

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 3115154 IN THE NAME OF ALTEREGO
RETAIL GROUP LIMITED**

**AND IN THE MATTER OF OPPOSITION NO. 405288 THERETO IN THE NAME
OF RETAIL ROYALTY LIMITED**

DECISION

Introduction

1. This is an appeal against the decision of Mr Allan James, acting on behalf of the Registrar, dated 12 January 2018 (O-030-18). In his decision the Hearing Officer dismissed the opposition and ordered Retail Royalty Limited (“*the Opponent*”) to pay Alterego Retail Group Limited (“*the Applicant*”) the sum of £100 as a contribution towards the additional costs of dealing with the remitted opposition.
2. On 26 June 2015 the Applicant applied to register the mark shown below in classes 14, 18, 24 and 25:



3. On 19 October 2015 the Opponent filed Opposition proceedings on the basis of sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“*the 1994 Act*”). For the purposes of the section 5(4)(a) claim the Opponent relied upon the law of passing off.
4. The Applicant filed a counterstatement denying the claims.
5. Only the Opponent filed evidence.
6. On 16 September 2016 the Opposition came on to be heard before Ms Judi Pike, acting on behalf of the Registrar (“*the original Hearing Officer*”). In her decision dated 28 September 2016 (O-450-16) the original Hearing Officer found that there was no similarity between the mark applied for and the earlier marks relied upon.

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Accordingly, she dismissed the ground of opposition under section 5(2)(b) of the 1994 Act. For similar reasons the original Hearing Officer also rejected the grounds of opposition under sections 5(3) and section 5(4)(a) of the 1994 Act.

7. The Opponent appealed to the Appointed Person. On 28 September 2017, Mr Daniel Alexander QC, sitting as the Appointed Person, issued his decision (O-468-17). In that decision the Appointed Person found that the original Hearing Officer had erred in her assessment of the similarity between the marks in suit and found as follows:

28. In cases where there is real ambiguity as to how a mark may be perceived, which is possible in this case, it is legitimate, in my view, to have regard to the range of ways in which the mark could reasonably be regarded by a reasonably observant average consumer in considering the issue of similarity.

29. I have no doubt that the hearing officer was right in her description of one way in which the mark could be and would be perceived. To my mind, to the extent that it has a verbal content, the mark more naturally appears as an “EE” double letter in a logo form and, even if it is viewed as a combination of As and Es, these would not necessarily be viewed in the specific order, A-E, of the opponent’s mark or even limited to two letters (as in of the opponent’s mark).

30. However, I am not persuaded that the matter can rest there. In my view in this case, the hearing officer fell into error in leaving out of account the fact that the applicant’s mark could also readily be read as an AE mark, was in fact intended to be read as a stylised form of AE (with a negative reflection) and was taken to be such albeit by the UKIPO in its registration classification process. That in my judgment leads to there being a degree of similarity with the opponent’s earlier registration, even though not all actual consumers would take it in that way.

31. In my judgment, in cases where a disputed mark is genuinely ambiguous in the message it sends and where, if is viewed in one of those ways, it would be identical to the earlier mark in the message it conveys, that is a factor of which account can and should be taken in evaluating both whether it is similar and whether there is, as a result, a material likelihood of confusion. I am not satisfied that the hearing officer did so in this case and that led to a finding of no similarity in the marks when it should have led to a finding of some, albeit limited, similarity between the respective marks (in the sense that, to some, it would have appeared as highly similar). Of course, a finding of this sort of similarity – which might loosely be described as “similarity by ambiguous denotation or connotation” would not automatically lead to a finding that there was a likelihood of confusion for some or all of the goods

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in question, not least because the mark in question may only be slightly ambiguous and the likelihood of an average consumer being confused may be correspondingly low. Nonetheless, the *Scrabble/Scramble* case suggests that, in such a situation, it is appropriate to conduct an evaluation of likelihood of confusion where any sort of similarity is found.

8. On the basis of his findings, the Appointed Person remitted the case to a different hearing officer to consider whether to the extent that there was similarity in the way that he had found there was a likelihood of confusion and if so for which if any goods. If necessary, it was further directed that the hearing officer should also consider the section 5(3) and 5(4)(a) Grounds of Opposition.
9. The Opponent exercised its right to be heard before a decision was taken on the merits of the opposition. The matter came on to be heard by Allan James on 27 December 2017. As before, the Opponent was represented by Mr Matthew Dick of D Young & Co. The Applicant was not represented but filed written submissions in lieu of attendance.

The Hearing Officer's Decision

10. The Hearing Officer began his Decision with a review of the two earlier decisions and the evidence. In particular he addressed the starting point for his assessment of the issues before him in the light of the decision of Mr Alexander QC. The Hearing Officer concluded at paragraph [25] of his Decision as follows:


I will therefore start my assessment from the position that the Appointed Person has held that there is some similarity between the marks and that it is for me to assess what impact this has on the likelihood of confusion etc. bearing in mind what he said about the respective marks having “*similarity by ambiguous denotation or connotation*” to “*some*” consumers.

11. From this starting point, which is not challenged on this appeal, the Hearing Officer first considered the opposition under section 5(2)(b) of the 1994 Act. The Hearing Officer made his assessment on the basis of the earlier mark which he considered to be the best case namely the EUTM No 13945233 being a registration for the letter AEs *per se* which was registered in respect of the widest specification.
12. Having made findings with regards to the comparison of goods and services in issue, which are not challenged on this appeal, he went on to consider the global comparison of the likelihood of confusion for all the goods except for the limited number in Class 18 and Class 24 in respect of which he had made findings of dissimilarity (see paragraphs [40] and [41] of the Decision).

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- 13. With regard to the global assessment of the likelihood of confusion the Hearing Officer first considered the issue of the distinctive character of the earlier mark and concluded at paragraph [50] that *‘the earlier mark has a below average degree of inherent distinctive character which has not been materially enhanced in the UK through use of the mark in the EU prior to the relevant date’*.
- 14. With regard to the comparison of the marks the Hearing Officer stated as follows:

52. The respective trade marks are shown below:

AE	
Earlier trade mark	Contested trade mark

53. The opponent submits that *“the contested mark is nothing more than the letters ‘A’ and ‘E’ reflected on a horizontal plane and with their basic colours (black and white) also reversed as part of that reflection.”*

54. The appointed (sic) Person’s decision requires me to *“have regard to the range of ways in which the mark could reasonably be regarded by a reasonably observant average consumer in considering the issue of similarity”* and to have in mind that some consumers will read the letters ‘A’ and ‘E’ (in that order) in the contested mark.

55. Considering first the perception of those consumers who do not read the letters AE in the contested mark and who instead read the letters EE or a combination of As and Es, but not in the specific order (or limited to) A-E, I find that there is no visual, aural or conceptual similarity and, therefore, no overall similarity between the marks.

56. This accords with the assessment of the original Hearing Officer. The Appointed Person also considered that *“to the extent that it has a verbal content, the [contested] mark more naturally appears as an “EE” double letter in a logo form.”* I agree with that. I therefore find that more average consumers will see the contested mark this way than read the verbal content as AE. It would be artificial to attempt to assess the proportion of average consumers who see it one way or the other (including as EA or AEE) with any more precision than

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that. However, I will assume that a potentially significant minority of average consumers will see the verbal content as A-E.

57. Those consumers who read the verbal content of the contested mark as A-E can hardly fail to notice that there is much more to the contested mark than these letters. This is even evident from the opponent's description of the mark at paragraph 53 above. In my view, the contested mark is a complex logo mark. Those average consumers who see the letters A-E (in that order, possibly repeated) will nevertheless be aware of the ambiguous verbal content of the mark, which is a result of the clever way in which the letters AE are overlaid and the resulting logo reflected directly beneath itself in a contrasting colourway. Comparing the look of the logo to the look of the letters AE as such, I find that there is only a low degree of visual similarity between the marks, even to those who see the letters A-E in the contested logo mark.

58. From an aural perspective, those consumers who see the letters A-E in the contested mark will, if they attempt to verbalise the mark at all, call it an AE or AE- AE mark. The earlier mark is unambiguously AE. Therefore, the marks will be aurally identical or highly similar to those consumers who see the contested mark in this way and verbalise it accordingly.

59. Staying with consumers who see the letters A-E in the contested mark, the opponent submitted before the original Hearing Officer that the marks were conceptually identical because the letters AE are "*identically meaningless*" in the marks. I agree with the latter point. However, in my view, this means that the marks have no semantic content and are therefore conceptually neutral. To the extent that the letters AE represent the 'idea' of the marks, I have taken this into account in my assessment of the visual and aural similarities between them.

15. Turning to the average consumer and the selection process the Hearing Officer concluded that '*There is nothing about the (identical and similar) goods covered by the contested mark which makes me believe that consumers will pay an unusually high or low degree of attention during the selection process. I therefore find that average consumers of the goods at issue are likely to pay a normal or average degree of attention.*' (paragraph [62] of the Decision).
16. With regard to the likelihood of confusion the Hearing Officer found as follows (footnotes not included; emphasis as in the original):

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63. There is no likelihood of confusion amongst those average consumers – probably the majority - who do not read the letters A-E in the contested mark. This is because the marks will not appear similar to those consumers.

64. Turning to the section of average consumers who read the letters A-E in the contested mark, I find that the degree of visual difference between the letters AE *per se* and the logo that comprises the contested mark is sufficient to rule out the likelihood of direct visual confusion. In reaching this finding I have made some allowance for imperfect recollection and also for the identity of some of the goods.

65. This section of average consumers may verbalise the contested mark as A-E. If they do it will sound the same as the earlier mark. However, the importance of this to the likelihood of confusion is mitigated by two factors. Firstly, the degree of ambiguity about the letters present in the contested mark is likely to be apparent even to consumers who settle on A-E. Consequently, consumers who have the contested mark in mind are likely to be cautious about relying on just this verbal description of it when making enquiries or recommendations. The same will be true of those receiving enquiries or recommendations by reference to the letters AE, who know of the contested mark, and consider whether the oral enquiry or recommendation relates to this mark. Secondly, as I stated earlier, the selection process for the goods covered by the application is likely to be a primarily visual one. Consumers are unlikely to place orders without sight of the trade mark. In these circumstances, there is only limited potential for aural confusion. Moreover, as Mr Iain Purvis QC as the Appointed Person stated in *Royal Academy of Arts v Errea Sport S.p.a.*:

“In essence [the] argument was that there was bound to be a likelihood of confusion in this case because of the aural ‘identity’ between the marks (if one tried to ask for goods using an aural version of the earlier mark, one would ask for ‘RA’ goods, just as one would ask for the applicant’s goods). This argument seems to me to fly in the face of the necessary ‘global’ assessment, bearing in mind the visual, conceptual and aural similarities, which the tribunal must carry out.”

66. In *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation*, Kitchin L.J. considered the relationship between the average consumer and the likelihood of confusion. He concluded that:

“if, having regard to the perceptions and expectations of the average consumer, the court concludes that a

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significant proportion of the relevant public is likely to be confused such as to warrant the intervention of the court then it may properly find infringement.”

67. This was in the context of infringement, but the same approach is appropriate under s.5(2). It is not therefore necessary for me to find that the majority of average consumers will be confused. However, if the most that can be said is that occasional confusion amongst a few average consumers cannot be ruled out, then this is not sufficient. Rather the question is whether there is a likelihood of confusion amongst a significant proportion of the relevant public displaying the characteristics attributed to an average consumer of such goods/services.

68. The fact that a significant proportion of the relevant public will not see any similarity between the marks is plainly relevant to the required assessment. The limited scope for direct confusion even amongst those who see some similarity between the marks is also relevant. Taken together I find that these facts are sufficient to rule out the likelihood of direct confusion.

69. I must also consider the possibility of indirect confusion. In *L.A. Sugar Limited v By Back Beat Inc*, Mr Iain Purvis Q.C., as the Appointed Person, explained that:

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

70. The “something in common” in this case, at least to the section of the relevant public who sees the contested mark in one way, is the letters A-E. What is the mental process through which such consumers would conclude that the presence of the letters A-E in the contested mark means that it is used by the same undertaking that uses the letter trade mark AE? One possible answer to this is that the letters are so distinctive that

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the public wouldn't expect there to be more than one user of marks consisting, or including, these letters. However, I have found that the letters concerned have a below average degree of inherent distinctiveness in relation to the goods/services at issue, which had not been enhanced to any material extent through use of the earlier mark prior to the relevant date. Another possible answer is that variant marks are relatively common in the clothing sector and the contested mark is therefore likely to be seen as a stylisation of the earlier AE letter mark. Indeed, the opponent makes the point that it uses AE in certain stylised forms. There is some evidence of this, but all the forms used by the opponent are unambiguously AE marks. In my view, the contested mark is much more than the letters AE with some stylisation. I do not therefore find it likely that average consumers will see the contested mark as a natural variation on, or development of, the AE letter mark. As Mr James Mellor QC, as the Appointed Person, was keen to stress in *Duebros Limited v Heirler Cenovis GmbH*:

“..... a finding of indirect confusion should not be made merely because the two marks share a common element. When Mr Purvis was explaining in more formal terms the sort of mental process involved at the end of his [16], he made it clear that the mental process did not depend on the common element alone: ‘Taking account of the common element in the context of the later mark as a whole.’” (emphasis added)

71. Taking account of the common element (to some consumers) in the context of the later mark as a whole, I find that there is no likelihood of indirect confusion either. The opposition under s.5(2)(b) based on the earlier AE mark therefore fails.

72. The opponent submitted that all the opposed goods in class 24 (including those I have found to be dissimilar to the goods and services covered by the earlier EUTM 13945233) are similar to “*design and stylisation of textiles*” in class 42 of its earlier EUTM 5194907 (Miss AE device) and “*industrial and fashion design of clothing textiles, machines and civil and industrial manufactured articles in general*” in class 42 of its earlier EUTM 4901931 (AE Wings device).

73. The marks in question are shown in paragraph 2 above. They are less similar to the contested mark than the letters AE *per se*. The services relied upon are essentially design services. These appear to be services provided mainly to undertakings that trade in textile goods. I am therefore doubtful whether the services are similar to textiles as goods. However, there is no need to formally determine that point. Having found that there

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is no likelihood of confusion with the opponent's AE mark, even where the goods are identical, it follows that there is no likelihood of confusion where the marks are less similar and the goods/services are (at most) similar to a low degree. The opposition under s.5(2)(b) based on the opponent's other three earlier marks therefore takes the opponent's case no further.

74. I find that the opposition under s.5(2)(b) fails.

17. The Hearing Officer then considered the objection under section 5(4)(a). He did this quite shortly and concluded

78. In my view, the opponent's case under s.5(4)(a) falls down at this point. This is because, for the reasons I gave in my analysis under s.5(2)(b), the contested mark is unlikely to be mistaken for the opponent's AE mark and there is no likelihood that "a substantial number" of the opponent's customers or potential customers will be deceived. Consequently, use of the contested mark would not constitute a misrepresentation to the public. The s.5(4)(a) ground of opposition is therefore also rejected.

18. Finally the Hearing Officer considered the opposition under section 5(3). The Hearing Officer started by considering whether the earlier mark had a reputation and found as follows:

85. Applying the criteria identified by the CJEU to the facts before me I find that:

- There is no evidence of the share of the UK or EU market for casual clothing held by the mark;
- The established value and volume of sales of casual clothing under the mark appears to be a tiny fraction of the UK and EU market for such goods;
- The mark was used for about 9 years prior to the relevant date, mainly via the opponent's website which advertised the goods for sale in \$US dollars;
- The AE mark appears to have been one of a number of marks used to distinguish the goods, including AMERICAN EAGLE OUTFITTERS, the device of an American eagle and the letters AEO;
- It is not clear how many retail outlets the opponent had in the UK or EU prior to the relevant date, but it may have been limited to one store in Poland and one in London;
- It is not clear how prominently the AE mark was used in relation to those outlets or the goods sold through them;

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- There is no evidence as to the amount spent promoting the AE mark in the UK or the EU.

86. In my view, the evidence fails to establish that the mark had acquired a reputation in the UK or EU in relation to casual clothing amongst “a significant part of the public concerned by the products or services covered by that trade mark.” If I am wrong about that, then I find that the mark had acquired only a modest reputation by the relevant date.

19. With regard to the ‘link’ the Hearing Officer made findings by reference to the factors in Case C-252/07 Intel and concluded as follows:

88. The factors identified in Intel are:

The degree of similarity between the conflicting marks

Depending on the differing perceptions of consumers, the marks will appear dissimilar or similar to a low degree

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

Casual clothing is identical to many of the goods covered by class 25 of the contested mark and similar to the other goods in class 25. Although the other goods covered by the contested mark do not appear to be similar to casual clothing, they are (or could be) fashion goods. Consequently, there is a connection of sorts between the goods. Nearly all of the applicant’s goods are marketed to the general public. The section of the public targeted by the marks is therefore largely the same.

The strength of the earlier mark’s reputation in the EU/UK

I find that it was modest (at most) at the relevant date.

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

The earlier mark has a below average degree of inherent distinctiveness. Even if it had acquired a modest reputation by the relevant date, it was not enough to have made the earlier mark particularly distinctive.

89. Taking all the relevant factors into account I find that, at the relevant date, the public would not have made a link between the earlier mark and the contested mark. It follows that the

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contested mark could not have caused any of the types of injury set out in the section.

20. Although in the light of his other findings it was not necessary for him to do so the Hearing Officer then briefly considered the types of injury relied upon by the Opponent and stated as follows (footnotes omitted; emphasis as in the original):

91. The opponent pleaded that it will be perceived as the user of the contested mark, or that the user of the contested mark will be perceived as economically connected with the user of the opponent's mark. I have already rejected this proposition in my analysis under s.5(2) and s.5(4)(a). This aspect of s.5(3) case was therefore also bound to fail.

92. Additionally, or alternatively, the opponent complains that the reputation of the earlier mark may suffer from the link with the contested mark because it cannot control the quality of the goods marketed under that mark. However, in the absence of any likelihood of confusion it is not easy to understand how simply being reminded of the earlier mark will tarnish any reputation it has with the public in the UK. Indeed, in *Unite The Union v The Unite Group Plc*, Ms Anna Carboni as the Appointed Person rejected the proposition that a link between an earlier mark with a reputation and a later mark with the mere potential to create a negative association because of the potential quality of the goods/services marketed under it was sufficient to found an opposition based on detriment to reputation. I would therefore have rejected this head of injury to the earlier mark.

93. Turning to unfair advantage, the opponent claims that the earlier mark will be "riding on the coat tails" of the reputation of the earlier mark. However, absent a likelihood of confusion on the part of the public, or the earlier mark having a substantial reputation in the UK, it is not obvious why this should be so. In *Aktieselskabet af 21. november 2001 v OHIM*, the CJEU stated that:

[Quotation of paragraph [22] of the CJEU omitted]

94. In my view, the opponent has done no more than point to the hypothetical risk of unfair advantage being taken of the earlier AE mark. I would therefore have rejected this aspect of the opponent's case too.

95. Finally, the opponent claims that use of the later mark will dilute the distinctive character of the earlier AE mark and that this will lead to lost sales. According to the opponent, consumers of the opponent's goods/services may purchase fewer such goods/services if the opponent's AE mark ceases to

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be linked (or is less immediately linked) with the opponent's image of a wholesome, positive lifestyle brand.

96. In *Environmental Manufacturing LLP v OHIM*, the CJEU stated that:

[Quotation of paragraphs [34] to [43] of the CJEU omitted]

97. In the absence of a likelihood of confusion, I do not accept that use of the contested mark would result in the opponent's mark ceasing to be linked with any of the qualities or values with which it may currently be associated. I am particularly mindful of the CJEU's guidance that:

“The mere fact that consumers note the presence of a new sign similar to an earlier sign is not sufficient of itself to establish the existence of a detriment or a risk of detriment to the distinctive character of the earlier mark within the meaning of Article 8(5) of Regulation No 207/2009, in as much as that similarity does not cause any confusion in their minds.”

98. Given the modest (at best) reputation of the opponent's mark in the UK and the relative lack of distinctiveness of the letters AE, I do not accept that the mere coincidence of there being two marks, one comprising and one including (to some), the letters AE presents a serious risk of a change in the economic behaviour of consumers. The opponent's case is based on mere suppositions. I would therefore have rejected the claim that use of the contested mark would be detrimental to the distinctive character of the earlier mark.

99. The s.5(3) ground is therefore also rejected.

21. On the basis of the Hearing Officer's findings aforesaid the opposition was rejected.

The Appeal

22. On 9 February 2018 an appeal against the Hearing Officer's decision was filed on behalf of the Opponent pursuant to Section 76 of the 1994 Act.

23. The Statement of Grounds of Appeal is 50 paragraphs long. At paragraph 8 under a heading '*Summary of Main grounds of Appeal*' it was stated that:

The [Opponent] respectfully contends that the Hearing Officer made a number of distinct and material errors of principle; and also that he reached a decision which was plainly wrong for the reasons set out below:

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- (i) Failure to take proper account of the scope of protection afforded to the [Opponent's] earlier mark, bearing in mind that it is registered in plain capital letters;
- (ii) Failure to consider the principle of notional and fair use of the [Opponent's] mark when assessing visual similarity;
- (iii) Failure to give proper consideration of the evidence before the Tribunal as to the use made of the [Opponent's] mark and its resulting reputation in the UK.

The heading above the remaining paragraphs in the Statement of Grounds of Appeal is '*Detailed Arguments on Grounds of Appeal*'. From these detailed arguments, and from the skeleton of argument filed in support of the appeal, it is apparent that point (iii) was an appeal with respect to the assessment of the evidence of use of Opponent's mark and the resulting findings with regard to reputation and acquired distinctiveness of the earlier mark. It was in substance further contended in the Detailed Arguments on the Grounds of Appeal that had the Hearing Officer not erred in his findings on points (i) to (iii) he would and should have gone on to uphold the Opposition under sections 5(2), 5(3) and 5(4)(a) of the 1994 Act.

24. The Statement of Grounds of Appeal also contained 3 Annexes. As was confirmed during the hearing of the appeal Annex 3 contained material that had not been before the Hearing Officer and was not the subject of any application. I have therefore not taken such material or submissions based on such material into account for the purposes of determining this appeal and will say no more about it.
25. No Respondent's Notice was filed. That is to say the Applicant adopted the position that the Hearing Officer's Decision was correct for the reasons that he gave.
26. At the hearing of the appeal Mr Matthew Dick of D Young & Co appeared on behalf of the Opponent. The Applicant did not appear and was not represented.

Standard of review

27. An appeal against decisions taken by the Registrar is by way of review. Neither surprise at a Hearing Officer's conclusion, nor a belief that he has reached the wrong decision suffice to justify interference in this sort of appeal. Before that is warranted, it is necessary for me to be satisfied that there was a distinct and material error of principle in the decision in question or that the Hearing Officer was wrong. See Reef Trade Mark [2003] RPC 5; BUD Trade Mark [2003] RPC 25; and more recently the decision of Geoffrey Hobbs QC sitting as the Appointed Person in ALTI Trade Mark (O-169-16) at paragraphs [19] to [20]; the decision of Daniel Alexander QC sitting as the Appointed Person in Talk for Learning Trade Mark (O-017-17) referred to by

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Arnold J. in Apple Inc. v. Arcadia Trading Ltd [2017] EWHC 440 (Ch); and the judgment of Daniel Alexander QC sitting as a Deputy Judge in the High Court in Abanka D.D. v. Abanca Corporación Bancaria S.A. [2017] EWHC 2428 (Ch).

28. Moreover where the decision below involves the making of a value judgment the decision maker on appeal must be especially cautious about interfering with that judgment on appeal: see most recently Lewison LJ in A P Racing Limited v. Alcon Components Limited [2018] EWCA Civ 1420 at paragraph [33].
29. In the context of the present case it is also necessary to have in mind the observations of Geoffrey Hobbs QC in in ALTI Trade Mark (O-169-16) at paragraph [13] in which he stated (emphasis added):

I pause at this point to emphasise that in keeping with its role as an appellate tribunal, this Tribunal is not entitled to interfere with decisions of the Registrar unless (to put it broadly) they appear to have been deprived of legitimacy by error or irregularity. The Tribunal's remit under the Act and the Rules is to consider whether that is or is not the case having regard to the grounds of appeal and any respondent's notice duly put before it. The request by both sides in the present case for all of their previous written submissions to be taken into account cannot be allowed to distract attention away from the need for the Opponent to show that the decision under appeal should for good reason be regarded as unmaintainable.

30. It is necessary to bear these principles in mind on this appeal.

Decision

Preliminary points

31. There are two preliminary points that I should make clear before turning to the specific points made on this appeal. In so far as it was submitted on behalf of the Opponent that:
- (1) From the perspective of those who *see* the letters A-E in the contested mark the marks in issue are identical I reject it. On any view the marks are not visually identical even when considered from the perspective of those who see the letters A-E in the contested mark. The proposition that the mark are identical is untenable given that the case law of the CJEU requires the marks to '*be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components*' as the Hearing Officer made clear in paragraph [51] of his Decision.

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- (2) *All consumers would see the letters A-E in the contested mark I reject it. It is clear from the decision of Mr Alexander QC that he had already rejected that proposition (paragraph [28] of his Decision). Indeed the Appointed Person had accepted that the description of one way in which the contested mark could and would be perceived was as set out in paragraph [14] of the Decision of the original Hearing Officer (paragraph [29] of his Decision); and had found that to the extent that the contested mark had a verbal content, ‘the mark more naturally appears as an “EE” double letter in logo form’. Moreover it was on the basis of these findings that the Hearing Officer was directed by the Appointed to determine the Opposition which he did as was made clear in paragraph [25] of his Decision.*

Assessment of ‘similarity’

32. It seems to me that issues (i) and (ii) identified in the Grounds of Appeal are in fact a single point namely that the Hearing Officer did not take into account in assessing the similarity of the marks in issue that a registration in plain capital letters encompasses uses in different fonts or typefaces, as well as upper and lower case lettering within the principle of notional and fair use of the mark and in particular in the present case the Hearing Officer did not take into account the actual use of the AE mark by the Opponent in various different stylised forms which was said to exemplify such notional and fair use.
33. In my view the Opponent is correct that as a matter of law the registration of a word mark does not prevent its use in different scripts (fonts or typefaces). See for example Case T-346/04 Sadas SA v. OHIM. Indeed the Opponent in the present case has relied upon some evidence of use of its AE mark in certain stylised forms in support of its claim to acquired distinctiveness and reputation. All such use in stylised form was described by the Hearing Officer, in my view correctly, in paragraph [70] of his Decision as being use of ‘*unambiguously AE marks*’ and it is clear that he appreciated that such use could be relied upon in support of a claim for acquired distinctiveness and reputation for the purposes of the earlier mark.
34. However, it is also the position in the present case that the earlier mark that was the subject of the comparison for the purposes of the assessment of similarity was the letters AE without embellishment or device. It is therefore the combination of the letters A and E which comprises the overall impression of the mark. In those circumstances it seems to me that the Hearing Officer was correct to state as he did at paragraph [57] of his Decision that the relevant comparison was between ‘*the letters AE as such*’ and the contested mark.
35. Further, the findings of the Hearing Officer with regard to his assessment of the contested mark in paragraph [57] of his Decision namely that it is ‘*a complex logo mark*’ and that ‘*Those average consumers who see the letters A-E (in that order,*

possibly repeated) will nevertheless be aware of the ambiguous verbal content of the mark, which is a result of the clever way in which the letters AE are overlaid and the resulting logo reflected directly beneath itself in a contrasting colourway’ are, in my view findings that it was open to him to make. In this connection it is to be noted that the Opponent itself acknowledged in its own description of the contested mark, set out in paragraph [53] of the Decision, that there is more to the contested mark than simply the letters A-E.

36. I therefore do not consider that the Hearing Officer’s findings with regard to his assessment that there was a low degree of visual similarity between the Opponent’s mark and the contested mark from the perspective of those who see the letters A-E in the contested complex logo is undermined by the alleged errors identified in the Grounds of Appeal.
37. For completeness I should make clear that there was, quite correctly, no challenge to the finding of the Hearing Officer that, from the perspective of those who see the letters A-E in the contested mark, the marks were aurally identical or highly similar (paragraph [58] of the Decision) or that the marks in issue had no semantic content and were therefore conceptually neutral (paragraph [59] of the Decision).

Assessment of acquired distinctive character

38. Turning to the Hearing Officer’s assessment of the distinctive character of the earlier mark (paragraphs [42] to [50] of the Decision) the Opponent does not suggest on this appeal either that the Hearing Officer incorrectly identified the applicable legal principles (paragraph [42] of the Decision); or that his finding that *‘the letters AE have a below average level of inherent distinctiveness in relation to the goods/services in issue’* (paragraph [43] of the Decision) was wrong.
39. What is however the subject of the present appeal is that on the basis of the evidence before him the Hearing Officer should not have *‘decline[d] to find that the distinctive character of the earlier mark in the UK had been enhanced to a material extent through use of the mark in the EU prior to the relevant date.’* (paragraph [48] of his Decision).
40. The Hearing Officer correctly noted in paragraph [44] of his Decision that *‘Although use of a trade mark may result in a mark acquiring a reputation and an enhanced level of distinctive character, reputation and distinctive character are different, albeit related, concepts.’* He then turned to make his assessment of the evidence filed in support of the claim for acquired distinctive character.
41. There seem to be two broad grounds of complaint as to the Hearing Officer’s assessment of the evidence filed in support of the claim to acquired distinctiveness first that the Hearing Officer did not take into account certain evidence which he

stated in paragraph [19] of his Decision that he did not understand; and second that the Hearing Officer did not give any or any sufficient weight to sales made over the internet or via the UK store between November 2014 when it opened and the application date on 26 June 2015.

42. At paragraph [19] of the Decision the Hearing Officer stated as follows:

19. Ms Cohen says that advertising of the AE mark has been extensive in the UK since the opening of the opponent's flagship store in 2014. According to her "*Over 856 million PR impressions have been logged over 120 outlets; over 12.1 million mall media impressions have been logged; and over 4 million impressions have been logged via the AE-branded, UK-specific Facebook, Instagram and Twitter accounts.*" I do not understand what any of this means.

43. There is no explanation of what '*PR impressions*' or '*mall media impressions*' are or what the reference to '*outlets*' refers to. Nor is there any explanation as to what Ms Cohen means when she refers to impressions being logged via UK specific Facebook, Instagram and Twitter accounts and how this may or may not relate to the other evidence that she gives, as summarised in paragraph [20] of the Decision, which refer to the number of followers on the Opponent's social media sites. Moreover there were no exhibits provided in support of the evidence quoted in paragraph [19] of the Decision and no date range given for the figures. In this connection I note that the evidence given with respect to the Opponent's social media sites this material was after the relevant date.

44. In the circumstances, without further explanation, it seems to me that it was open to the Hearing Officer to say that he did not understand such evidence and to therefore not take it into account. That is all the more the case in circumstances where it is not clear if and to what extent the figures given were prior to the application date and therefore whether they were or were not relevant to the assessment he had to make.

45. With regard to the sales over the internet and via the UK store it is not correct that the Hearing Officer did not take it into account. The Hearing Officer clearly did take such into account as he specifically refers to such evidence in paragraphs [45] to [47] of his Decision. However it is also the case that he found that such evidence was insufficient to support a finding of any material enhanced distinctive character particularly when considered in the context of the entirety of the evidence before him.

46. It seems to me that it was open to the Hearing Officer to reach that conclusion given that he had found that: (1) the website relied upon had prices in US\$ and seemed to be primarily directed at consumers in the USA and not to the UK or EU; (2) the market share for clothing was very small; (3) whilst the Opponent used the mark AE on its website the more prominent branding was AMERICAN EAGLE OUTFITTERS and

the device of an American Eagle and as such to assess how strongly the letters AE by themselves out of context identified the goods or services was more difficult; (4) there was no evidence put forward by the Opponent (a) of the amount spent in the UK or EU promoting the AE mark or (b) of the branding on the UK store and the evidence in the form of shopping bags was such as to give consumers the impression that the branding was primarily AMERICAN EAGLE (OUTFITTERS) rather than AE.

47. In the circumstances it seems to me that it was open to the Hearing Officer to find that the Opponent had not provided sufficient evidence to show that the distinctive character had been materially enhanced through use in the EU prior to the relevant date.

Assessment of reputation

48. With regards to the Hearing Officer's approach to his assessment of reputation the Opponent contends that (1) the Hearing Officer applied the wrong legal approach; and/or (2) incorrectly assessed the evidence that was before him. I do not agree.
49. With regard to the reference to the judgment of Enterprise Holdings Inc. v. Europcar Group UK Ltd it is clear that the Hearing Officer referred to this case as a result of the submissions that had been made to him on behalf of the Opponent and to draw attention to the different factual background that the Judge had been considering in that case (paragraph [81] of his Decision). The Hearing Officer then went on to set out, by reference to the relevant CJEU authority the approach that he should take to the assessment (paragraphs [82] and [83] of his Decision). It was not suggested before me that the Hearing Officer incorrectly identified the relevant approach in those paragraphs.
50. The Hearing Officer then proceeded to set out by reference to the criteria set out in the case law of the CJEU his finding with regard to the evidence that was before him. It seems to me having in mind the evidence (and importantly the absence of evidence) that was before the Hearing Officer and having regard to my findings in paragraphs 41 to 46 above it seems to me that the Hearing Officer was entitled to find that the evidence failed to establish that the mark had acquired a reputation in the UK or in the EU.

Global Assessment of the likelihood of confusion

51. With regard to the global assessment of the likelihood of confusion it is not suggested that the Hearing Officer did not identify the correct approach in law rather the primary basis for complaint by the Appellant are those set out in the preceding paragraphs which I have for the reasons set out above rejected.

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52. In criticising the Hearing Officer's assessment of the likelihood of confusion the Opponent also sought to rely upon how the Applicant had used the contested mark in practice. However as stated by Mr Alexander QC in paragraph [21] of his Decision such use is irrelevant as a matter of law to the assessment of conflict that was before the Hearing Officer.
53. In accordance with the findings of Mr Alexander QC the Hearing Officer proceeded to make his assessment of the likelihood of confusion on the basis that '*some*' consumers would read the letters A-E in the contested mark. Those consumers, it seems to me, represent the high point of the case from the point of view of the Opponent.
54. It was submitted on behalf of the Opponent on this appeal that from the perspective of consumers who read the letters A-E in the contested mark, there was aural identity between the marks in issue and in circumstances where the goods and services in issue were identical/similar a finding of a likelihood of confusion should follow.
55. I do not agree. For the reasons set out by Mr Iain Purvis QC, sitting as the Appointed Person, in Royal Academy of Arts v. Errea Sport S.p.a. at [15] (and quoted by the Hearing Officer in paragraph [65] of his Decision) this is contrary to the requirement to make a "*global*" assessment, bearing in mind the visual, conceptual and aural similarities, which the tribunal must carry out'. In circumstances where one of the marks in issue is a heavily stylised device mark, taking the aural similarities alone, tends to ignore the real substance of the mark applied for and may lead to an erroneous result.
56. In the present case it seems to me that, having found that there was no likelihood of direct visual confusion and '*only limited potential for aural confusion*', it was open to the Hearing Officer to go on to conclude that there was limited scope for a finding of direct confusion even amongst those who see the similarity between the marks. That finding seems to me to be sufficient in and of itself to support a finding of no likelihood of direct confusion from the perspective of consumers who read the letters A-E in the contested mark.
57. With respect to the Hearing Officer's approach to his consideration of indirect confusion from the perspective of the consumers that would read the letters A-E in the contested mark it is submitted that the Hearing Officer failed to take into account his findings that the goods/services in issue are identical/similar. I do not accept that. It is quite clear from the reference in paragraph [70] of the Decision to the '*goods/services in issue*' and the '*clothing sector*' that the Hearing Officer had in mind the relevant goods/services in issue.
58. It further seems to me that, taking into account the observations of Mr James Mellor QC sitting as the Appointed Person, in Deubros Limited v. Heirler Cenvois GmbH

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(O-547/17), it was open to the Hearing Officer to take the view that, despite the fact that for some consumers the two marks shared a common element, in the context of the marks as a whole there was no likelihood of indirect confusion.

59. In the light of the above, it does not seem to me that the finding in the present case, that overall there would be no likelihood of confusion between the marks in issue, would be undermined whether or not the Hearing Officer was also correct to take into account in his overall assessment of the likelihood of direct confusion that ‘*probably the majority*’ (paragraph [63] of the Decision) or ‘*a significant proportion*’ (paragraph [68] of the Decision) of consumers would not read the letters A-E in the contested mark and in respect of whom he found that there was no similarity between the marks and therefore no likelihood of confusion.

‘Link’ and Injury to the earlier mark

60. Although, given the Hearing Officer’s findings with regard to reputation did not require him to go on and consider the remaining elements of the opposition under section 5(3) of the 1994 Act, the Hearing Officer none the less did so on the basis of a ‘*modest reputation*’ as at the date of application of the contested mark.
61. There were no free standing Grounds of Appeal put forward with regard to the section 5(3) Ground of Opposition. What was submitted on behalf of the Opponent was as follows:

It is also requested that the ground of s.5(3) also be re-assessed to take into account the closer degree of similarity between the marks than the Hearing Officer found (which makes the necessary ‘link’ more likely to occur), as well as the enhanced degree of distinctive character and reputation attached to the AE mark which the Hearing Officer wrongly assessed.

62. Given my findings set out above with regard to the Hearing Officer’s assessment of similarity between the marks, the degree of distinctive character and the reputation of the earlier mark it is not necessary for me to re-visit the findings that the Hearing Officer made under the section 5(3) Ground of Opposition. However for the avoidance of any doubt it does not seem to me that the Hearing Officer made any error with regard to the relevant law which he was required to apply; and that it was open to him to make the findings he did with regard to his assessment of the ‘link’ and/or the injury to the earlier mark relied upon by the Opponent.

Passing Off – section 5(4)(a) of the 1994 Act

63. I can deal with the appeal on this Ground of Opposition shortly. There were no specific criticisms of the Hearing Officer identified by the Opponent with regard to his approach under section 5(4)(a) of the 1994 Act. Rather in substance the appeal proceeded on the basis that if the findings under section 5(2)(b) of the 1994 Act were

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incorrect then the findings under section 5(4)(a) of the 1994 Act would need to be revisited. In circumstances where I have dismissed the appeal with regard to section 5(2)(b) of the 1994 Act it follows, as was correctly accepted on behalf of the Opponent in the course of the hearing of the appeal, that there is no basis in the present case to challenge the findings made by the Hearing Officer under section 5(4)(a) of the 1994 Act.

Conclusion

64. To conclude, for the reasons set out above, it does not seem to me that there is any error of principle or material error in the Hearing Officer's decision. It was in my view open to the Hearing Officer to make the decision that he did. In the result the appeal fails.
65. In the event that the Appeal was dismissed the Opponent invited me to make an order directing that Registrar should change the 'categorisation' by the UKIPO of the contested mark as an 'AE' mark. I decline to make any such order. Firstly, because the categorisation of the contested mark does not form any part of the trade mark application (or registration) for the contested mark which has been identified with clarity and precision. Secondly, because it seems to me that I do not have the power, even if I considered such an order appropriate (which I do not), to make such an order and the Opponent could not identify any part of the 1994 Act or the Trade Mark Rules 2008 upon which it relied in this connection.
66. Neither side has asked for a special order as to costs. The Applicant has taken no part in this appeal. Nonetheless it had to consider the extensive Notice of Appeal. I also note that the Applicant has not instructed a representative at any stage in the remitted opposition proceedings. In such circumstances, I direct that the Opponent do pay to the Applicant the sum of £75 as a contribution to its costs of the unsuccessful appeal. That sum is to be paid within 14 days of this decision. This sum is payable in addition to the sum of £100 awarded by the Hearing Officer in respect of the remitted opposition proceedings at first instance.

Emma Himsworth QC
Appointed Person

13 September 2018