

Bird & Bird

Report of Trade Mark Cases

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Trade mark decisions

Probative nature of actual confusion

*TVIS Ltd v Howserv Services Ltd & Ots** (Newey, Arnold, Phillips LJJ; [2024] EWCA Civ 1103; 2 October 2024)

The Court of Appeal overturned a decision of the High Court in which the Judge found that PETSURE, used in relation to pet insurance, was not confusingly similar to the trade mark VETSURE. The Judge had erred in finding that the VETSURE mark was descriptive and was not conceptually similar to PETSURE, and in his approach to the evidence of actual confusion. The infringement claim therefore succeeded, together with claims in passing off and for the invalidity of the PETSURE mark. Naji Tilley reports.

Background

TVIS, a specialist pet insurer, owned a registered trade mark for the word VETSURE for various goods and services, including 'pet insurance' in class 36. Howserv, an insurance provider specialising in travel insurance, expanded into the pet insurance market in 2020. Howserv began trading as a pet insurance provider in 2021 under the sign PETSURE, which it registered as a trade mark for various goods and services, including 'pet insurance' in class 36.

TVIS applied for a declaration of invalidity in respect of the PETSURE mark under sections 5(2), 5(3) and 5(4)(a), and brought proceedings against Howserv for trade mark infringement under sections 10(2) and 10(3) and passing off.

The High Court rejected all of TVIS's claims. TVIS appealed. The only issue that the Court of Appeal needed to decide was that under section 10(2), as the issues under section 5(2) and passing off stood or fell with that decision and permission to appeal had not been granted under sections 5(3) and 10(3).

Similarity of marks

Arnold LJ, giving the leading judgment, upheld the Judge's decision that the marks were visually and aurally similar. He commented that, although it was common to do so, there was no legal requirement for tribunals to convey the degree of similarity between marks using words such as "high", "medium" or "low" – all that was required was to assess the nature and extent of any similarities, together with the other factors that must be considered when assessing the likelihood of confusion.

However, Arnold LJ held that the Judge had erred in holding that VETSURE and PETSURE were not conceptually similar and related to different concepts. Firstly, the Judge had muddled the assessment of conceptual similarity with the assessment of the distinctive character. Secondly, while the Judge had said VETSURE would be understood to describe insurance for veterinary services, he did not explain what PETSURE would be understood to describe and why it was conceptually different. Finally, the Judge appeared to have made an error in considering that it was necessary for the marks to be conceptually similar in order for there to be a likelihood of confusion.

Distinctive character of VETSURE

Arnold LJ held that there were real problems with the Judge's assessment of inherent distinctive character. In Arnold LJ's view, the Judge had leapt from the undisputed premise that the component parts of the marks were descriptive, to the conclusion that the combination was descriptive; a conclusion that did not necessarily follow. VETSURE was an invented portmanteau word that was not to be found in any dictionary – while it alluded to pet insurance, it did not describe it. VETSURE could also be understood to have alluded to professional indemnity insurance for vets, or a service not involving insurance, such as a certification scheme for vets. Arnold LJ found that VETSURE was not descriptive and had a low-to-medium level of inherent distinctive character.

As to acquired distinctive character, the Judge's reasoning was inconsistent: for the purposes of section 10(2) he found that VETSURE did not have an enhanced distinctive character and reputation, but for the purposes of 5(3), he found that it had some character acquired through use and hence had the required reputation for extended protection. As Arnold LJ noted, although the threshold for reputation for the purposes of extended protection was not high, it was far from a trivial one; VETSURE therefore had a moderate level of distinctive character.

Likelihood of confusion

Arnold LJ considered it necessary, in light of the above errors, to re-evaluate the likelihood of confusion.

In contrast to the Court of Appeal, the Judge had not had the benefit of oral arguments in relation to this evidence as time had run at trial, which took place under the Shorter Trials Scheme. He found that many of the examples pleaded by TVIS from emails, telephone call transcripts, social media posts and online chats, did not show actual confusion as they were mistakes or administrative errors. This was consistent with the fact that both trading names were descriptive and their elements could be interchanged by mistake. As such, there was no indication that the average consumer would be confused in the relevant sense.

Overtaking this decision, Arnold LJ found that each of the examples pleaded by TVIS supported the proposition that the marks were viewed by the relevant consumers as brand names, not descriptors, and that they supported there being a likelihood of confusion.

The Judge had failed to properly take into account imperfect recollection and the likelihood of confusion from the perspective of consumers amongst whom VETSURE had a reputation. The Judge had also wrongly considered that the number of instances of confusion was too small to amount to a likelihood of confusion; the existence of instances of confusion was probative in the factual matrix of this case. The circumstances were different to those in *W3 Ltd v easyGroup Ltd* [2018] EWHC 7 (Ch); here, the defendant had only been trading for two years, no particular effort had been made to find evidence of confusion and disclosure had been limited to that in the possession of the parties.

Arnold LJ also disagreed with the Judge's engaging of the principle that where a trade mark is largely descriptive, small differences would suffice to avoid confusion because the average consumer would recognise that the trade mark was largely descriptive, will expect others to use similar descriptive words and therefore will be alert for detail which distinguishes one provider from another. Not only was VETSURE not descriptive, but that, in a market replete with PET-prefixed and PET-suffixed brand names, there was only one other VET-prefixed name, and no other -SURE suffixed name. There was no reason to think that the average consumer would be alert to the difference between VETSURE and PETSURE, which was confirmed by the evidence of actual confusion.

Accordingly, the appeal was allowed and TVIS's claims under sections 5(2) and 10(2) succeeded, together with the claim to passing off.

Weakly distinctive marks do not get a broad scope of protection

*Athleta (ITM) INC. v Sports Group Denmark A/S ("SDG") & Anr** (David Stone, sitting as a Deputy High Court Judge; [2024] EWHC 2449 (Ch); 30 September 2024)

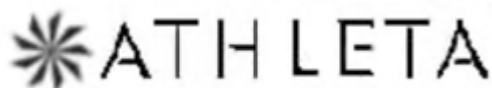
The High Court ruled that a figurative trade mark, comprising a roundel adjacent to the text ATHLETA, was infringed by a similar mark comprising a roundel beside the text ATHLECIA that was used for identical goods (clothing), under section 10(2). However, the Judge dismissed a passing off claim in respect of the figurative mark and related signs. Naji Tilley reports.

Facts

Athleta, a women's clothing company, brought trade mark infringement proceedings under section 10(2) and passing off claims against SGD, who owned the sportswear brand Athlecia. SGD counterclaimed that Athleta's marks were invalid under section 47(1) (based on both section 3(1)(b) and (c)) and that they should be revoked for non-use. Athleta consented in part to the latter such that by the time of trial, its claimed use was to the following goods: 'bags' in class 18, 'clothing, footwear, headgear and clothing accessories' in class 25 and 'retail store services in the field of clothing ...; providing on-line retailing services and on-line ordering services in the field of clothing ...'.

The marks and signs in issue were as follows:

- a word mark for ATHLETA (the "Word Mark");
- a figurative mark (the "Combination Mark"):



and

- various signs in which Athleta claimed goodwill in the United Kingdom, including the Word Mark and Combination Mark, and two signs bearing some modest variations of the Combination Mark (together, the "Athleta Signs"):



The allegedly infringing signs used by SGD were the word ATHLECIA on its own, and two figurative signs (the "Vertical ATHLECIA Combination" and the "Horizontal ATHLECIA Combination"):



SGD had used each of these ATHLECIA signs in the UK in relation to bags, clothing, headgear and footwear.

Invalidity

The Judge rejected both counterclaims on the basis that there was no evidence that Athleta's marks were descriptive of the goods and services for which they were registered, nor were they capable of distinguishing Athleta's goods and services from those of another undertaking. On the latter point, ATHLETA was a coined term that clearly alluded, in a way that was distinctive, to athlete or athletic/s.

Non-use

Some of the evidence of use relied on by Athleta was on its US website. The Judge found that postings on the website, as well as postings on Facebook, Twitter and Instagram, were not targeted at UK consumers.

The Judge concluded that, in relation to the Combination Mark, Athleta had proven genuine use only in relation to clothing. As for the Word Mark, the Judge found that there was significantly more evidence of its use and genuine use was proven in relation to clothing, bags and headgear. However, there was very limited evidence of its use on clothing accessories and footwear which, he concluded, should be revoked for non-use together with the class 35 specification for retail store services and on-line retail services.

Trade mark infringement under section 10(2)

The Word Mark for ATHLETA was highly similar to the word mark for ATHLECIA. In relation to the figurative marks, when the roundels were placed in the same position in each, the similarity remained high, otherwise it was more moderate.

The relevant goods and services were also similar, SGD having conceded that bags were identical to clothing and that its headgear and footwear were similar to clothing.

As to the likelihood of confusion, the parties had agreed that the average consumer was a female member of the public who was neither unusually considered nor unusually inattentive. There was no evidence of actual confusion but given the common element between the words ATHLETA and ATHLECIA was the first five

letters, which the reasonably circumspect consumer would consider to be a reference to athlete/s or athletic/s, the suffixes of the two marks became highly relevant.

The Judge concluded that, on the evidence, there was no likelihood of confusion between the Word Mark and ATHLECIA. Despite the high aural, visual and conceptual similarity and the identical or similar nature of the goods sold, both ATHLETA and ATHLECIA were weakly distinctive. While the Word Mark for ATHLETA was sufficiently distinctive, it was not entitled to a scope of protection so broad as to encompass ATHLECIA. In order to be infringed, an infringing sign would have to be closer to the word ATHLETA than ATHLECIA was.

However, for Athleta's Combination Mark, the Judge found that the Horizontal ATHLECIA Combination did create a likelihood of confusion. Both marks featured roundels to the left of the text, which made a difference to the overall assessment. Both roundels were sufficiently similar to increase the likelihood of confusion, especially given the average consumer's imperfect recollection and the identical nature of the goods – here, clothing.

As the placement of the roundel relative to the text made a difference, there was no likelihood of confusion between the Combination Mark and the Vertical ATHLECIA Combination.

The Judge therefore upheld Athleta's trade mark infringement claim for the Horizontal ATHLECIA Combination, in relation to clothing. The remaining infringement claims were dismissed.

Passing off

For the same reasons, the claim to passing off in relation to the Word Mark was dismissed; consumers would understand that these were different activewear brands.

Assessment of the similarity of goods and services

Unicorn Studio Inc v Veronese (Société par Actions Simplifiée) (Iain Purvis KC, sitting as a Deputy High Court Judge; [2024] EWHC 1098 (Ch); 22 April 2024)

The High Court allowed an appeal relating to a likelihood of confusion in opposition proceedings. The Judge found that had the hearing officer looked at the overall question of similarity, rather than focusing on the Canon and TREAT factors, the opposition would have failed. Unicorn Studio's mark therefore proceeded to grant for all goods and services. Nick Cowen reports.

Background

This appeal was from a partially success opposition. The appellant, Unicorn Studio, had applied for a mark consisting of the word VERONESE in stylised script and the image of unicorn (see below). This was opposed by Veronese, the owners of the VERONESE word mark.



Unicorn Studio's application spanned classes 14, 19, 20, 21 and 35 covering goods largely of an artistic nature, such as figurines and works of art in various materials, as well as wholesale and retail services in relation to the same. The specification of Veronese's registration, after the Hearing Officer reviewed evidence of use, was stripped back to 'electric lamps' and 'chandeliers' in class 11 and 'mirrors' in class 20.

Inherent distinctiveness

The Judge upheld the hearing officer's finding that the inherent distinctiveness of the VERONESE word mark was high, on the basis that the relevant consumer (being the general public with a medium degree of attention) would not be aware of the 16th century painter bearing the same name, nor make the association to the city of Verona.

Likelihood of confusion

The Judge also agreed with the hearing officer that there could be a risk of direct confusion, but that the existence of that risk would vary according to the degree of similarity of the goods and services.

Similarity of the goods and services

The Judge found that the hearing officer was wrong to find all of the application's goods and services similar to a low to medium degree to the earlier registration's electric lamps, chandeliers and mirrors.

The hearing officer had placed great weight on the factors in the *TREAT* ([1996] RPC 281) and *Canon* ([1998] C-39/97) cases. As a result, she found that there was similarity to a low to medium degree because the goods would be sold through the same retailers, the users of the goods overlapped and the goods may be chosen in part for their aesthetic qualities. This was despite her finding that both the nature of the goods and services and their uses were different and that the goods and services were not complementary.

The Judge held that the hearing officer had taken the incorrect approach. She had not stood back and taken a holistic approach; instead, she engaged in a box-ticking exercise in relation to the satisfaction of the *TREAT* and *Canon* factors. Any assessment of similarity of goods should take into account that the greater the level of generality at which some similarity under the *Canon* factors can be found (i.e. both goods are sold in large department stores or both goods are used by ordinary people), the less relevant it is to confusion.

The Judge, when analyzing each class in turn, found that in the case of "Figurines of precious metal; Works of art of precious metal" in class 14 the hearing officer was wrong to find that these goods would generally be expected to be made available through the same retailer as electric lamps, chandeliers and mirrors. In class 35, in relation to wholesale services the hearing officer was also wrong to find that the users of those services would be the same as the users of the earlier registration's goods. Had the hearing officer taken the correct approach, the opposition would have failed, either due to the dissimilarity of the goods and services or because there was no likelihood of confusion.

Statutory acquiescence

*Industrial Cleaning Equipment (Southampton) Ltd v Intelligent Cleaning Equipment Holding Co Ltd & Anr** (King, Arnold and Nugee LJJ; [2023] EWCA Civ 1451; 6 December 2023)

The Court of Appeal dismissed the appeal from the decision of Judge Melissa Clarke sitting as a High Court Judge in the IPEC in which she dismissed the defendants' defence of statutory acquiescence and held that the defendants infringed the claimant's trade mark. The Court of Appeal departed from the CJEU decision of Budvar and held that where statutory acquiescence was pleaded, for time to start running the proprietor of the earlier mark only had to be aware of the use of the later mark and not, additionally, the registration itself. Katharine Stephens reports.

Background

The claimant provided retail, rental and maintenance services for commercial and consumer cleaning equipment and had used the acronym ICE and the logo shown below from 2007. The defendants had since 2013 imported floor cleaning machines under the acronym ICE and the logo also shown below:



The claimant's logo



The defendants' logo

The key dates in this action were as follows:

Date	Event
July 2014	Claimant became aware of defendants' use of their marks
18 June 2015	Defendants' word and logo mark registered as International Trade Marks in class 7 for 'floor cleaning machines' Defendants' EU trade marks gave this date as the registration date
23 July 2015	Defendants' word mark received by the EUIPO
13 August 2015	Defendants' logo mark received by the EUIPO
23 October 2015	Claimant applied to register its logo mark in UK in classes 35 and 37 for i.a. 'retail services relating to the sale of industrial cleaning equipment, machines' and 'rental of cleaning equipment'.
24 May 2016	Defendants' word mark accepted by EUIPO
25 May 2016	Defendants' word mark published by EUIPO Date of entry on the UKIPO register of post-Brexit International (UK) registration
14 June 2016	Defendants' logo mark accepted by the EUIPO
15 June 2016	Defendants' logo mark published by the EUIPO Date of entry on the UKIPO register of post-Brexit International (UK) registration
2 July 2019	Letter before claim sent to defendants by claimant alleging trade mark infringement and passing off
26 July 2019	Defendants responded, denying infringement and passing off, relying i.a. on their EU trade mark registrations Claimants denied any knowledge of the registrations prior to this date; which the Judge accepted
24 May 2021	Claimant issued the proceedings

The Judge's decision

The Judge held that, if the claimant's trade mark was valid, then, subject to defences raised by the defendants under section 11(1) (use of own registered trade mark) and section 48 and Article 61 of Regulation 2017/1001/EU (statutory acquiescence), the defendants had infringed the claimant's trade mark. The Judge also held that, subject to the defendants' defence of statutory acquiescence, the defendants' UK trade marks were invalid pursuant to sections 47(2)(b) and 5(4)(a) on the ground that use of those trade marks was liable to be restrained as passing off. There was no challenge on appeal by the defendants to those aspects of her decision.

The Judge rejected the defendants' defence of statutory acquiescence, and consequentially their defence under section 11(1) and their counterclaim for a declaration that the claimant's trade mark was invalid due to a conflict with the defendants' trade marks. She held that, applying *Budejovický Budvar np v Anheuser-Busch Inc* Case C-482/09 ("Budvar") as she had to, the five year period only started to run when the earlier trade mark proprietor had knowledge both of the use of the later trade mark and of its registration. Since the claimant first became aware of the defendants' trade mark registrations on receipt of the letter dated 26 July 2019, the claim form had been issued and served well before the expiry of the five year period required for acquiescence.

Defendants' grounds of appeal

The defendants appealed: firstly on the ground that the Court of Appeal should depart from *Budvar*, contending it was not necessary for the proprietor of the earlier mark to be aware of the registration of the later trade mark in order for time to run; and secondly, in a point that was not before the Judge, on the date for the purpose of determining when time started to run, submitting that it was the international registration date.

First ground: awareness of the registration

Arnold LJ gave the main judgment. He noted that the case law of the Boards of Appeal of the EUIPO and the General Court appeared to be in conflict with *Budvar*, even though decisions of the CJEU were binding on the EUIPO and the General Court (which as Nugee LJ pointed out indicated that the question was not regarded as settled at European level). As there was, post Brexit, no possibility of resolving the matter by a reference to the CJEU, the Court of Appeal had to decide the matter.

The first issue was to decide the correct interpretation of the legislation. There was a slight difference in the wording in the Directives and in the Regulations, but in Arnold LJ's judgment the more natural reading of the operative words was as contended for by the defendants. The condition focused upon use of the later trade mark i.e. use affecting the market (which registration does not). Furthermore, the purpose of the legislation was to sanction proprietors of earlier trade marks who were insufficiently vigilant to stop use of later trade marks. This was in the interests of themselves, users of later trade marks and the consuming public. It followed that, provided that the later trade mark was in fact registered, time should run from the date on which the proprietor of the earlier trade mark became aware of the use of the later trade mark, not from some later date.

There were a number of practical issues flowing from the *Budvar* decision e.g. requiring knowledge of registration of the later trade mark would give the proprietor of the earlier trade mark a perverse incentive not to consult the register in order to delay time running, further, proving of knowledge of the registration date could also be more burdensome than proving knowledge of use. Such points supported the Court of Appeal's interpretation of the legislation. However, to give effect to it, the Court of Appeal would have to decide to depart from *Budvar*.

Budvar was retained EU case law and continued to form part of domestic law after Brexit and bound lower courts (sections 6(3) and (7) of the European Union (Withdrawal) Act 2018). But the Court of Appeal could depart from *Budvar* but only on the same basis as the Supreme Court had power to depart from one of its own precedents; such power to be exercised with great caution.

The Court of Appeal decided that it would depart from *Budvar*. Neither the Advocate General's opinion nor the judgment of the Court of Justice contained any analysis of the issue, but simply stated a bald conclusion. It was therefore unpersuasive. *Budvar* was also an isolated judgment and the case law of the EUIPO and the General Court was at variance with it.

Second ground: what is the relevant date?

The Court of Appeal had to decide what the registration date was in the case of an international trade mark protected in the EU. The defendants contended that where the later trade mark was an international trade mark protected in the EU, the registration date for the purpose of determining when time started to run was the international registration date as recorded by the EUIPO i.e. 18 June 2015, and not the date from which the trade marks were protected in the EU i.e. 24/25 May 2016 for the word mark and 14/15 June 2016 for the logo mark.

The Court of Appeal held that it was the latter. By article 151(1) Regulation 207/2009, international registrations took effect as if applications for EU trade marks had been made. But an application for an EU trade mark did not start time running for the purposes of acquiescence, only a registration. Therefore, the time period in this case did not start running until 24 May 2016 at the earliest.

There were conflicting decisions as to whether the correct date was the acceptance date or the publication date, but it was not necessary for the Court of Appeal to decide the issue because it made no difference on the facts. The claim form was issued on the last day of the five year period for the word mark i.e. 24 May 2021, just in time to stop a full five years' acquiescence accruing. Therefore, although the defendants had succeeded on ground 1, as they failed on ground 2, the appeal was dismissed.

Claimant's respondent's notice and cross-appeal

On the two points raised by the claimant, the Court of Appeal held that, firstly, the letter before claim did not stop time running. If it had been followed up with service of a claim form within a reasonable period, it would have done so, but it was not. Secondly, if the case of statutory acquiescence had been made out, it would have been a bar to the claimant's action for passing off and section 2(2) did not provide otherwise.

The decisions marked with an asterisk () can be found at <https://www.bailii.org>*



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