Attorney and Seeley’s professional representative. Ms Cruse’s evidence concerns “Coolair” goods offered for sale on a UK website (exhibit KC1). The exhibit is not dated other than a February 2020 printing date and I do not propose to detail it further.
- Peter Robinson, a Technical Manager for Seeley International (Europe) Limited (“Seeley Europe”) between 2005 and 2018. Mr Robinson’s evidence is simply that during his employ he serviced and repaired “Coolair” cooling products. Again, I have noted his evidence but do not need to detail it further.
- Warren Delo, the Finance and Operations Director for Seeley Europe between August 2005 and December 2008. He gives some evidence concerning UK distribution of Seeley’s products.

28. CEL’s witnesses are:

- John Otterson, the Chairman of CEL. Mr Otterson has worked for CEL since 4 October 1984. He gives evidence about CEL and about its use of the marks/signs relied upon.
- Richard Marc Lewis, a Trade Mark Attorney and CEL’s professional representative. Mr Lewis’s evidence is filed in response to Mr Delo’s statement. It concerns the companies mentioned in Mr Delo’s statement and their sale of Seeley’s goods.

29. As I have already indicated, the evidence filed in respect of all three oppositions is largely identical. References are to the witness statements filed in Seeley’s oppositions unless otherwise indicated. Where I need to distinguish, I will refer to the statements in CEL’s opposition as second statements (e.g. “F. Seeley 2”).

30. None of the witnesses was cross-examined. In their written evidence, several of them provide their opinions on, for example, the strength of the parties’ reputations, the perception of consumers and whether there would be confusion. Such matters are for me

to determine and, whilst I have read the entirety of their evidence, I do not intend to record the witnesses' thoughts on those issues.

Relevance of EU law

31. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Act relied upon in these proceedings are derived from an EU Directive. That is why this decision continues to refer to EU trade mark law.

Seeley's oppositions to CEL's trade mark applications

32. As the outcome of Seeley's oppositions to CEL's applications will determine whether CEL can rely upon its trade mark applications, that is where I will start. It is convenient to begin with the s. 5(4)(a) ground.

Section 5(4)(a)

33. Section 5(4)(a) as it stood at the date of application states:

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

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

(b) [...]

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

34. In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, HHJ Clarke, sitting as a deputy Judge of the High Court, 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)”.

Relevant date

35. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O/410/11, Daniel Alexander QC, sitting as the Appointed Person, endorsed the registrar’s assessment of the relevant date for the purposes of s. 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”.

36. Seeley does not dispute that CEL has carried on business in the UK since at least 2000.³ It does, however, say that there is a gulf between a company name registration and goodwill relating to a particular sign. It does not appear to be disputed that CEL's business relates to services relating to cooling air equipment and/or air conditioning equipment.⁴ For its part, CEL claims that its use dates back to 1980.

37. CEL's evidence is that the company name "Coolair Equipment Limited" was first registered with Companies House on 13 February 1980 under company registration number 1478969, with trade beginning from premises in Manchester the same year.⁵ There is in evidence a photograph said to show the original premises which bears the sign "Coolair Equipment Limited".⁶ Mr Otterson's evidence is that CEL is a specialist in the supply, installation, servicing and maintenance of heating, ventilation and cooling equipment.⁷ He says that from 1980 to 1985 CEL supplied and installed air conditioning units manufactured by Toshiba Corporation, with which CEL had an exclusive relationship to supply, install, service and maintain Toshiba air conditioning units in the UK.⁸ There is little documentary evidence dating to 1980 but there is a print from an enquiry book dated February 1980.⁹ Potential customers are in the north-west of England and "ordered" appears next to two entries. Turnover figures for CEL "in respect of services supplied almost exclusively in the UK under the Trade Mark(s)" are provided from 1980 to 2018.¹⁰ They show turnover in 1980 was £233,000.

38. I accept that a corporate name and use to indicate commercial origin are not necessarily the same thing. Nevertheless, where a business offers services under its company name and no other signs are used to indicate the origin of those services, it is likely that the consumer will perceive the company name as designating the origin of

³ Seeley's skeleton argument, §36.

⁴ Seeley's skeleton, §38.

⁵ Otterson, §1, exhibit JO1.

⁶ Exhibit JO4.

⁷ Otterson, §5. It is accepted that CEL has not sold any "COOLAIR"-branded goods: Otterson 2, §38.

⁸ Otterson, §8.

⁹ Exhibit JO10.

¹⁰ Otterson, §26. 1993 figures are not provided: Mr Otterson says he has been unable to trace them. Supporting evidence is at exhibit JO11.

those services.¹¹ I recognise that none of the individual elements of the company name is particularly, if at all, distinctive. However, I am satisfied that the use of “Coolair Equipment Limited” is likely to be perceived as indicating the services of a particular trader. There is no evidence to suggest that CEL’s services were offered under any other sign in 1980. It is also relevant that, in order to make good the defence, CEL has to meet the lower threshold of use of the sign, rather than establish that CEL had its own protectable goodwill at the date of first use.¹² There was no argument before me that there has been any break in CEL’s trade which might be relevant. I find that CEL first used the sign “COOLAIR” to offer air conditioning services to customers in February 1980 or, if that is not right, that the sign had been so used, at the latest, by the end of 1980.

39. In order to make out its s. 5(4)(a) case, Seeley must, therefore, show both that it could have restrained the use of the mark at its first start in 1980 and that that remained the case at the date of application, i.e. 16 January 2018.¹³

Seeley’s goodwill

40. In *Inland Revenue Commissioners v Muller & Co’s Margarine Ltd* [1901] AC 217 (HOL), goodwill was described as follows:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start”.

41. Goodwill which is protectable under the law of passing off must be more than trivial: *Hart v Relentless Records* [2002] EWHC 1984 (Ch). However, a small business which has more than a trivial goodwill can protect signs which are distinctive of that business

¹¹ That is the position in genuine use cases (e.g. *Céline SARL v. Céline SA*, Case C-17/06, *Cactus SA v OHIM*, Case T-24/13, EU:T:2015:494) and I see no reason why the same would not apply here.

¹² *TWG Tea Company Pte Ltd v Mariage Frères Société Anonyme*, BL O/349/16 at [35] to [37].

¹³ *Smart Planet Technologies, Inc. v Rajinda Sharma*, BL O/304/20.

under the law of passing off even though its goodwill and reputation may be small.¹⁴ In *Smart Planet Technologies*, Thomas Mitcheson QC, sitting as the Appointed Person, reviewed the following authorities about the establishment of goodwill for the purposes of passing-off: *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc* [2015] UKSC 31, *Reckitt & Colman Product v Borden* [1990] RPC 341, HL and *Erven Warnink B.V. v. J. Townsend & Sons (Hull) Ltd* [1980] R.P.C. 31. Mr Mitcheson concluded that:

“[...] a successful claimant in a passing off claim needs to demonstrate more than nominal goodwill. It needs to demonstrate significant or substantial goodwill and at the very least sufficient goodwill to be able to conclude that there would be substantial damage on the basis of the misrepresentation relied upon”.

42. The establishment of goodwill in the UK requires the presence of customers in this jurisdiction: *Starbucks (HK) Limited and Another v British Sky Broadcasting Group Plc & Others*, [2015] UKSC 31 at [41] and [52].

43. Mr Seeley says that Seeley is Australia’s largest air-conditioning manufacturer and a global leader in the design and manufacture of heating and cooling products.¹⁵ Mr Seeley’s evidence is that portable coolers were first manufactured and sold under the sign “Coolair” in 1967, as part of an arrangement Mr Seeley and his brother had with a third-party company.¹⁶ A rooftop evaporative cooler followed in 1969.¹⁷ After a brief hiatus in 1978, “Coolair ‘turbo’” axial coolers were introduced, which is said to have been “pioneering”, following which various other models of rooftop cooler were made available both before and after the business was sold to Seeley in 1997.¹⁸ There is evidence that Seeley designed and manufactured a number of air-conditioners, including evaporative air-conditioners, under various brand names.¹⁹ There is also some evidence of quantities

¹⁴ See, for example, *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590 and *Stannard v Reay* [1967] F.S.R. 140.

¹⁵ F. Seeley, §16.

¹⁶ F. Seeley, §§5-6.

¹⁷ F. Seeley, §7.

¹⁸ F. Seeley, §§10-13.

¹⁹ F. Seeley, §25-26, 23.

of sales of “Coolair” air conditioners in Australia and of their cost.²⁰ Seeley’s sales of Coolair products in Australia are said to total approximately AU\$7 million and the company is said to have a 15% market share.²¹ Mr Seeley says that Seeley has a reputation in Australia and globally for “quality, service, innovation, safety, reliability, and integrity” and gives evidence of awards and apparent innovations by the company up to 2019.²² It is not entirely clear where these awards were won; many appear to be in Australia. I note that Seeley won the “Energy Reduction Product 2018” award at the London Energy Management Awards but this appears to relate to the “Breezair” product.

44. Despite all of this, there is next to no evidence relating to sales in the UK in 1980 (or earlier). Mr Seeley says that he remembers Coolair evaporative coolers being exported from Australia to countries including the United Kingdom from 1972 to 1997.²³ However, records of sales to the UK are said to have been lost over the years.²⁴ The earliest invoices in evidence are dated August 2015.²⁵ There are no product brochures before 2004.²⁶ It is asserted that Seeley’s “Coolair” goods were sold to CEL but the date/period is not specified and there is no documentary evidence to support that statement.²⁷ It is regrettable that Seeley has lost records of its UK trade. I accept that showing that goodwill existed decades ago may be challenging and that some allowance must be made for the likelihood that detailed records will not be available in the same way as one would expect for more recent periods. However, the passage of time does not remove the burden of proof altogether: I must still be satisfied on the balance of probabilities that Seeley had the goodwill it asserts. The only evidence at all about Seeley’s UK exports in 1980 is an assertion from Mr Seeley that some air conditioning units were exported from 1972. There is no indication whatsoever of the number of sales, the monies generated by such sales, their frequency or the customers for such goods. The evidence is wholly insufficient to

²⁰ Threadgold, §18; Ceravolo, §17.

²¹ F. Seeley, §32.

²² F. Seeley, §§24-28; exhibits COOLAIR 1 and 2.

²³ F. Seeley, §14.

²⁴ F. Seeley, §15.

²⁵ Exhibit COOLAIR 2B.

²⁶ Exhibit COOLAIR 2B; Exhibit COOLAIR 2A.

²⁷ F. Seeley, §15.

establish that Seeley would have been able to restrain CEL's use in 1980. The oppositions based on s. 5(4)(a) fall at the first hurdle and are dismissed accordingly.

Sections 5(2)(a) and (b)

45. Sections 5(2)(a) and (b) read 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,

(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,

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

46. Seeley claims that its marks qualify as earlier trade marks under s. 6(1)(c) of the Act, which reads as follows:

“6. (1) In this Act an “*earlier trade mark*” means —

a trade mark which, at the date of application for registration of the trade mark in question or (where appropriate) of the priority claimed in respect of the application, was entitled to protection under the Paris Convention [or the WTO agreement] as a well known trade mark”.

47. Section 56(1) is also of relevance:

“56.— Protection of well-known trade marks Article 6bis.

(1) References in this Act to a trade mark which is entitled to protection under the Paris Convention [or the WTO agreement] as a well known trade mark are to a mark which is well-known in the United Kingdom as being the mark of a person who—

(a) is a national of a Convention country, or

(b) is domiciled in, or has a real and effective industrial or commercial establishment in, a Convention country.

whether or not that person carries on business, or has any goodwill, in the United Kingdom. References to the proprietor of such a mark shall be construed accordingly”.

48. In *Hotel Cipriani SRL & Ors v Cipriani (Grosvenor Street) Ltd & Ors* [2008] EWHC 3032 (Ch), Arnold J (as he then was) concluded at [237] that the following factors are relevant to determining whether a mark is well known:

- 1) the degree of knowledge or recognition of the mark in the relevant sector of the public;
- 2) the duration, extent and geographical area of any use of the mark;
- 3) the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
- 4) the duration and geographical area of any registration, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;
- 5) the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;

6) the value associated with the mark.

49. The pleaded case is that Seeley's marks have a huge reputation in Australia and that they are therefore entitled to protection under the Paris Convention. However, as s. 56(1) makes clear, what matters is whether the marks are well known in the UK.

The evidence

50. Seeley's evidence is that since it acquired the business in 1997, it has manufactured and sold evaporative coolers in Australia, also exporting them to the Middle East, Europe, the UK and South Africa.²⁸ It has (presumably at the date of Mr Seeley's statement in February 2020) offices and/or subsidiaries in various countries, including the UK.²⁹ Export sales from the UK are dealt with by Seeley Europe.³⁰ Six invoices, dated between August 2015 and January 2017, show sales from Seeley to Seeley Europe, which has a UK address, of goods including "COOLER [...] SPAIN COOLAIR", as well as "COOLAIR PAD FRAME[s]", and "COOLAIR" wall controls for small amounts.³¹ Sales figures for "Coolair" coolers are given, two of which include sales in the UK.³² These figures show sales of 128 units totalling £111,000 in 2016 and 116 units totalling £94,000 in 2017. They are not broken down by country.

51. In April 2016, Seeley entered into a distribution agreement with Powrmatic Ltd, which was appointed as Seeley's exclusive UK distributor of "Coolair" products.³³ The distribution agreement in evidence, which concerns the initial 12 months, stipulated a minimum sales volume of 28 "Coolair" units. In 2016, Powrmatic took delivery of 48 "Coolair" units; subsequently Powrmatic purchased units as needed.³⁴ Three invoices from Seeley Europe to Powrmatic, dated June 2016, July 2016 and January 2017, show sales of "COOLER [...] SPAIN COOLAIR" units in the sum of £21,348.80, £22,640.80

²⁸ F. Seeley, §14.

²⁹ F. Seeley, §20.

³⁰ F. Seeley, §37.

³¹ Exhibit COOLAIR 2B.

³² F. Seeley, §38.

³³ F. Seeley, §36; exhibits COOLAIR 3 and 4. Mr Smith gives a different date. I prefer the documentary evidence.

³⁴ Smith, §6.

and £21,395.00, respectively.³⁵ The 2016 invoices show “COOLAIR” wall controls for £69.30 each and “COOLAIR” pad frames costing £25.41 each. It is said that most of the other goods are spare parts for “Coolair” products.³⁶ It is not clear whether this applies to all of the remaining goods or only those not clearly branded “BREEZAIR”. Those not branded “BREEZAIR” amount to less than £8,000 over the three invoices. The evidence is that there was a sale of 20 units in a single job, for a Ted Baker warehouse in Derby, and sales to Westlands (now Leonardo Helicopters) in Yeovil.³⁷ The dates of these projects are not, however, in evidence.

52. Product brochures dated between 2004 and 2010 show “Coolair” in use for evaporative air conditioners.³⁸ Mr Seeley’s evidence is that these are brochures for the Australian market but that similar brochures were used in the UK. There is no more evidence about their distribution. A technical document said to have been available on seeleyinternational.com/uk is in evidence but it is not dated.³⁹ An article about “Coolair” evaporative coolers is said to have been available to read since 2008, when a distributor in Spain began marketing the product.⁴⁰ This appears to mean that it was available in the EMEA section of www.seeleyinternational.com. The article refers to the suitability of the product for “air conditioning your home for the harsh Australian climate”.

⁴¹ It appears that there were 49 attendees from 26 companies. The promotional material shows use of the word “Coolair”, as well as use of the mark shown below (which corresponds to the second mark in UK3443145’s series):



³⁵ Exhibit COOLAIR 7.

³⁶ F. Seeley, §42.

³⁷ Smith, §9. See also Hithersay, §9.

³⁸ Exhibit COOLAIR 2A. See also F. Seeley, §34.

³⁹ Exhibit COOLAIR 9.

⁴⁰ Exhibit SP1.

⁴¹ F. Seeley, §40 and exhibit COOLAIR 5; Smith §§7-8 and exhibits BS2 (largely duplicative) and BS3.



55. In addition, there is promotional material dated December 2016 said to have been produced by Powrmatic which shows use throughout of “coolair”/“Coolair” for evaporative coolers.⁴² There is also an article about evaporative cooling which appears to have been available on www.powrmatic.co.uk in December 2017 and which shows “coolair” on goods.⁴³

56. Seeley exhibited at the 2019 Southern Manufacturing & Electronics conference at Farnborough International Exhibition & Conference Centre in February 2019, where a sign corresponding to UK3443145’s second mark was visible on signage.⁴⁴ Seeley won the “Energy Reduction Product 2018” award at the London Energy Management Awards but, as I have indicated, this appears to relate to the “Breezair” product.⁴⁵

57. Mr Hithersay says Powrmatic provides all of the products installed by his company, TIDYCO, 65% of which are “warm air industrial heating products”.⁴⁶ However, Mr Hithersay’s evidence is that his company has not bought “a huge amount” of “Coolair” products, pointing only to the Ted Baker project described above, though there is evidence that “Coolair” goods have appeared on TIDYCO’s website since May 2018.⁴⁷ Similarly, although Mr Delo gives evidence that “Coolair” goods were sold and distributed

⁴² Exhibit COOLAIR 6. Duplicated at exhibit BS2.

⁴³ Exhibit COOLAIR 8.

⁴⁴ Exhibit COOLAIR 10.

⁴⁵ F. Seeley, §§24-28; exhibits COOLAIR 1 and 2.

⁴⁶ Hithersay, §4.

⁴⁷ Hithersay, §§9-10; exhibits DH2-DH3.

in the UK between 2005 and 2008 by Seeley Europe, Scott Brothers (Cheshire) and Cosaf (Manchester), there are no details, nor any documentary evidence.⁴⁸

Discussion and conclusions

58. Seeley relies on the fact that evaporative cooling is a niche market. Ms McFarland submitted that the fact the market is identifiable, rather like the vegan or low-calorie food markets, means that it stands on its own feet as a niche market.⁴⁹ I accept that in certain circumstances it may be appropriate to construe the relevant market restrictively.⁵⁰ However, it would not be appropriate to construe the relevant market simply as the market for the particular goods which are sold by a party. Although evaporative coolers are said by Seeley's witnesses to be innovative/relatively new to the EU (leaving aside the self-serving nature of those statements),⁵¹ there is nothing in the evidence to suggest that the users of evaporative cooling units are a specialist group or that evaporative coolers are a highly specialised or expensive product which would not be purchased by the member of the public, business person or trader seeking air conditioning goods or services. In addition, as Ms Blythe pointed out, the specifications at issue are not restricted to evaporative cooling goods and services. My view is that the relevant market is the air conditioning market.

59. I cannot see any use at all of AUTM315475. As for "COOLAIR" solus, the invoices to Powrmatic total just under £44,000 in 2016 and £21,395.00 in 2017 for "COOLAIR" units. As Powrmatic was Seeley's exclusive distributor in 2016, the 2016 figures can be taken to represent the entirety of the sales of "COOLAIR" units in the UK. There is nothing to suggest that the arrangement was different in subsequent years. Even if I take into account the spare parts etc. on the invoices, these sales figures strike me as modest.

⁴⁸ Delo, §3.

⁴⁹ Transcript, p. 44.

⁵⁰ See, for example and by analogy, *Polfarmex S.A. v EUIPO*, Case T-677/19, EU:T:2020:424. This was a non-use case where the General Court held that the market for racing cars is a small and specialist one, unlike that for sports cars.

⁵¹ See, for example, Hithersay, §11, Smith, §9.

60. The sales from Seeley to Seeley Europe are of no assistance, because they show internal use only (and the material question is whether the mark has become well known in a relevant sector, i.e. amongst end consumers or traders/professionals in the sector) and because it is clear that Seeley Europe exports goods outside the UK. They do not, therefore, show that the 2016 and 2017 invoices represent only a portion, rather than the sum total of UK sales. Mr Delo's evidence is far too vague to demonstrate that "COOLAIR" goods have been sold in the UK since 2005 or the extent of any such sales. Mr Robinson's evidence similarly lacks specificity. I also bear in mind that CEL filed evidence in reply, consisting of press releases and archive prints from websites connected with the companies identified in Mr Delo's statement, all dated between 2005 and 2008 and none showing "coolair" goods (though other Seeley products are mentioned).⁵²

61. I accept that there has been some promotion of the "COOLAIR" brand. However, the evidence of its duration and intensity is not compelling. The brochures from 2004 to 2010 are said to be similar to those used in the UK but there is no detail at all about when precisely such brochures were first used in the UK, how many were distributed, through which channels or whether any enquiries or sales resulted. The evidence is too flimsy for me to determine with any certainty when or to what extent similar brochures were in fact used in the UK. The appearance of an article about "Coolair" evaporative coolers on the www.seeleyinternational.com website in 2008 is similarly unconvincing. I accept that the article appeared on the website as claimed but the fact that the article refers to equipping one's home for the Australian climate indicates that the article was not directed at customers in the UK. There is little reason to believe that the relevant UK consumers would have any reason to read an article on an Australian company's website as a consequence of the making available of that company's goods in a third country. The first clear evidence of UK promotion is the appearance on Powrmatic's website of "coolair" goods in December 2016 (a second article appeared in December 2017). The April 2017 training day and the 2019 conference followed. There is no evidence that Seeley's "coolair" products have been advertised in, for example, the UK trade press or magazines. In fact, there is no evidence that they have been reviewed, tested or otherwise mentioned

⁵² Lewis; exhibits RML1-RML4.

in the UK press at all. There are no figures for advertising spend. Whilst the significant share of the Australian market is noted, there is no persuasive evidence that that has translated into any knowledge on the part of the UK consumer, whether an end user or a person in the trade. The limited sales, revenue and advertising result in the evidence falling a long way short of showing that either mark was well known in the UK at the relevant date. The oppositions based upon ss. 5(2)(a) and 5(2)(b) on the grounds that the earlier marks are well-known marks are rejected.

Conclusion on Seeley's oppositions

62. Seeley's oppositions have failed. CEL's applications will proceed to registration

CEL's opposition to Seeley's trade mark application

Section 5(2)(b)

63. I have already set out the relevant section of the Act.⁵³ The case law reveals the following principles, gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, EU:C:1997:528, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, EU:C:1998:442, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, EU:C:1999:323, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, EU:C:2000:339, *Matratzen Concord GmbH v OHIM*, Case C-3/03, EU:C:2004:233, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, EU:C:2005:594, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P, EU:C:2007:333, and *Bimbo SA v OHIM*, Case C-591/12P, EU:C:2016:591:

(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

⁵³ Given the date of application, the changes to the Act in January 2019 mean that the legislation relevant to Seeley's application is slightly different from that applicable to CEL's applications. In respect of s. 5(2)(b), however, it is only necessary to note the addition of s. 5A.

reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

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

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

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

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

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

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

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

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

(k) if the association between the marks creates a risk that the public will wrongly believe that the respective goods or services come from the same or economically linked undertakings, there is a likelihood of confusion.

64. It is convenient to begin with the opposition based upon UK3282923; I will return to the other mark later, if necessary.

The average consumer and the nature of the purchasing act

65. The average consumer is a legal construct deemed to be reasonably well informed and reasonably circumspect: *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) at [60]. For the purposes 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 and services in question: *Lloyd Schuhfabrik*.

66. As I indicated above, the average consumer of the goods and services at issue will consist of members of the public, professionals seeking heating/cooling solutions (such as air conditioning for warehouses and retail premises) and traders in the field. The specifications cover a wide range of goods and services, for example from single radiators and routine domestic boiler maintenance to the design and installation of commercial HVAC systems. Across the board, the selection process is likely to be mainly visual, with exposure to the marks arising online through websites and, for example, in brochures and advertising both in print and online. There may be an aural element to the selection process, particularly for professionals and traders, from word of mouth recommendations and consultations with, for example, architects and engineers. In general, the goods and services are unlikely to be purchased particularly often and even at the lower end of the spectrum there will be some attention to, for example, radiator output or the professional qualifications of the service provider. The level of attention is likely to be at least medium for the general public. The professional purchaser or trader is likely to be alive to issues such as compatibility with existing systems and may be purchasing larger/more expensive systems, or entering into contracts of longer duration, and their level of attention is likely to be at least reasonably high.

Comparison of goods and services

67. The goods and services to be compared are:

UK923's specification	Contested specification
<p><u>Class 37:</u> Installation, maintenance and repair of apparatus for heating, refrigerating, ventilating and air conditioning; HVAC systems (heating, ventilation and air conditioning) installation, maintenance and repair; installation, repair and maintenance of heating equipment; maintenance and repair of heating and cooling apparatus, appliances and installations; air conditioning contractor services; routine servicing of air conditioning apparatus and installations; routine servicing of heating and cooling apparatus and installations; routine servicing of ventilating apparatus and installations; retrofitting of heating, ventilating and air conditioning installations in buildings; information, advisory and consultancy services relating to all of the aforesaid.</p> <p><u>Class 42:</u> Engineering design services; engineering design services in the field of HVAC systems (heating, ventilation and air conditioning); technical design and planning of HVAC systems (heating,</p>	<p><u>Class 11:</u> Apparatus for heating, cooling, ventilating, air conditioning; air re-heaters, sterilisers, central heating radiators, drying apparatus, desiccating apparatus; air filtration apparatus; evaporating air coolers, fans, blowers, filters, controllers, fittings and accessories therefor; ventilating equipment including ventilation hoods.</p>

<p>ventilation and air conditioning); technical design services relating to heating, cooling and air-conditioning apparatus, appliances and installations; technical design and planning of heating installations; technical design and planning of cooling installations; information, advisory and consultancy services relating to all of the aforesaid.</p>	
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68. When making the comparison, all relevant factors relating to the goods and services in the specification should be taken into account. In *Canon*, the Court of Justice of the European Union (“CJEU”) stated at paragraph 23 of its judgment:

“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”.

69. Guidance on this issue has also come from Jacob J. (as he then was) *British Sugar Plc v James Robertson & Sons Ltd* (the *Treat* case), [1996] R.P.C. 281, where he identified the factors for assessing similarity as:

- (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.

70. It is also relevant whether there is a complementary relationship between the respective goods and/or services. The CJEU explained in *Kurt Hesse v OHIM*, Case C-50/15 P, EU:C:2016:34, that complementarity is an autonomous criterion capable of being the sole basis for the existence of similarity between goods. The same applies by analogy to services. In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, Case T-325/06, EU:T:2009:428, the General Court (“GC”) 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”.

71. The earlier specification contains the term “HVAC systems (heating, ventilation and air conditioning) installation, maintenance and repair”. As I read it, that term covers the installation, maintenance and repair of all types of HVAC equipment. The contested goods are all different types of HVAC equipment. The nature of the goods and services differs, as does their purpose (one is to cool/heat/ventilate, the other is to tend to the equipment which performs that function). The method of use for the goods and services will also be different. Users, however, are likely to be the same. The goods and services are likely to reach the market through the same channels of trade, as installers, for

example, will often supply the goods as well. There may be a degree of competition, since the services may be used instead of the consumer purchasing and fitting goods themselves, or a repairer may be engaged instead of a new product being bought. The goods and services do have a reasonably strong complementary relationship: HVAC equipment is necessary for HVAC services and the consumer may think that the goods and services are provided by the same company. The goods and services are similar to a medium degree.

Distinctive character of the earlier trade mark

72. In *Lloyd Schuhfabrik*, the CJEU stated that:

“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51)”.

73. Seeley's position is that "COOLAIR" is descriptive and/or non-distinctive of the services relied upon. CEL claims that the distinctiveness of the mark has been enhanced through the use which has been made of it.

74. In the absence of grounds under ss. 3(1)(b) and/or (c), it is not open to me to find that the earlier mark has no distinctive character,⁵⁴ though as I have intimated above, my view is that "COOLAIR" is inherently weakly distinctive for HVAC services, which include services relating to goods which cool air. CEL has, however, used "COOLAIR" as part of its company name since 1980 when it opened its Manchester office. Further premises in Chatham, Kent (1987) and Cannock, West Midlands (1989), followed; the Manchester office was replaced by premises in Dukinfield, Cheshire in 1990.⁵⁵ In addition to the photograph of the original Manchester premises detailed above, photographs are provided of the original Cannock and Cheshire premises.⁵⁶ The Cannock premises have a sign saying "COOLAIR EQUIPMENT (MIDLANDS) LTD DISTRIBUTORS OF [illegible] AIR CONDITIONING PRODUCTS", the Cheshire premises bear the sign reproduced below:



75. CEL still (at the date of Mr Otterson's statement in July 2020) operates offices in Cheshire, Staffordshire and Kent; a photograph of the Staffordshire premises shows the figurative sign shown at paragraph 74, above.⁵⁷

76. CEL registered the domain name www.coolair.co.uk on 19 December 1996.⁵⁸ Archive prints of the website, relevantly from June 2001 to January 2018, show both the word "Coolair" (e.g. "Welcome to the Coolair website") and UK921 (albeit with a lower case "Y" in 2003) throughout.⁵⁹ The 2001 pages offer "air conditioning for every conceivable

⁵⁴ *Formula One Licensing BV v OHIM*, Case C-196/11P.

⁵⁵ Otterson, §§10-11.

⁵⁶ Exhibit JO4.

⁵⁷ Otterson, §14; exhibits JO3-JO4.

⁵⁸ Otterson, §27 and exhibit JO12.

⁵⁹ Exhibit JO13.

application” and an in-house design team. The pages from 2002 and 2003 are holding pages for the website under construction (Mr Otterson says the website was not a priority then) but they give contact details for CEL’s three offices, then under the company name “Coolair Equipment plc” and carry the banner “Number 1 for Air Conditioning”.⁶⁰ The archive pages from 2011 provide more detail about the company’s services, described as using engineers and project managers to provide “a range of tailored air conditioning solutions to customers across the UK” with “a strong engineering and design capability” for commercial customers. Residential services appear to have been added by 2016, when service and maintenance also have a dedicated part of the home page. In addition, since 2015 CEL has operated a Twitter page under the handle @CoolairEquip.⁶¹ The prints in evidence show UK921 but they are not dated.

77. It is said that CEL has had around 20 to 25 branded vans in its fleet each year since 1997.⁶² Proofs of a design for a van bearing UK921 and the words “Air conditioning”, dated August 2010 are in evidence.⁶³ Mr Otterson says this shows one of the designs which has been used in the 10 years to his witness statement. The same exhibit contains another photograph of a van but it is dated 18 November 2019 and it is not clear if this design was used prior to the application date.

78. There is only limited evidence of promotion. Articles dated between June 2018 and August 2019, show CEL referred to as “Coolair” and “Coolair Equipment” as well as the full company name.⁶⁴ These are mainly from specialist/trade or regional publications, but there is one article from the *Telegraph* “Business Club” section which says that “Coolair is the largest installer of air conditioning in the UK”. As with the other articles, it subsequently refers to CEL as “Coolair Equipment”. Reports of a charity bike ride in 2014 show the company referred to as “Coolair”, along with UK921.⁶⁵ CEL is referred to variously as an “air conditioning firm”, an “air conditioning installation specialist”, an “air

⁶⁰ Otterson, §28.

⁶¹ Otterson, §29, exhibit JO14.

⁶² Otterson, §22.

⁶³ Exhibit JO7.

⁶⁴ Exhibit JO17; the exhibit to Otterson 2 contains additional articles. See also Lewis 2, exhibit RML6. See also Otterson, §§30-31; exhibits JO15-JO16.

⁶⁵ Otterson, §32 and exhibit JO16.

⁶⁶ Some of these documents are internal; the distribution of the others is not clear. “Coolair” is visible as part of the company name, as well as, from 1994, in the stylised form shown at paragraph 74, above. From 2004 there is use of a sign corresponding to UK921 and the sign shown below:



79. Turnover grew each year from 1980 to 1989, rising from £233,000 to over £9 million.⁶⁷ Subsequent years have been more variable but have not fallen below £11 million; since 2006 turnover has been over £20 million each year.

80. Invoices dated between 2001 and 2014, bearing UK921, show that CEL provided two maintenance visits, unspecified services relating to a roof plant, supply and installation of a project including an inverter condensing unit and supply of two heat pump condensing units.⁶⁸ There are also four invoices to companies in Banbury, Bristol, Stockport and Leicester from 2010 concerning replacement/installation of ductwork, installation of a heat pump and unspecified air conditioning works.⁶⁹ A selection of pages from CEL’s enquiry and order books between February 1980 and August 2019 are in evidence.⁷⁰ They show

⁶⁶ Otterson, §21 and exhibits JO5-JO6.

⁶⁷ Otterson, §26. 1993 figures are not provided: Mr Otterson says he has been unable to trace them. Supporting evidence is at exhibit JO11.

⁶⁸ Exhibit JO8.

⁶⁹ Exhibit JO9.

⁷⁰ Exhibit JO10

enquiries expanding outside the north west of England from 1986 and a number of confirmed orders, including from 1980 where the word “ordered” appears in the details.⁷¹

81. In *adidas AG v EUIPO* case T-307/17, EU:T:2019:427, the GC considered whether, in order to show that a mark has acquired distinctiveness, the ‘use’ relied upon must be use of the mark as registered with only ‘insignificant variations’ and is therefore a narrower test than that for genuine use (which includes use of a trade mark “in a form differing in elements which do not alter the distinctive character of mark in the form in which it was registered”). It concluded:

“58. [...] the criterion of use cannot be judged by the yardstick of different considerations according to whether that criterion is capable of giving rise to rights relating to a mark or of ensuring that such rights are preserved. If it is possible to acquire trade mark protection for a sign through a specific use made of that sign, that same form of use must also be capable of ensuring that such protection is preserved. Therefore, as regards the forms of use, the requirements that apply to verification of the genuine use of a mark are analogous to those concerning the acquisition by a sign of distinctive character through use for the purpose of its registration (judgment of 18 April 2013, *Colloseum Holding*, C-12/12, EU:C:2013:253, paragraphs 33 and 34; see also, to that effect and by analogy, the Opinion of Advocate General Kokott in *Nestlé*, C-353/03, EU:C:2005:61, paragraph 24).

59. It follows that the forms of use of a mark referred to in Article 15(1) of Regulation No 207/2009, including those which differ only by ‘elements which do not alter the distinctive character of [that] mark’, must be taken into account not only in order to determine whether that trade mark has been put to genuine use within the meaning of that provision, but also for the purpose of determining whether that mark has acquired distinctive character through the

⁷¹ See also Otterson, §25.

use which has been made of it within the meaning of Article 7(3) and Article 52(2) of Regulation No 207/2009”.

82. There some is evidence that the word “COOLAIR” alone has been used over the years (such as on the website in 2001) to denote the commercial origin of the services, along with some evidence that third parties use “COOLAIR” in this way. However, much of the use is in figurative signs. In my view, the figurative signs used by CEL are all uses of “COOLAIR” which may be taken into account. That is because, although some of the signs include figurative elements, none dominates the word “COOLAIR”. I have not overlooked that “COOLAIR” is weakly distinctive but the accompanying elements are either equally weak and smaller in size or likely to be perceived as no more that background decoration.

83. In respect of the services, the evidence mainly refers to air conditioning. There are instances of the provision of goods such as heat pumps but, as I understand it, these may be parts of an air-conditioning system rather than necessarily for heating. However, there is evidence of CEL being described in October 2018 as an “air conditioning and heating specialist” and a description of a £1m contract which involved the provision of a cooling and heating system, with specific reference to the heating technology.⁷² Further, CEL appears mainly to be concerned with commercial air conditioning. From 2011, the website indicates that its projects include football stadia, shopping centres, offices, hotels and computer rooms. Whilst cooling the environment is plainly one part of an air conditioning system, and in some cases (such as a wall-mounted individual unit) the only part, in premises such as shopping centres and offices air conditioning systems are frequently temperature control systems which can both cool and warm the air.

84. For all of the above reasons, I am satisfied that the consistent use for almost forty years of “COOLAIR”, coupled with the substantial turnover of the business, will have resulted in the mark “COOLAIR” acquiring distinctive character in relation to HVAC

⁷² JO17.

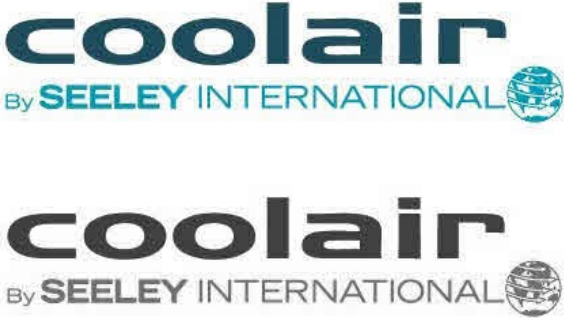
installation, maintenance and repair services. I find that the mark is factually distinctive to a medium degree for HVAC installation, maintenance and repair services.

Comparison of trade marks

85. The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details: *Sabel* (particularly paragraph 23). *Sabel* also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The CJEU stated at paragraph 34 of its judgment in *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 relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion”.

86. It would be wrong, therefore, artificially to dissect the marks, although it is necessary to take into account the distinctive and dominant components of the marks. Due weight must be given to any other features which are not negligible and therefore contribute to the overall impressions created by the marks. The marks to be compared are:

Earlier mark	Contested marks
COOLAIR	

87. As the earlier mark could be used in any colour, the difference in colour between the contested marks is not material and I will continue to refer to the latter in the singular. The earlier mark is a word registration and it may, therefore, be used in upper, lower or title case. I bear that in mind in my findings below.

88. Ms Blythe submitted that the marks are similar to a very high degree. Ms McFarland submitted that the sound, look, and impressions of the marks are markedly different. Emphasis was also placed on the presence of “SEELEY” in the contested mark, which Ms McFarland argued was a dominant and distinctive part of the contested mark.

89. The earlier mark is the word “COOLAIR” without other elements or embellishments and the overall impression and distinctiveness of the mark lies in the word alone.

90. The contested mark features several elements. The first is the word “coolair” presented in a bold typeface in lower case. Below the word “coolair” are the words “By SEELEY INTERNATIONAL”. All of these are in a smaller typeface than the word “coolair”; “SEELEY” is in bold. There is also a device of a globe, placed in the bottom right of the mark after the word “INTERNATIONAL”. I accept that “SEELEY INTERNATIONAL” is distinctive and will be perceived as a unit. I do not, however, accept that it is dominant in the mark. The word “coolair” is in a larger typeface and is placed at the top of the mark. It is that word which dominates the overall impression. “By SEELEY INTERNATIONAL” occupies a subordinate position but still plays a role. The globe device is distinctive but weakly so and, due to its size and position, plays a smaller part.

91. The marks share the identical word “COOLAIR”/“coolair”. There are differences because of the words “By SEELEY INTERNATIONAL”, their particular presentation and the globe in the contested mark. Bearing in mind my assessment of the overall impressions of the marks, there is a medium degree of visual similarity.

92. In my view, the contested mark is most likely to be articulated as “coolair” alone, which will be given the normal pronunciation of the dictionary words. In that scenario, the marks are aurally identical. If all of the words in the contested mark are verbalised, there will be

a low degree of aural similarity. That is because, whilst “coolair” is the first word which will be spoken, it is only two of a total of nine syllables.

93. Conceptually, the marks share the same notion of cool air. The contested mark also conveys the idea of a particular international company. They are conceptually similar to a medium degree.

Likelihood of confusion

94. In determining whether there is a likelihood of confusion, all of the above factors need to be borne in mind. They must be considered globally (*Sabel*), from the perspective of the average consumer, who rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them he has retained in his mind (*Lloyd Schuhfabrik*). The factors considered above have a degree of interdependency (*Canon*): for example, a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and vice versa.

95. Confusion can be direct or indirect. The difference between these two types of confusion was explained in *LA Sugar Limited v Back Beat Inc.*, BL O/375/10, where Iain Purvis Q.C., sitting as the Appointed Person, explained that:

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

the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark”.

96. In *Duebros Limited v Heirler Cenovis GmbH*, BL O/547/17, James Mellor Q.C. (as he then was), sitting as the Appointed Person, stressed that a finding of indirect confusion should not be made merely because the two marks share a common element. In this connection, he pointed out that it is not sufficient that a mark merely calls another mark to mind. That is mere association, not indirect confusion.

97. There is an argument between the parties over whether Seeley has accepted that there is a likelihood of confusion. Ms McFarland denied that the counterstatement contains an admission against interest. She accepted that there is an admission of sorts but argued that there is no admission that there is relevant confusion. Ms Blythe submitted that there is a loose admission and an acceptance that if CEL’s marks are registered there is, in theory, some confusion between the respective marks.

98. The relevant part of the TM8, which follows a concession that there is some similarity between the respective marks, reads:

“4. The Applicant agrees that some goods in class 11 of the opposed application are identical or similar to the goods covered by application ’921 of the Opponent, and that some of the services in classes 37 & 42 of the Opponent’s two applications bear some similarity with the goods covered by the opposed mark, so there may be some confusion through co-existence”.

99. The counterstatement then makes further points such as denying the validity of the earlier marks and signalling that Seeley relies upon a defence of honest concurrent use.

100. I do not accept that, in context, the above comments would reasonably have been understood as meaning that Seeley disputes whether the confusion is the type of confusion liable to give rise to a likelihood of confusion under s. 5(2)(b) or mere association. There is nothing to indicate that this distinction was intended. Whilst I recognise that it is not clear which goods and services are accepted to be identical or similar, it seems to me that Seeley concedes that where there is identity or similarity there

is a likelihood of confusion. That conclusion finds support in Seeley's comments in respect of s. 5(3), where it says at paragraph 12 of its counterstatement, "The Applicant agrees that the relevant public will believe that the marks are used by the same undertaking, or think that there is an economic connection between the Opponent and the Applicant, when there is not".

101. In case that is not right, I will consider whether there is a likelihood of confusion. The goods and services have a medium degree of similarity and they will be purchased with at least a medium degree of attention, primarily through visual means. The marks are visually similar to a medium degree, are most likely to be aurally identical and have a medium degree of conceptual similarity.

102. It is not likely that the marks will be mistaken for one another: the differences between them are sufficient that one mark will not be simply misremembered as the other mark. However, there is a likelihood of indirect confusion. Ms McFarland appeared to accept that under s. 5(2)(b) it does not matter which way round the confusion occurs. That is plainly correct.⁷³ "COOLAIR" is the dominant element in both marks. Further, CEL has established that its use of the word "COOLAIR" has enhanced the distinctiveness of the earlier mark to a medium degree. The goods and services have a medium degree of similarity. My view is that the average consumer paying a medium degree of attention is likely to believe that the marks are variants used by the same or connected undertakings. I also consider that to be the case when a reasonably high level of care is taken by professionals or those in the HVAC sector selecting the goods/services. Confusion may arise because the consumer sees the marks as different versions used by the same business, one of which identifies the company, the other of which does not, or because the consumer assumes that there is a connection between two entities, such as a licence agreement allowing one company to market goods under the mark of the other. I do not think that the descriptiveness of the word "coolair" in relation to air-conditioning goods in class 11 removes the likelihood of confusion when that term is used in Seeley's mark.

⁷³ See, for example, *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation* [2016] EWCA Civ 41 (08 February 2016) at [75]-[84] (an infringement case but whose principles are equally applicable to s. 5(2)(b)).

That is because “coolair” in Seeley’s mark is not presented merely as a descriptive element of a composite mark: it is presented as, and will be perceived by a significant part of average consumers as, a brand of Seeley International. Given the mainly visual selection method, the same finding would apply even if there were only a low degree of aural similarity. There is a likelihood of confusion.

Honest concurrent use

103. It is settled law that a long period of honest concurrent use may defeat a claim of confusion: *Budejovicky Budvar NP v Anheuser-Busch Inc*, Case C-482/09, EU:C:2011:605 (“*Budweiser* CJEU”).

104. In *Victoria Plum Ltd v Victorian Plumbing Ltd* [2016] EWHC 2911 (Ch), Carr J. considered the judgment in *Budweiser* CJEU, the Court of Appeal’s judgments in that case (*Budejovicky Budvar NP v Anheuser-Busch Inc* [2012] EWCA Civ 880) and in *IPC Media Ltd v Media 10 Ltd*, [2014] EWCA Civ 1403, in relation to the principle that a defence of honest concurrent use could defeat an otherwise justified claim of trade mark infringement. Having reviewed the case law, Carr J. stated that:

“74. The case law to which I have referred establishes the following principles:

- (i) Where two separate entities have co-existed for a long period, honestly using the same or closely similar names, the inevitable confusion that arises may have to be tolerated.
- (ii) This will be the case where the trade mark serves to indicate the goods or services of either of those entities, as opposed to one of them alone. In those circumstances, the guarantee of origin of the claimant’s trade mark is not impaired by the defendant’s use, because the trade mark does not denote the claimant alone.
- (iii) However, the defendant must not take steps which exacerbate the level of confusion beyond that which is inevitable and so encroach upon the claimant’s goodwill”.

105. Although Seeley's narrative evidence is that there were UK sales of "COOLAIR" branded products earlier, the first hard evidence of sales to the UK is 2016, for which there are sales figures which include an unspecified amount relating to UK sales and the invoices to Powrmatic. Some UK sales also appear to have been made in 2017 and there has been some promotion of the goods as described above, including on the Powrmatic website. The contested sign appeared on promotional material for Powrmatic's training day in April 2017 and at the 2019 conference. The relevant date is November 2019 and the use therefore amounts to no more than a few years' use. What is more, the level of use shown is insufficient to establish that, despite the similarities between the marks and the goods and services, consumers are able to distinguish between the parties' goods and that use of the contested mark would not have an adverse effect on the ability of CEL's mark to distinguish its goods and services.

106. For similar reasons, the absence of evidence of actual confusion is not persuasive in this case.⁷⁴ The level of use by Seeley is too slight to show that consumers have been exposed to both parties' marks without there being any relevant confusion.

Conclusion under s. 5(2)(b)

107. The opposition succeeds in full. In the circumstances, I do not consider it necessary to determine whether the opposition based upon CEL's figurative mark would also succeed.

Section 5(4)(a)

108. At the application date, s. 5(4)(a) read as follows:

"(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented-

⁷⁴ See *Roger Maier and Another v ASOS*, [2015] EWCA Civ 220.

(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, where the condition in subsection (4A) is met,

(aa) [...]

(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”.

109. Subsection (4A) of s. 5 states:

“(4A) The condition mentioned in subsection (4)(a) is that the rights to the unregistered trade mark or other sign were acquired prior to the date of application for registration of the trade mark or date of the priority claimed for that application”.

Relevant date

110. I have already rejected Seeley’s claim that it had goodwill in 1980 when CEL first started using “COOLAIR”. For essentially the same reasons, I find that the evidence is inadequate to establish that Seeley first began using “COOLAIR” as far back as 1980: the evidence amounts to bare assertion. The assertions in Seeley’s evidence as to the first use in the UK, including the presence of brochures on the market and the article on the EMEA part of Seeley’s website, are too imprecise for me to find that there was use before the first invoice evidence. As CEL accepted at the hearing that the date of first use by Seeley is 2015, I will proceed on that basis.

CEL’s goodwill

111. I have no doubt that by 2015 CEL had a valuable goodwill in connection with its business in installing, maintaining and repairing HVAC systems of which both “COOLAIR” and the figurative sign relied upon were distinctive. I have explained at paragraph 83,

above, why I consider that the business was not limited to air cooling systems. Whilst I accept that the press references are from 2018, CEL has been offering its services to commercial customers such as hotels since 2011 and I am satisfied that, on the balance of probabilities, that is likely to have included the provision of air conditioning systems which both heat and cool.

Misrepresentation

112. 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.”

113. Halsbury's Laws of England Vol. 97A (2012 reissue) provides guidance with regard to establishing the likelihood of deception. In paragraph 309 it is noted (with footnotes omitted) that:

“To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

(a) the nature and extent of the reputation relied upon;

(b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.”

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action”.

114. Seeley’s application concerns goods rather than services but both parties operate in the same field of activity, namely the HVAC industry. CEL’s customers are more likely to be professionals/commercial customers but even if the general public, probably in the shape of homeowners, were to use their services there would still be at least a medium degree of care in their selection. The earlier “COOLAIR” sign is reasonably similar to the contested mark, for the reasons given above. Given the similarity between the sign and the contested mark, the overlap in the fields of activity and the good level of goodwill generated by CEL’s longstanding use, there would be a misrepresentation, including among those in the trade/business users paying a reasonably high degree of attention. The relevant public is likely to believe that CEL has diversified into the provision of goods or that there is an agreement between the respective companies, such as a licence or co-branding agreement, so that the use of similar signs for similar goods and services is thought to be by, or authorised by, CEL. I find that there is a misrepresentation.

Damage

115. The misrepresentation is liable to damage CEL’s goodwill through loss of control of its reputation, which is an established head of damage under passing off law.⁷⁵ I conclude that at the relevant date the use of the contested mark would have been contrary to the law of passing off. The opposition under s. 5(4)(a) succeeds. I do not find it necessary to consider the case based upon the figurative sign.

⁷⁵ *Ewing v Buttercup Margarine Company, Limited*, [1917] 2 Ch. 1 (COA).

Section 5(3)

116. Section 5(3) states:

“(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 the repute of the earlier trade mark”.

117. Section 5(3A) states:

“(3A) Subsection (3) applies irrespective of whether the goods and services for which the trade mark is to be registered are identical with, similar to or not similar to those for which the earlier trade mark is protected”.

118. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, EU:C:1999:408, *General Motors* [1999] ETMR 950; Case 252/07, EU:C:2008:655 *Intel*, [2009] ETMR 13; Case C-408/01, EU:C:2003:582, *Adidas-Salomon*, [2004] ETMR 10; and C-487/07, EU:C:2009:378, *L’Oreal v Bellure* [2009] ETMR 55; and Case C-323/09, EU:C:2011:604, *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

119. In *General Motors*, Case C-375/97, the CJEU held that:

“25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.

26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it”.

120. As with s. 5(2)(b), I will consider CEL's word mark first. I am satisfied that UK923 had a reputation at the relevant date in relation to “HVAC systems (heating, ventilation and air conditioning) installation, maintenance and repair”, for the same reasons as given at paragraphs 82 to 84, above.

Link

121. Whether the relevant public will make the required mental 'link' between the marks must take account of all relevant factors. The factors are identified in *Intel* at [42]. I will take these in turn.

The degree of similarity between the conflicting marks

122. For the reasons given at paragraphs 91 to 93, above, there is a medium degree of visual and conceptual similarity between the marks. Depending on how the contested mark is verbalised, the marks are aurally identical or 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

123. The goods and services are similar to a medium degree, for the reasons given at paragraph 71, above.

The strength of the earlier mark's reputation

124. I have no evidence of the size of the HVAC market. It is likely to be considerable. CEL's turnover is substantial but there is only limited evidence of advertising and press, though I bear in mind that one article puts CEL as the largest company. The earlier mark's reputation is likely to be reasonable.

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

125. For the reasons given above at paragraphs 82 to 84, the earlier mark is factually distinctive to a medium degree.

Whether there is a likelihood of confusion

126. There is a likelihood of confusion.

127. Taking all of the above into account, the relevant link would be made.

Unfair advantage

128. In *Jack Wills Limited v House of Fraser (Stores) Limited* [2014] EWHC 110 (Ch) Arnold J. considered the earlier case law and concluded that:

“80. The arguments in the present case give rise to two questions with regard to taking unfair advantage. The first concerns the relevance of the defendant's intention. It is clear both from the wording of Article 5(2) of the Directive and Article 9(1)(c) of the Regulation and from the case law of the Court of Justice interpreting these provisions that this aspect of the legislation is directed at a particular form of unfair competition. It is also clear from the case law both of the Court of Justice and of the Court of Appeal that the defendant's conduct is most likely to be regarded as unfair where he intends to benefit from the reputation and goodwill of the trade mark. In my judgment, however, there is nothing in the case law to preclude the court from concluding in an appropriate case that the use of a sign the objective effect of which is to enable the defendant to benefit from the reputation and goodwill of the trade mark amounts to unfair advantage even if it is not proved that the defendant subjectively intended to exploit that reputation and goodwill.”

129. Seeley accepts that the relevant public will believe that the marks are used by the same or economically connected undertakings.⁷⁶ I have, in any event, found that there is a likelihood of confusion. Where the consumer is mistaken as to the origin of the goods and buys them believing that they are the goods of or are connected with the owner of the earlier marks, an unfair advantage accrues to the later mark: it has obtained sales which it would not otherwise have achieved. That is an unfair advantage. This head of damage is made out.

⁷⁶ Counterstatement, §12.

Due cause

130. In *Leidseplein Beheer BV v Red Bull*, Case C-65/12, EU:C:2014:49, the CJEU held that:

“43. In a system for the protection of marks such as that adopted, on the basis of Directive 89/104, by the Benelux Convention, however, the interests of a third party in using, in the course of trade, a sign similar to a mark with a reputation must be considered, in the context of Article 5(2) of that directive, in the light of the possibility for the user of that sign to claim ‘due cause’.

44. Where the proprietor of the mark with a reputation has demonstrated the existence of one of the forms of injury referred to in Article 5(2) of Directive 89/104 and, in particular, has shown that unfair advantage has been taken of the distinctive character or the repute of that mark, the onus is on the third party using a sign similar to the mark with a reputation to establish that he has due cause for using such a sign (see, by analogy, Case C-252/07 *Intel Corporation* [2008] ECR I-8823, paragraph 39).

45. It follows that the concept of ‘due cause’ may not only include objectively overriding reasons but may also relate to the subjective interests of a third party using a sign which is identical or similar to the mark with a reputation”.

131. The use by a party of a sign similar to another party’s trade mark of repute may, in particular, be with due cause where the user of the later sign had been using its sign prior to the application for registration of the mark with a reputation.

132. Seeley says that it has due cause for the application, because of its use since 1972 of “COOLAIR”. I have already held that Seeley’s claim to use from as far back as 1972 is not supported on the evidence. The first documented use of the contested mark is in April 2017 (the Powrmatic training day), though there is evidence of use of “Coolair” on promotional material from December 2016. Both of these pre-date the application for registration of CEL’s trade mark.

133. In *Leidseplein*, the CJEU identified the following factors as relevant to the assessment of whether the later mark was filed with due cause:

1. how that sign has been accepted by, and what its reputation is with, the relevant public;
2. the degree of proximity between the goods and services for which that sign was originally used and the product for which the mark with a reputation was registered; and
3. the economic and commercial significance of the use for that product of the sign which is similar to that mark.

134. The invoices disclose only sales worth around £65,500 of “COOLAIR” units between June 2016 and January 2017. The separate sales figures shed no further light on the level of UK sales. There also appears to have been a small amount of trade in parts and accessories. The evidence of advertising is limited and there is nothing indicating press, including trade press, interest. The use shown is modest and only over an eight-month period. It seems unlikely that Seeley has established a reputation at all among the relevant public; any reputation that there was would be small and certainly not enough to sustain an opposition under s. 5(3). I have found that the goods and services are similar to a medium degree. Some of the goods for which registration is sought are identical to the air-conditioning apparatus in relation to which Seeley used the contested mark. The remaining goods are all within the same general area and would represent a logical and relatively small extension to the core business of a manufacturer of air-conditioning equipment.

135. Although it is clear that there has been some use of the contested mark prior to the date on which CEL applied to register its own trade marks, it is modest. It is also clear that CEL’s use of its marks was of a scale to constitute a reputation long before Seeley’s use of the contested mark. Whilst *Leidseplein* focuses on the reputation and use of the contested mark prior to the application date of the earlier marks, it appears that the applicant’s reputation in that case was both long-established and continuing. That is not

the case in the instant proceedings. Seeley has filed no evidence of any turnover or sales after January 2017. Not only did sales fall away in the eight-month period over which some sales are shown but there do not appear to have been any sales at all between January 2017 and the application date in November 2018. Seeley was, by the time of its application, aware of CEL's trade mark applications, though that does not necessarily mean that the application was made other than in good faith, as Seeley may have believed it was protecting its rights in a brand it had used. On balance, however, it seems to me that, taking all of the above factors into account, Seeley's application was not with due cause. The limited nature of its use, which suggests that Seeley's interest in the UK market was slight, and the apparent break in its trade after 2017, lead me to conclude that it would be unfair to expect CEL to tolerate the use of the contested mark.

136. The opposition under s. 5(3) succeeds. In light of this finding, there is no need for me to consider whether the contested mark would damage the reputation or distinctive character of the earlier marks.

Conclusion on CEL's opposition

137. The opposition has been successful. The application will be refused.

Overall conclusion

138. Trade mark application numbers 3282923 and 3282921 in the name of CEL will proceed to registration. Trade mark application 3443145 in the name of Seeley is refused.

Costs

139. CEL has been successful across the board and is entitled to an award of costs. It requests costs off the scale in relation to the late application to amend the pleadings; otherwise costs are sought on the scale (Tribunal Practice Notice ("TPN") 2/2016 refers).

140. Section 68 of the Act reads:

"68— (1) Provision may be made by rules empowering the registrar, in any proceedings before him under this Act

- (a) to award any party such costs as he may consider reasonable, and
- (b) to direct how and by what parties they are to be paid”.

141. The Trade Marks Rules 2008 provide:

“67. The registrar may, in any proceedings under the Act or these Rules, by order award to any party such costs as the registrar may consider reasonable, and direct how and by what parties they are to be paid”.

142. TPNs 2/2000 and 4/2007 are also relevant to the award of costs off the scale. *Rizla Ltd's Application* [1993] RPC 365 confirmed that the Comptroller has “a very wide discretion with no fetter other than the overriding one that he must act judicially”. The correct approach was summarised by Daniel Alexander, Q.C., sitting as the Appointed Person, as follows:

“16. The decisionmaker is [...] entitled to take into account a wide range of factors in considering the costs to be awarded and whether they should be off-scale.

17. These include the conduct of the parties, the nature of the case and whether it is self-evidently without merit, whether there have been abuses of procedure, the extent to which offers made to settle the case were unreasonably rejected and could have resulted in costs being avoided. There is no rigid formula, although the paradigm case for off-scale costs will involve breaches of rules, delaying tactics or unreasonable behaviour. Reasonable people can differ as to how unreasonable behaviour must be before it is appropriate to depart from the usual scale of costs”.

143. CEL asserts that it was unreasonable of Seeley to make the application to amend the pleadings so late in the day and that it constituted a delaying tactic. It says that it was unsurprising that the amendment was not allowed and that the costs it has incurred were unnecessary and completely wasted. CEL says that:

- The advance notice of the request to amend (17 September, which preceded the filing of forms TM7G) caused reporting costs and consideration of the issue with counsel;
- Following the filing of the forms TM7G later on 17 September, CEL says that “it was necessary to formally object to the (still unsubstantiated) Application and request that it not be considered as a preliminary issue at the Hearing”;
- The skeleton argument, which had been prepared in draft and was under review by 17 September, had to be supplemented with arguments concerning the proposed amendment;
- Seeley filed late outline submissions supporting the amendment on 21 September (after the deadline for skeleton arguments) which required further reporting and consideration by CEL’s professional representatives, entailing both email correspondence and telephone discussions;
- Seeley did not accept that an adjournment would be required if the application were successful and CEL was therefore constrained to prepare to address the new grounds in full at the hearing;
- Seeley failed to obtain the amendment sought.

144. CEL indicates that, if I am minded to award costs off the scale, its additional costs were in the region of £3,000 (exc. VAT).

145. Seeley submits that off-scale costs are exceptional. It says that they must be based on factors such as “identifiable ‘unreasonable’ behaviour or an unjustified act on the part of the paying party e.g.: to delay matters or cause the other party to be harmed etc.”. It says that off-scale awards must not be seen as a “penalty” and that delay in making an application which is unsuccessful is not in and of itself justification for costs off the scale. Seeley argues that the only criticism that can be made of it is the lateness of the request.

146. I have already indicated that the request was unacceptably late and that there was no good reason for its lateness. I have also indicated that the additional grounds were unlikely to have had a material impact on the outcome of these oppositions. Had I allowed the request, there would inevitably have been a delay, given CEL's position on evidence, but I am not persuaded that Seeley took the course it did with the deliberate aim of dragging out proceedings. It seems to me more likely that it dawned on Seeley close to the hearing, possibly on the involvement of counsel, that its case under the relative grounds was weaker than it had thought and that the requested amendment was a last-ditch attempt to introduce stronger grounds. I do consider the timing of the request unreasonable and CEL has undoubtedly been put to extra expense in dealing with the request. However, I do not consider that Seeley's behaviour is so unreasonable it warrants an award off the scale. As for CEL's costs, whilst some of the additional expense was justified, I have difficulty accepting that all of the reporting (of, for example, both the fact that there would be a request to add grounds and of the request itself later the same day) was necessary. Nor do I think Seeley can be blamed for the costs incurred by CEL in objecting to the request before it was formally made and in debating with the tribunal whether it was appropriate to deal with the amendment as a preliminary issue.

147. It is therefore my view that an award on the scale is appropriate but that the sums for the pleadings and for preparation for the hearing should be increased to take into account the additional time and expense for CEL in dealing with the late amendment request. The awards for the pleadings are towards the top of the scale; the award for the hearing is higher than would normally be awarded for half a day but is not at the top of the scale because I take into account that the hearing itself was not greatly extended by the request to add grounds. In making the ordinary on-scale award for the evidence, I bear in mind that it was largely identical in both Seeley's and CEL's oppositions. I award costs to CEL as follows:

Official fee:	£200
Considering the notices of opposition, including the amendments (£600 x 2), and filing the counterstatement (£300):	£1,500

Filing evidence and considering the other party's evidence:	£1,200
Preparation for and attendance at a hearing:	£1,200
Total:	£4,100

148. I order Seeley International Pty Ltd to pay Coolair Equipment Limited the sum of **£4,100**. This sum is to be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 17th day of November 2021

Heather Harrison

For the Registrar

The Comptroller-General