

O/0069/23

TRADE MARKS ACT 1994

IN THE MATTER OF  
TRADE MARK APPLICATION NO. UK00003666441  
BY DOCTOR KING TECHNOLOGY CO. LTD.  
TO REGISTER:

**iBUDS Pro**

**iBuds Pro**

(SERIES OF TWO)

AS TRADE MARKS  
IN CLASS 9

AND

IN THE MATTER OF OPPOSITION THERETO  
UNDER NO. 428780  
BY NUHEARA IP PTY LTD

## BACKGROUND AND PLEADINGS

1. On 8 July 2021, Doctor King Technology Co. Ltd. (“the applicant”) applied to register the series of two trade mark shown on the cover of this decision (“the application”) in the UK for the following goods:

**Class 9: Earbuds**

2. The application was published for opposition purposes on 3 September 2021 and, on 3 December 2021, it was opposed by Nuheara IP Pty Ltd (“the opponent”). The opposition is based on sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). In respect of the 5(2)(b) and 5(3) grounds, the opponent relies on the following marks:

IQbuds

UK registration no. UK00801352108

Filing date 10 April 2017; date of entry in register 1 December 2017

(“the opponent’s first earlier mark”)

Relying on the following goods:

**Class 9:** *Apparatus for recording, transmission or reproduction of sound or images; audio equipment and instruments; headphones; earphones (other than hearing aids for the deaf); computer software; application software.*

IQbuds BOOST

UK registration no. UK00801399656

Filing date 30 January 2018; date of entry in register 5 October 2018

(“the opponent’s second earlier mark”)

Relying on the following goods:

**Class 9:** *Apparatus for recording, transmission or reproduction of sound; audio equipment and instruments; headphones; earphones (other than hearing aids for the deaf); computer software; application software.*

3. Under its 5(2)(b) ground, the opponent claims that due to the similarity between the parties' marks and the identity and/ or similarity of the goods at issue, there exists a likelihood of confusion on the part of the relevant public, which includes the likelihood of association.

4. Under its 5(3) ground, the opponent claims that it has obtained a reputation in the UK in its marks and use of the application would take unfair advantage of, and/or be detrimental to, the distinctive character or the repute of the opponent's marks.

5. Under its 5(4)(a) ground, the opponent claims to have obtained goodwill in three unregistered signs 'IQbuds', 'IQbuds BOOST' and '10 IQbuds<sup>2</sup> Max'. The opponent claims to have been using the signs throughout the UK since as early as April 2016 (IQbuds), April 2019 (IQbuds BOOST) and April 2020 (10 IQbuds<sup>2</sup> Max) all for the following goods:

*Hearing devices, earphones and earbuds and related goods and accessories.*

6. Under this ground, the opponent argues that it has obtained goodwill in connection with the signs relied upon and that use of the application in the UK would constitute a misrepresentation as it would lead the relevant public to believe that there is a commercial connection between the parties. This, the opponent argues, would lead to damage to the opponent and its goodwill meaning that the opponent is entitled to prohibit the use of the application under the law of passing off.

7. The applicant filed a counterstatement denying the claims made.

8. The opponent is represented by Bristows LLP and the applicant is unrepresented. Both parties filed evidence in chief. No hearing was requested and both parties filed written submissions in lieu of a hearing. The decision is taken following a careful perusal of the papers.

9. 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. This is why this decision continues to make reference to the trade mark case-law of EU courts.

## **EVIDENCE**

10. As above, both parties filed evidence. The opponent's evidence in chief came in the form of the witness statement of Jean-Marie Rudd dated 14 June 2022. Ms Rudd is the Chief Financial Officer and Company Secretary of the opponent. Ms Rudd has held the position of Company Secretary since 29 June 2017. Ms Rudd's evidence is accompanied by 7 exhibits, labelled Exhibits JMR1 to JMR7.

11. The applicant's evidence in chief came in the form of the witness statement of Dr William A.B.C. King dated 26 July 2022. Dr King is the founder, owner and Chief Executive Officer of the applicant, positions that he has held since 2021. Dr King's evidence is accompanied by 26 Exhibits, labelled Exhibit A to Exhibit Z.

12. I do not intend to summarise the evidence and submissions at this stage but will refer to the evidence and submissions where necessary throughout this decision.

## **PRELIMINARY ISSUE**

13. In its counterstatement, the applicant made reference to the searching the UK IPO trademark search website, as seen below:

"If you perform a search for the phrase "iBUDS Pro" on the UK IPO trademark search website looking for the similar trademarks, the computer does not list "IQbuds" as a similar trademark to "iBUDS Pro". Even the UK IPO's search engine, which is designed to find similar trademarks, does not think iBUDS Pro is similar to IQbuds or IQbuds BOOST or IQbuds<sup>2</sup> Max"

14. However, the search results of the UK IPO website in relation to similar trademarks do not determine or bear any weight on the determination of a finding of likelihood of confusion between the parties' marks. Therefore, I will say no more about this submission.

## DECISION

### Section 5(2)(b): legislation and case law

15. Section 5(2)(b) of the Act reads as follows:

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

(a) ...

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

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

16. Section 5A of the Act is as follows:

“5A Where grounds for refusal of an application for registration of a trade mark exist in respect of only some of the goods or services in respect of which the trade mark is applied for, the application is to be refused in relation to those goods and services only.”

17. An earlier trade mark is defined in section 6 of the Act, the relevant parts of which state:

“(6)(1) In this Act an “earlier trade mark” means –

(a) a registered trade mark, international trade mark (UK) or Community trade mark or international trade mark (EC) which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks,

(2) References in this Act to an earlier trade mark include a trade mark in respect of which an application for registration has been made and which, if registered, would be an earlier trade mark by virtue of subsection (1)(a) or (b), subject to its being so registered.”

18. Given their filing dates, the opponent’s marks qualify as earlier trade marks under the above provisions. The opponent’s marks had not completed their registration process more than five years before the application date of the application. The conditions of use do not, therefore, apply to the marks and the opponent can rely on all the goods for which its marks are registered.

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

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

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

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

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impression 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 greater 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 to mind the earlier mark, 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.

## COMPARISON OF THE GOODS

20. The goods to be compared are as follows:

<b>Applicant's goods</b>	<b>Opponent's goods</b>
<u>Class 9</u> <i>Earbuds</i>	<b>First earlier mark</b> <u>Class 9:</u>

	<p><i>Apparatus for recording, transmission or reproduction of sound or images; audio equipment and instruments; headphones; earphones (other than hearing aids for the deaf); computer software; application software.</i></p> <p><b>Second earlier mark</b></p> <p><u>Class 9:</u></p> <p><i>Apparatus for recording, transmission or reproduction of sound; audio equipment and instruments; headphones; earphones (other than hearing aids for the deaf); computer software; application software.</i></p>
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21. In *Gérard Meric v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* case T-133/05, the General Court (GC) stated:

“29 In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by the trade mark application (Case T-388/00 Institut für Lernsysteme v OHIM – Educational Services (ELS) [2002] ECR II-4301, paragraph 53) or when the goods designated by the trade mark application are included in a more general category designated by the earlier mark”.

22. In the absence of any evidence or submissions to the contrary, it is my view that “*earbuds*” in the applicant’s specification are very small headphones that are worn inside the ear for use with audio devices. It is my view that the term earbuds are used interchangeably by the average consumer and will be viewed as identical to “*earphones (other than hearing aids for the deaf)*” that appear in the specifications for the opponent’s earlier marks. Therefore, I find these goods to be identical.



## **AVERAGE CONSUMER AND THE PURCHASING PROCESS**

23. As the law above indicates, it is necessary for me to determine who the average consumer is for the parties' goods. I must then determine the manner in which the goods are likely to be selected by the average consumer. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J described the average consumer in these terms:

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

24. The average consumer of the goods at issue are members of the general public. I consider that the goods will be available via retailers, being both general retailers and more specialist ones (including the producer of the goods directly) and their online or catalogue equivalents. At the retailer's physical premises, the goods will be displayed on shelves and self-selected by the consumer. A similar process will apply when the goods are selected online or via catalogues, in that a consumer will select them after seeing an image, be that on a webpage or in a catalogue. In my view, the visual component will dominate all the methods of sale, although I do not discount an aural component playing a role in the form of word of mouth recommendations and advice from sales assistants.

25. It is my view that the price and frequency of the purchase will vary. For example, some earphones/ earbuds may be very inexpensive and purchased relatively frequently but some may be more expensive and bought infrequently. The average consumer will consider factors such as the compatibility, cost, specification and durability of the goods. It is my view that the degree of attention paid by the average consumer when selecting these goods will be medium. However, I am prepared to

accept that some members of the general public when purchasing earphones on the expensive end of the scale may consider additional factors that will warrant a higher than medium (but not high) degree of attention when selecting the goods. These factors for consideration are noise cancelling qualities and comfort.

**COMPARISON OF THE MARKS**

26. The respective trademarks are shown below:

<p>IQbuds ("first earlier mark")</p> <p>IQbuds BOOST ("second earlier mark")</p>	<p>iBUDS Pro</p> <p>iBuds Pro</p> <p>(Series of two)</p>
<p><b>The opponent's marks</b></p>	<p><b>The application</b></p>

27. It is clear from *Sabel BV v Puma AG* (particularly paragraph 23) that the average consumer normally perceives a trade mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of trade marks must be assessed by reference to all the overall impressions created by the trade marks, bearing in mind their distinctive and dominant components. The CJEU stated, at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

“... it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”

28. It would be wrong, therefore, to artificially dissect the trade marks, although, it is necessary to take into account the distinctive and dominant components of the

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

### **Overall impression**

29. The opponent submits in its submissions in lieu of a hearing that the words 'Pro' and 'BOOST', in the parties' respective marks, are descriptive of features of the goods which bear the parties' marks and suggests that performance of the goods is enhanced. Consequently, the opponent considers the distinctive and dominant element of the marks will be the words 'iBUDS'/ 'ibuds' and 'IQbuds' in the respective marks.

30. I note that both parties' marks use different combinations of upper and lower case lettering. However, both parties marks are filed as word marks and as such may be used in either case within the fair and notional use of the marks.

31. The opponent's first earlier mark is a word-only mark that consists of the text 'IQbuds'. There are no other elements that contribute to the overall impression of the mark.

32. The opponent's second earlier mark is a word-only mark that consists of the text 'IQbuds BOOST'. In my view, 'BOOST' in the opponent's second earlier mark will be given its ordinary dictionary meaning and be interpreted as meaning something that increases, improves or is more successful and considered as a more enhanced version of the goods. The 'BOOST' element will be considered as having lesser strength in the overall impression of the marks, with the words 'IQbuds' playing a greater role.

33. The application consists of a series of two, word-only marks which consist of the text 'iBUDS Pro' and 'iBuds Pro'. The word 'Pro' is an abbreviation for 'professional' and will be considered a well-known word used to describe a more advanced version of an electronic good. Consequently, 'Pro' will be considered as having lesser strength in the overall impression of the marks, with the word 'iBUDS' playing a greater role. Despite the different case combinations in the application, they are word marks and

as such may be used in either case within the fair and notional use of the marks. As a result, I will consider the marks in the application as one, going forward in respect of the 5(2)(b) ground, I will refer to the marks together and as the 'application'.

## **Visual comparison**

### The opponent's first earlier mark

34. Visually, the marks share the letter 'I' at the beginning of the marks and 'buds' as the suffix of the first word. The marks differ in the presence of the letter 'Q' at the beginning of the opponent's first earlier mark following the 'I' and the presence of the second word 'Pro' in the application. Taking this into account, I find that the marks are visually similar to a medium degree.

### The opponent's second earlier mark

35. The similarities and differences between the marks are the same as set out above in paragraph 34. However, the differences between the marks are furthered by the presence of the word 'BOOST' in the opponent's second earlier mark. Taking this into account, I find the marks to be visually similar to a low to medium degree.

## **Aural comparison**

### The opponent's first earlier mark

36. Aurally, the application will be pronounced as AYE-BUDS-PRO. The opponent's first earlier mark will be pronounced as AYE-QUEUE-BUDS. The marks share the pronunciation of AYE and BUDS but differ in the pronunciation of PRO at the end of the applicant's mark and QUEUE in the opponent's first earlier mark which is present between the shared aural elements of the marks. Taking this into account, I find the marks to be similar to a medium degree.

### The opponent's second earlier mark

37. The similarities and differences between the marks are the same as set out above in paragraph 36. However, the differences between the marks are furthered by the pronunciation of the word 'BOOST' in the opponent's second earlier mark. Taking this into account, I find the marks to be similar to a low to medium degree.

### **Conceptual comparison**

#### The opponent's first earlier mark

38. The opponent submits that the marks are conceptually identical as both marks will be viewed as intelligent buds. I disagree with the opponent. The application will convey the concept of a set of earphones/earbuds that have internet connectivity and meet higher quality than standard earphones. For a significant proportion of consumers, the 'i' in the application will allude to internet connectivity and is commonly used in front of electronic goods. 'Buds' is descriptive of the goods at issue and is commonly viewed as being an abbreviation of the word earbuds, a term which is used interchangeably with earphones. I agree with the opponent that "Pro" is likely to be seen as an abbreviation for professional, in the context of the goods at issue it would be seen as referring to a high quality or more advanced pair of earphones/earbuds.

39. As for the opponent's first earlier mark, this will convey the concept of intelligent earphones. The first two letters of the opponent's first earlier mark are likely to be recognised as an abbreviation for 'Intelligence Quota'. 'IQ' is a type of standard score that indicates how far above or below an individual stands in relation to mental ability and is viewed as a measure of intellect. In the context of the goods, 'IQ' alludes to the opponent's goods being intelligent or smart. In the context of electronics, smart earphones/earbuds will be seen as earphones/earbuds that understand simple commands that are sent by users and assist with daily activities. As mentioned above, buds is descriptive of the goods at issue as it is commonly used as an abbreviation of the word earbuds, a term which is used interchangeably with earphones. Despite many smart goods being provided with built in internet connectivity, internet connectivity is not a pre-requisite for a smart good. I recognise that the concepts of 'IQ'(smart/ intelligent) and 'I'( internet connected) are different in relation to goods. This is on the basis whilst internet connected devices may take some easy actions,

depending on what they recognise in their environment, their primary aim is to send and receive data. Whereas smart devices are generally connected to other devices or networks via different wireless protocols that can operate to some extent interactively or autonomously. Taking all the above into account, I find the marks to be conceptually similar to a low to medium degree.

#### The opponent's second earlier mark

40. Conceptually, the application will be viewed as discussed in paragraph 38 above. The opponent's second earlier mark will convey the concept of enhanced intelligent earphones. As mentioned above in paragraph 38, the 'IQbuds' element in the opponent's mark will be viewed as intelligent earphones. It is my view that the additional element of BOOST will be given its ordinary dictionary meaning and be interpreted as meaning something that increases, improves or is more successful. In relation to earphones, it will be viewed as improved upon intelligent earphones. Taking all this and the above into account, it is my view that the marks are conceptually similar to a low degree.

#### **DISTINCTIVE CHARACTER OF THE EARLIER MARKS**

41. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 the CJEU stated that:

"22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C108/97 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).”

42. Registered trade marks possess varying degrees of inherent distinctive character through use, ranging from the very low, because they are suggestive or allusive of a characteristic of the services, to those with a high inherent distinctive character, such as invented words which have no allusive qualities.

43. The opponent has pleaded that its marks have acquired enhanced distinctive character through use and it has filed evidence to support such a claim. Before considering the issue of enhanced distinctiveness, I will first consider the inherent distinctive character of the opponent’s first and second earlier marks.

#### The opponent’s first earlier mark

44. The opponent’s first earlier mark consists of the text ‘IQbuds’. It is my view that it will be viewed as being IQ buds by the average consumer. The first two letters of the opponent’s first earlier mark ‘IQ’ are likely to be recognised as an abbreviation for ‘Intelligence Quota’, which as discussed above, alludes to the opponent’s goods being intelligent or smart. ‘Buds’ is descriptive of the goods at issue as it is commonly used as an abbreviation of the word earbuds, a term which is used interchangeably with earphones. Taking this into account, I find that the opponent’s first earlier mark has a low degree of inherent distinctive character.

#### The opponent’s second earlier mark

45. I have referenced the inherent distinctiveness of the ‘IQbuds’ element of ‘IQbuds BOOST’ in paragraph 44 above. It is my view that the additional element of BOOST will be given its ordinary dictionary meaning and be interpreted as meaning something that increases, improves or is more successful. This is suggestive that the

opponent's goods have enhanced performance. Taking this into account, I find that the opponent's second earlier mark has a low degree of inherent distinctive character.

46. I turn now to consider the position in respect of enhanced distinctiveness. I note that enhanced distinctiveness must be established in relation to the UK market because the test for confusion will be assessed by reference to the average consumer who is a member of the UK general public.

47. The narrative from the opponent's witness statement goes on to state that a full range of the opponent's goods is sold at the opponent's website. The opponent states that the website is accessible to the UK consumer with shipping options to the UK and prices for the goods bearing the opponent's marks presented in GBP. However, screenshots of the evidence provided only display products bearing the mark 'IQbuds<sup>2</sup> Max' rather than the opponent's first or second earlier mark.<sup>1</sup> The opponent has provided evidence of the number of visits to the opponent's website from UK addresses from January 2016 to March 2022. I note that some of this period is after the relevant date and I have taken that into consideration. The figures are of 877,093 users, 874,168 new users and 1,102,001 sessions.<sup>2</sup>

48. The opponent has provided turnover figures for the opponent's first and second earlier marks. The evidence indicates the following sales figures:

<u><i>Conglomerated sales in AUD</i></u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Product Total</u>
<b>IQbuds</b>	£26,499.9 2	£1,249.0 5	£438.52	£2,672.01	£6,030.91	\$ -	\$ -	<b>£36,890.41</b>
<b>IQbuds BOOST</b>	-	-	-	£22,387.9 4	£98,285.49	£15,886.05	\$ -	<b>£136,559.48</b>
<b>IQbuds2 MAX</b>	-	-	-	-	£22,535.51	£392,388.0 0	£221,647.3 9	<b>£636,570.90</b>
<b>Financial Year Total (in GBP)</b>	<b>£26,499.9 2</b>	<b>£1,249.0 4</b>	<b>£4,38.5 2</b>	<b>£25,059.9 5</b>	<b>£126,851.9 1</b>	<b>£408,274.0 5</b>	<b>£221,647.3 9</b>	<b>£810,020.7 9</b>

<sup>1</sup> Exhibit JMR4 of the witness statement of Jean-Marie Rudd

<sup>2</sup> Exhibit JMR5 of the witness statement of Jean-Marie Rudd



49. Whilst I note that it says that the figures are 'conglomerated sales in AUD', given the use of '£' it is my view that the phrase 'conglomerates sales in AUD' is either an oversight by the opponent or the figures have been conglomerated in AUD and converted into GBP. The use of '£' throughout and the narrative evidence in the witness statement of Ms Rudd which states that the figures are demonstrative of sales in the UK, leads me to be of this view. Further, I note that no issue was raised in relation to this by the applicant. To put the sales figures into context, the opponent states that the prices for the opponent's goods range from £299 for the opponent's 'IQbuds<sup>2</sup> Max' hearing bud products to £19 for replacement ear tips. This would suggest that the figures that are provided by the opponent are not merely for its earbud products but are inclusive of replacement ear tips. Whilst I note that no evidence or submissions have been provided to indicate the proportion of the size of the market, I believe the market to be substantial, amounting to hundreds of millions of pounds per annum. In my view, when compared to the size of the relevant market, the sales figures of £36,89.41 for 'IQbuds' and £136,559.48 for 'IQbuds BOOST' are low.

50. The opponent has provided invoices to put the sales figures into context.<sup>3</sup> In respect of the invoices, I note that the header of the document indicates that they are orders provided by Nuheara Limited UK. All of the invoices are dated before the relevant date. The majority of the products referred to make reference to the opponent's first or second earlier mark, however, there are a few invoices that reference 'IQbuds<sup>2</sup> Max'. The invoices are for sales to customers throughout the UK, inclusive of and are not limited to customers in: Sheffield, Doncaster, London, Devon, Derby, Saltash and Edinburgh. I note that there are five invoices that have a shipping address in either the United States or Australia and a billing address in the UK. Further, I note that two of the invoices for the opponent's goods were refunded. Despite this, I note that these invoices are only sample invoices within the relevant date and I will factor that into my assessment. Having reviewed the evidence, the invoices do not expressly state the goods being sold are earphones. However, I note the narrative evidence in the witness statement of Ms Rudd, which states that the invoices demonstrate sales of the opponent's goods and statement that the trade marks are used in connection with headphones, ear or hearing buds and related software. In

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<sup>3</sup> JMR1 of the Witness Statement of Jean-Marie Rudd

addition, I note the advertisements demonstrating earphones bearing the opponent's marks. Bearing this in mind, I am content to conclude that the goods sold bore the opponent's marks.

51. Turning now to consider the opponent's marketing in the UK, I note that the opponent confirms that it advertises on a range of platforms and has digital advertisements on platforms such as Google, YouTube, Instagram and Facebook. I note that the advertising expenditure has been provided globally and the opponent has provided the UK Google advertising expenditure. The evidence of the opponent's global investment in promotional and marketing expenditure is seen below:

Financial Year	Advertising spend
2018	AU \$4,509,514
2019	AU \$5,943,896
2020	AU \$3,658,232
2021	AU \$4,467,867
2022 (year to date)	AU \$3,879,645 (to 30/4/2022)

52. The figures for 2022 are after the relevant date and I note that the figure for 2021 inevitably includes some expenditure from after the relevant date, a fact that I will bear in mind going forward. The figures noted represent global figures, the total of which stands at 18,579,509 AUD without the 2022 figures. I note that the global figures have not been broken down to clearly indicate the expenditure in the UK. I also note that the opponent has also provided a summary of Google advertising spend relating to the UK, represented in US dollars as seen below:<sup>4</sup>

Campaign report

All time

Campaign status	Campaign	Currency code	Campaign type	Imp.	Interactions	Avg. cost	Cost
Enabled	UK - Branded Search	USD	Search	95,108	15,796	0.82	12988.62
Enabled	UK - Display Remarketing	USD	Display	70,763,340	180,237	0.41	74757.15
Enabled	Shopping Ads UK	USD	Shopping	29,235,434	119,030	0.96	114505.78
Total: Filtered campaigns		USD		100,093,882	315,063	0.64	202251.55

<sup>44</sup> Exhibit JMR2 of the witness statement of Ms Jean-Marie Rudd

53. I note that the table above is not presented in a way that is easy to interpret. In addition, limited narrative evidence has been provided to assist in the interpretation. Further, I note that the GBP equivalent for the figures during the time period has not been provided to assist in assessing the value of the advertising spend. I do note that the opponent spent 202,251 USD for the UK advertising expenditure, but the time period this spans has not been indicated. However, I do recognise that evidence of marketing expenditure is supported by the global figures provided.

54. The evidence does not set out the proportion of the UK spend advertising expenditure in the opponent's global marketing/advertising expenditure. I also note that the expenditure is not broken down into specific goods, however, given the focus of the advertising evidence on earphones, it is reasonable to infer that at least a large proportion stems from sales of those goods. The evidence in relation to the marketing effort does indicate that the opponent has undertaken efforts to promote its business. However, the advertising figures presented above are not high and the UK specific figures are not broken down to indicate yearly expenditure. Further, I note that no information has been provided to indicate the time period for the UK summary. In my view, the marketing/advertising evidence demonstrates an attempt by the opponent to advertise in the UK, but the scope of which this took place is not entirely clear. While there is no evidence of the impact of the advertising towards sales in the UK, the evidence indicates that the opponent has invested in the UK market.

55. The evidence then goes on to demonstrate examples of sponsored links/advertising which would appear in searches for the trade marks on Bing and Google, social media advertising via Facebook and Instagram, and a spreadsheet with further details of the views or impressions of the opponent's YouTube, Google and Bing adverts.<sup>5</sup> Further evidence of examples of the Facebook and Instagram adverts have been provided and I note that the adverts demonstrated are between 2016 and 2022 for the opponent's earphones bearing the marks 'IQbuds', 'IQbuds BOOST' and 'IQbuds<sup>2</sup> Max'.<sup>6</sup> I note that the evidence does not indicate how many individuals 'liked' the Facebook or Instagram advertisements. The opponent has provided a detailed

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<sup>5</sup> Exhibit JMR3 of the Witness Statement of Ms Jean-Marie Rudd

<sup>6</sup> Exhibit JMR2 of the Witness Statement of Ms Jean-Marie Rudd

and itemised list of the YouTube and Google advertisements (from March 2016 to March 2022) and Bing advertisements (from May 2016 to June 2022) that they have run in the UK and the amount of interaction achieved following the advertisements. It is difficult to identify whether the advertisements viewed were in relation to the opponent's first or second earlier marks as the descriptions attached to the advertisements do not clearly indicate this. However, I note that one of the most successful adverts for the opponent had 4,467,599 impressions and 6,765 clicks and the least successful had 0 impressions and 0 clicks, therefore, the advertisements listed had varying degrees of success.

56. There are references to the earlier marks in publications in the opponent's evidence such as:

- a) An article in *Wareable* dated 4 January 2017 which states that IQbuds alter the experience of hearing with the outside world. In addition, it states that following raising \$750,000 the opponent will be ready to ship its IQbuds product to backers by 2 January 2018. Further, an article in *Wareable* dated 7 January 2018 which states that "Nuheara also built and launched a pair that of buds that lets you take control of what you hear and it's still open for business, unveiling two new hearables while giving the existing IQbuds an upgrade. The first new model is the IQbuds BOOST".<sup>7</sup>
  
- b) An article in *TechCrunch* dated 8 January 2018 which states that "The small public company's IQbuds offer a similar feature set to other products on the market" and "The company is also teasing IQbuds BOOST".<sup>8</sup> In addition, another article in *TechCrunch* dated 12 January 2018 which states that "Nuheara's new IQbuds Boost headphone exist in a strange sort of in between spot" and "like the standard IQbuds before them, however, they are designed to boost hearing".<sup>9</sup> Finally, an article in *TechCrunch* dated 25 May 2016 which discusses IQbuds features and indicates the product are a mix between a hearing aid and an earbud.

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<sup>7</sup> Exhibit JMR6 of the witness statement of Jean-Marie Rudd pg 66

<sup>8</sup> Ibid 68

<sup>9</sup> Ibid 70

- c) An article in *Which?* dated 10 February 2019 which states “Nuheara’s IQbuds lets you selectively tune in or out of ambient sound”.<sup>10</sup>
- d) An article in *Forbes* dated 5 July 2019 which discusses the functions and features of the opponent’s IQbuds BOOST.<sup>11</sup>
- e) An article in *engadget* dated 4 June 2016 which states that the opponent doubled its funding goal within 24 hours to produce its IQbuds which are a bluetooth headset for the user’s phone which has active noise cancelling features and can give the user’s hearing a boost.<sup>12</sup>
- f) An article in *Techradar* dated 19 April 2016 which states that IQbuds will enable users to choose which outside sounds should pass through the noise cancelling features.<sup>13</sup>
- g) An article in *TechHive* dated 23 May 2016 which states that Nuheara’s IQbuds “garnered more than \$620,000 during their indiegogo campaign (against an initial goal of just \$50,000”.<sup>14</sup>
- h) An article in *CNET* dated 6 January 2019, which makes reference to IQbuds BOOST and discusses the features of Nuheara’s new product IQbuds Max.

57. Some of the articles provided by the opponent are unclear because they are presented in a very small font, which is difficult to interpret. I have identified what I could from the text after maximising the size of the document and taken that into account. Further, I also note that the opponent’s article dated 29 January 2017 in the *Guardian* makes no reference to either of the opponent’s earlier marks.<sup>15</sup> Whilst this article demonstrates the opponent’s market presence and development of hearing assist aids and earphones, it does not demonstrate the use of either of the opponent’s earlier marks.

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<sup>10</sup> Ibid 80

<sup>11</sup> Ibid 82

<sup>12</sup> Ibid 31

<sup>13</sup> Ibid 33

<sup>14</sup> Ibid 41

<sup>15</sup> Ibid 63

58. On the balance of the evidence as a whole, it is not my view that there is enhanced distinctiveness. I recognise that there is evidence of advertising and marketing expenses and the evidence demonstrates that the sales of goods bearing the opponent's marks were throughout the UK. Despite this, I note that no evidence has been provided to indicate that a proportion of the relevant class would identify the goods as originating from the opponent's undertaking because of its marks. Although I do not have evidence or submissions from the parties to assist me in the matter of the size of the UK market for earphones/earbuds or the market share, I believe the market to be substantial, amounting in hundreds of millions of pounds per annum. In my view, when compared to the size of the relevant market, the total sales figures of £36,890.41 for the first earlier mark and £136,559 for the second earlier mark are low. Taking all of the above into account, I am not satisfied that the evidence points towards an enhanced distinctiveness of the opponent's marks.

#### **LIKELIHOOD OF CONFUSION**

59. Confusion can be direct or indirect. Direct confusion involves the average consumer mistaking one mark for the other, while indirect confusion is where the average consumer realises the marks are not the same but puts the similarity that exists between the marks and the goods down to the responsible undertakings being the same or related. There is no scientific formula to apply in determining whether there is a likelihood of confusion; rather, it is a global assessment where a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and vice versa. As I mentioned above, it is necessary for me to keep in mind the distinctive character of the earlier marks, the average consumer for the goods and the nature of the purchasing process. In doing so, I must be alive to the fact that the average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them that s/he has retained in his/her mind.

The opponent's first earlier mark

60. I have found the marks to be visually and aurally similar to a medium degree. I have found the marks to be conceptually similar to a low to medium degree. I have identified the average consumer as the general public who will purchase the goods by visual means (although I do not discount an aural component). I have concluded that the degree of attention paid when purchasing the goods will vary from medium to higher than medium (but not high). I have found the opponent's mark to be inherently distinctive to a low degree. I have found the goods to be identical.

#### The opponent's second earlier mark

61. I have found the marks to be visually and aurally similar to a low to medium degree. I have found the marks to be conceptually similar to a low degree. I have identified the average consumer as the general public who will purchase the goods via visual means (although I do not discount an aural component). I have concluded that the degree of attention paid when purchasing the goods will vary from medium to higher than medium (but not high). I have found the opponent's mark to be inherently distinctive to a low degree. I have found the goods to be identical.

62. I bear in mind the decision of the CJEU in *L'Oréal SA v OHIM*, Case C-235/05 P, in which the court confirmed that the weak distinctive character of the earlier trade mark does not preclude that there is no likelihood of confusion.

63. I am of the view that, while the marks share the presence of 'I' at the beginning of the mark and the word 'buds', I do not consider that the average consumer would misremember or mistakenly recall one mark for the other. This is particularly the case considering the difference in the overall conceptual hook. The opponent's marks will be viewed as intelligent/smart earphones (IQbuds) or enhanced intelligent/smart earphones (IQbuds BOOST). The application will be viewed as internet connected earphones. As mentioned above in paragraph 39, whilst I recognise that many smart goods are provided with built in internet connectivity, internet connectivity is not a prerequisite for a smart good. I recognise that the concepts of 'IQ'(smart/ intelligent) and 'I'( internet connected) are different in relation to goods. This is on the basis whilst internet connected devices may take some easy actions, depending on what they recognise in their environment, their primary aim is to send and receive data. Whereas

smart devices are generally connected to other devices or networks via different wireless protocols that can operate to some extent interactively or autonomously. Consequently, I find that the difference in overall conceptual hook created by the conceptual impressions of the marks observed between these marks counteract any aural and visual similarities between them. Further, it is my view that as the goods at issue are earphones/earbuds the average consumer will perceive the buds in both marks as descriptive of the goods at issue and consider the residual differences between the marks as an indication that they are competing brands in the field of earphones/earbuds. Taking all of the above factors and the principle of imperfect recollection into account, I do not consider that the marks would be overlooked or misremembered meaning that the average consumer is unlikely to mistake them for one another. Consequently, I consider that there is no likelihood of direct confusion between the marks, even in respect of my finding that the goods are identical. This finding applies in relation to both the opponent's first and second earlier marks. I make this finding particularly taking into account that some of the average consumers will pay a higher than medium (but not high) level of attention when selecting the goods. I will now proceed to consider indirect confusion.

64. It now falls to me to consider whether there is a likelihood of indirect confusion. Indirect confusion involves recognition by the average consumer of the difference between the marks. Indirect confusion was described in the following terms by Iain Purvis K.C., sitting as the Appointed Person, in *L.A. Sugar Limited v By Back Beat Inc*, Case BL-O/375/10:

“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.

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

(a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right (“26 RED TESCO” would no doubt be such a case).

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

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

65. I bear in mind that a finding of indirect confusion should not be made merely because the two marks share a common element. This is on the basis that it is not sufficient that a mark merely calls to mind another mark. This is mere association and not indirect confusion. The common element of the marks, being ‘buds’ is descriptive of the goods in the respective marks and I do not consider this to be sufficient to cause the average consumer to believe that the marks are provided by the same or related undertaking.

66. Given that indirect confusion involves recognition by the average consumer of the differences, the differences between the marks would be noticed. Whilst it is possible for indirect confusion to be found in instances where such differences are overlooked or misremembered, I do not consider that to be the case here. Upon

recognising the differences, I do not consider that there is any basis for the average consumer to believe that an undertaking 'IQbuds' or 'IQbuds BOOST' would rebrand itself as, or create the sub-brand of, 'iBuds Pro' or 'iBUDS Pro' or vice versa. I consider that the shared 'I' and 'buds' elements in the marks will be seen by the average consumer as purely coincidental and no more than a bringing to mind of the other's mark in a situation as envisaged by Mr James Mellor K.C. in *Duebros Limited v Heirler Cenovis GmbH*.<sup>16</sup> It is my view that the average consumer is likely to assume that the use of the common element 'buds' is a coincidence due to its descriptive nature, in relation to the goods, rather than there being a connection between the undertakings responsible for the marks. I do not consider that the average consumer would believe that only the opponent will be using the common element 'buds' to describe its undertaking in relation to earphone/earbud products. Whilst the *L.A Sugar* examples cited above are not exhaustive of a finding of indirect confusion; I am unable to identify any obvious circumstance where a finding of indirect confusion may occur. Taking all of the above factors into account, I do not consider there to be a likelihood of indirect confusion between the marks, even for the identical goods and for the average consumer that may pay a higher than medium (but not high) degree of attention.

67. As a result of my findings above, the opposition under section 5(2)(b) fails in entirety. I will now proceed to consider the remaining grounds of the opposition.

### **Section 5(3)**

68. Section 5(3) Section 5(3) of the Act states:

"5(3) A trade mark which – is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a European Union trade mark or international trade mark (EC), in the European Union) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier trade mark."

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<sup>16</sup>Case BL O/547/17

69. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, Case 252/07, *Intel*, Case C-408/01, *Adidas Salomon*, Case C-487/07, *L’Oreal v Bellure*, Case C-323/09, *Marks and Spencer v Interflora*, Case C383/12P, *Environmental Manufacturing LLP v OHIM*. 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 Salomon*, 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 and Environmental Manufacturing, paragraph 34. 51.*

(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 holder 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*).

70. The conditions of section 5(3) are cumulative. There must be similarity between the marks, the opponent must also show that its mark has achieved a level of knowledge, or reputation, amongst a significant part of the public. The opponent must also establish that the public will make a link between the marks, in the sense of the earlier mark being brought to mind by the later mark. Assuming that these conditions have been met, section 5(3) requires that one or more of three types of damage claimed by the opponent will occur. It is unnecessary for the purposes of section 5(3) that the goods be similar, although the relative distance between them is one of the

factors which must be assessed in deciding whether the public will make a link between the marks.

71. The relevant date for the assessment under section 5(3) is the date of the application at issue, being 8 July 2021.

72. 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.

28. Territorially, the condition is fulfilled when, in the terms of Article 5(2) of the Directive, the trade mark has a reputation 'in the Member State'. In the absence of any definition of the Community provision in this respect, a trade mark cannot be required to have a reputation 'throughout' the territory of the Member State. It is sufficient for it to exist in a substantial part of it.”

### **Reputation**

73. Under its 5(3) ground, the opponent relies on the same marks as it did under the section 5(2)(b) ground, being the word-only marks 'IQbuds' and 'IQbuds BOOST'. In addition, it claims to have obtained a reputation in the same set of goods in class 9 as relied upon in the same ground.

74. In determining whether the opponent has demonstrated a reputation for the goods at issue, it is necessary for me to consider whether its marks will be known by a significant part of the public concerned with the goods. In reaching this decision, I must take all of the evidence into account including “the marks share held by the trademark, the intensity, geographical extent and duration of use, and the size of the investment made by the undertakings in promoting it”. As the first and second earlier marks are UKTM’s it is necessary for the opponent to establish a reputation in the UK.

75. When assessing the enhanced distinctive character of the opponent’s mark, I undertook a detailed assessment of the evidence filed, a summary of which can be found in paragraphs 47 to 58. In the assessment of the 5(2)(b) the goods at issue were limited to the opponent’s goods that I found to be identical. Despite this, the evidence that was summarised at the aforementioned paragraphs represents the totality of the evidence. This same evidence is relied upon for the basis of the opponent’s 5(3) claim. I do not intend to repeat the evidence in full here save to say that, in my view, when compared to the size of the relevant market, the total sales figures of £36,890.41 is low and the market share of goods from the first earlier mark is small. The sales figures for the second earlier mark of £136,559, although higher than the first earlier mark, is still low and the market share of the goods from the second earlier mark is also small. Further, there is evidence of advertising expenditure and this is supported by the evidence of Facebook, YouTube, Google and Bing advertisements. Despite the use of the marks being geographically widespread, the use of the marks is neither longstanding nor intensive. Although I do not have evidence or submissions from the parties to assist me in the matter of the size of the UK market for earphones/earbuds, I believe the market to be substantial, numbering in hundreds of millions of pounds per annum. Taking all of this into account, I am not satisfied that the opponent has a reputation for providing earphones under the first or second earlier marks in the UK at the relevant date.

76. As a result of my findings above, the opposition under section 5(3) fails in entirety. I will now proceed to consider the remaining grounds of the opposition.

#### **Section 5(4)(a)**

77. Section 5(4)(a) of the Act states as follows:

“5(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, 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”.

78. Subsection (4A) of section 5 of the Act 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.”

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

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

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

80. Halsbury's Laws of England Vol. 97A (2021 reissue) provides further guidance with regard to establishing the likelihood of deception. In paragraph 636 it is noted (with footnotes omitted) that:

"Establishing a likelihood of deception generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive indicium used by the claimant has acquired a reputation among a relevant class of persons; and 66

(2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other indicium 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 two successive hurdles which the claimant must surmount, consideration of these two aspects cannot be completely separated from each other.

The question whether deception is likely is one for the court, which 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 claimant and the defendant carry on business;



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

(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 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.”

### **Relevant date**

81. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander K.C., as the Appointed Person, endorsed the registrar’s assessment of the relevant date for the purposes of section 5(4)(a) of the Act, as follows:

“43. In *SWORDERS TM O-212-06* Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows: ‘Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.’

82. The applicant’s mark does not have a priority date and neither is there any evidence of earlier use by the applicant that is capable of being considered the start

of the behaviour complained about. As a result, the relevant date for assessment of the opponent's claim under section 5(4)(a) of the Act is the date on which the applicant's series of marks was applied for, being 8 July 2021.

## **Goodwill**

83. The first hurdle for the applicant is that it needs to show that, at the relevant date, it had the necessary goodwill in its business and that the signs it relies on were distinctive and/or associated with that goodwill. I am reminded that the opponent relies on the following signs: 'IQbuds', 'IQbuds Boost' and '10 IQbuds<sup>2</sup> Max'. I note that the opponent's evidence provided use of the sign 'IQbuds<sup>2</sup> Max' rather than the '10 IQbuds<sup>2</sup> Max' the opponent states it relies on. I note that the sign must be distinctive and/or associated with the goodwill of the business. It is my view that as the difference between the sign evidenced and the sign the opponent relies on is the number '10', this change does not prevent it from being associated with goodwill. Goodwill was described in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL), in the following terms:

"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."

84. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

"27. There is one major problem in assessing a passing of claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the

enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark* [1969] R.P.C. 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

85. However, in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat) Floyd J. (as he then was) stated that:

“[The above] observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

86. In *Hart v Relentless Records* [2002] EWHC 1984 (Ch), Jacob J. (as he then was) stated that:

“62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first

registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see per Upjohn L.J. in BALI Trade Mark [1969] R.P.C. 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not acquired any significant reputation” (the trial judge’s finding). Again that shows one is looking for more than a minimal reputation.”

87. Goodwill arises as a result of trading activities. I note the applicant’s submissions include criticisms of the evidence filed. Whilst I have read the submissions in full and have taken them into account in reaching my decisions, I do not intend to reproduce or even refer to the specific submissions in any great detail save to note that, in short, the applicant’s position is that the opponent has fallen short of establishing that there exists goodwill at the relevant date.

88. In undertaking my assessment of the opponent’s 5(2)(b) claim, I provided a detailed summary of the opponent’s evidence in respect of its goods. While the assessment under the opponent’s 5(4)(a) claim relies on a different list of goods, being “*hearing devices, earphones and earbuds and related goods and accessories*”, the same detailed summary is applicable here. I do not intend to repeat the summary of the evidence again here. However, there are elements of the evidence, associated with IQbuds<sup>2</sup> Max that I have not discussed above. Of this evidence, I note the following:

- a) I note the sales figures from 2020 to 2022 of sales associated with the sign IQbuds<sup>2</sup> Max which amount to £22,535.51 (2020), £392,388.00 (2021) and £221,647.39 (2022). I note that the figures in 2022 are after the relevant date.
- b) Invoices provided by the opponent to put the sales figures into context. There are two invoices dated 26 and 29 June 2020 respectively that demonstrate the sale of IQbuds<sup>2</sup> Max. The invoices are within the relevant date and the header

of the documents indicates that the orders were fulfilled by Nuheara Limited UK. The invoices are for sales to Huddersfield and Newcastle-under-Lyme. The buyers are from West Yorkshire and the West Midlands, neighbouring counties – which would not suggest that sales were throughout the UK. However, I recognise that these invoices are samples of sales of the opponent's goods.

- c) An article in *Engadget* which states that Nuheara has improved upon its existing 'IQbuds MAX' product with the "IQbuds<sup>2</sup> MAX, a new set of true wireless buds that represent an improvement across the board".<sup>17</sup>
- d) I note that an article in *CNET* dated 6 Jan 2019 states that Nuheara's 'IQbuds MAX' are active noise-cancelling 'intelligent' hearing buds" and discusses its features. From reading the above article in *Engadget*, it appears that the signs referred to pertain to different products of the opponent goods than the 'IQbuds<sup>2</sup> MAX'. This is on the basis that it states that its existing 'IQbuds Max' product is improved upon by the introduction of 'IQbuds<sup>2</sup> MAX'.<sup>18</sup>
- e) An article in *TIME* which states that the IQbuds<sup>2</sup> MAX "deliver on the audio front but also are the only wireless buds that feature both active noise cancelling and audio-processing technology capable of isolating human conversations".<sup>19</sup>

### IQbuds and IQbuds BOOST

89. In relation to the signs 'IQbuds' and 'IQbuds BOOST', I do not intend to repeat the summary of the evidence again here save to say that the opponent appears to have been selling its earphones 'IQbuds' since 2016 and 'IQbuds BOOST' since 2019. In making my assessment of the existence of goodwill, I must bear in mind the evidence as a whole. I note that the narrative evidence in the witness statement of Ms Rudd states that the invoices provided demonstrate sales of the opponent's goods. Further, I note that the witness statement states that the trade marks 'IQbuds' and 'IQbuds BOOST' are used in connection with headphones, ear or hearing buds and related software. Given the focus on earphones/earbuds in the evidence, it is

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<sup>17</sup> Exhibit JMR6 of the witness statement of Jean Marie Rudd, pg 96

<sup>18</sup> Exhibit JMR6 of the witness statement of Jean-Marie Rudd, pg 74

<sup>19</sup> Ibid 98

reasonable to infer that at least a large proportion stems from sales of those goods. The same issues with the opponent's evidence that are raised above in my assessment of the evidence apply here, namely that the sales figures for the goods are low. Whilst I note that no evidence or submissions have been provided to indicate a proportion of the size of the market, I believe the market to be substantial, amounting to hundreds of millions of pounds per annum. In my view, when compared to the size of the relevant market, the sales figures of £36,89.41 for 'IQbuds' and £136,559.48 for 'IQbuds BOOST' are low. The invoices provided by the opponent do not demonstrate repeat purchases, although I note that all I am able to identify about the customer from the invoices is the location in the UK where they purchased the goods. I am reminded of the fact that a small business which has more than a trivial level of goodwill can protect signs which are distinctive of that business under the law of passing off even though its goodwill and reputation may be small.<sup>20</sup> Taking all the above into account, the evidence, in my view, falls short of what I consider to be necessary to establish sufficient goodwill to maintain a claim of passing off. As noted in the case law cited above, the burden is on the opponent to prove goodwill. Based on the evidence filed, I am not satisfied that it has done so.

### IQbuds<sup>2</sup> MAX

90. In relation to the sign '10 IQbuds<sup>2</sup> Max' as mentioned above in paragraph 83, I am satisfied that the 'IQbuds<sup>2</sup> Max' will be associated with goodwill despite the absence of the number '10'. In addition, I do not intend to repeat the summary of the evidence above in paragraph 88 or the evidence summary in paragraphs 47 to 58. The same issues raised above apply here. However, I am reminded of the sales figures from 2020 to 2022 of sales associated with the sign IQbuds<sup>2</sup> Max which amount to £22,535.51 (2020), £392,388.00 (2021). Whilst I note that no evidence or submissions have been provided to indicate a proportion of the size of the market, I believe the market to be substantial, amounting to hundreds of millions of pounds per annum. In my view, when compared to the size of the relevant market, the sales figures of £22,535.51 (2020) and £392,388.00 (2021) are moderate. The period of sale has not been longstanding but the sales, in 2021 in particular, have been intensive. I note

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<sup>20</sup> *Lumos skincare Limited v Sweet Squared Limited and others* [2019] EWCA Civ 590

that the invoices provided by the opponent demonstrate the sale to buyers in West Yorkshire and the West Midlands, neighbouring counties. These are not particularly widespread sales and would not suggest that sales were throughout the UK. Despite this, I recognise that these invoices are samples of sales of the opponent's goods. The invoices provided by the opponent do not demonstrate repeat purchases, although I note that all I am able to identify about the customer from the invoices is the location in the UK where they purchased the goods. In addition, I note the press coverage in *Engadget*, *CNET* and *Time*. This press coverage, whilst limited, is in relation to large websites. Further, I note in the narrative evidence of Ms Rudd states that the publications are either UK based publications, publications with a substantial UK editorial presence or UK-hosted domain publications. Taking all of this into account, it is my view that there is sufficient evidence to demonstrate a small but not trivial level of goodwill by the relevant date in relation to "earphones". Therefore, whilst the period of sale has not been longstanding, the sales of, in particular, £392,388.00 in 2021, has been intensive.

## **Misrepresentation**

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

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

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

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

And later in the same judgment:

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

### IQbuds<sup>2</sup> MAX

92. I bear in mind that I have found the opponent has a small, although not trivial, amount of goodwill for the sign ‘IQbuds<sup>2</sup> Max’ in respect of ‘earphones’. In considering misrepresentation, I will first consider the similarity of the marks at issue. The marks share ‘I’ and ‘Buds’ and so there is some degree of similarity. Notwithstanding the points of difference in the presence of the letter ‘Q’ at the beginning of the sign following the ‘I’, alongside the presence of ‘<sup>2</sup>’ and ‘Max’. Further, the marks differ in the presence of the second word ‘Pro’ in the application. As for the goods at issue, I make the finding that the applicant’s goods are identical to earphones in the sign. On this point, I note that the parties operate in the same field of activity.

93. In making my assessment of whether there is misrepresentation, I bear in mind the passage of Halsbury’s that I have reproduced in paragraph 80 above, namely the issues that I must have regard to when considering misrepresentation. Firstly, it is my view that the nature and extent of the goodwill enjoyed by the opponent, whilst not trivial, is small. Secondly, the goods at issue are identical and the parties operate in the same field of activity. Thirdly, it is my view that there is some degree of similarity between the marks, notwithstanding the points of difference mentioned above. Taking all of this into account, I am of the view that the prominent differences between the marks are such that a substantial number of members of the public will notice them



and understand that the goods provided under the marks at issue are offered by separate and unconnected undertakings.

94. As a result, I do not consider that there is misrepresentation and the opponent's reliance upon the 5(4)(a) ground fails.

## **CONCLUSION**

95. The opposition fails in its entirety and the application may, therefore, proceed to registration for all the goods applied for.

## **COSTS**

96. The applicant has been successful and is, therefore, entitled to its costs. As the applicant was unrepresented during these proceedings, it was required to file a costs proforma. On 11 October 2022, the applicant submitted a costs proforma setting out the costs incurred in defending these proceedings. These consisted of:

Notice of Defence	84 hours
Preparing the Witness Statement and Exhibits A to Z and considering and commenting on the Opponent's submissions	168 hours

### **Total: 252 hours**

97. The registrar usually awards costs on a scale published in Tribunal Practice Notice 2/2016. As a matter of practice, litigants in person are asked to complete a costs proforma. The purpose of this is to ensure that the costs awarded do not exceed the amount spent on the proceedings. There is no right to be awarded the amount claimed. This is subject to an assessment of the reasonableness of the claim and must also take account of the registrar's practice of awarding costs on a contributory, not compensatory, basis.

98. Approaching the matter in this way, I consider the following figures to be a fair and reasonable award of costs:

**Task Time**

Notice of Defence	4 hours
Preparing the Witness Statement and Evidence	6 hours
Considering/commenting on the opponent's submissions and evidence	10 hours

**Total 20 hours at £19 per hour: £380**

99. I have calculated the latter by adopting the standard rate used to calculate costs for unrepresented parties under The Litigants in Person (Costs and Expenses) Act 1975 (as amended) which sets the minimum level of compensation for litigants in person at £19 per hour. I multiplied this by the time I consider was reasonably spent on this application (20 hours).

100. I, therefore, order Nuheara IP Pty Ltd to pay Doctor King Technology Co. Ltd the sum of £380. This sum is to be paid within 21 days of the expiry of the appeal period or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings.

**Dated this 23<sup>rd</sup> day of January 2023**

**A KLASS**

**For the Registrar**