

**BL O/952/22**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NO. UK00003662380**

**BY GOH NAI DE**

**TO REGISTER THE TRADE MARK:**

**SamRewards** 

**IN CLASS 35**

**AND**

**IN THE MATTER OF OPPOSITION THERETO**

**UNDER NO. 428611**

**BY WALMART APOLLO, LLC**

## BACKGROUND AND PLEADINGS

1. On 30 June 2021, Goh Nai De (“the applicant”) applied to register the trade mark shown on the cover page of this decision in the UK. The application was published for opposition purposes on the 27 August 2021. The applicant seeks registration for the following services:

Class 35 Administration of consumer loyalty programs.

2. The application was opposed by Walmart Apollo, LLC (“the opponent”) on 29 November 2021. The opposition is based upon section 5(2)(b) of the Trade Marks Act 1994 (“the Act”). The opponent relies upon the following trade marks:

**sam’s club** 

UK comparable registration no. UK00918155986

Filing date 22 November 2019; Registration date 5 August 2020.

Priority date 14 August 2019.

**(“The First Earlier Mark”)**

**sam’s club** 

**sam’s club** 

**(Series of 2)**

UK registration no. 3446299

Filing date 22 November 2019; Registration date 8 August 2020.

Priority date 14 August 2019.

**(“The Second Earlier Marks”)**

3. On 1 January 2021, the UK left the EU. Under Article 54 of the Withdrawal Agreement between the UK and the EU, the UK IPO created comparable UK trade marks for all right holders with an existing EUTM. As a result, the opponent's First Earlier Mark was automatically converted into a comparable UK trade mark. Comparable UK marks are now recorded on the UK trade mark register, have the same legal status as if they had been applied for and registered under UK law, and the original filing dates remain the same.

4. The opponent only relies upon its class 35 "administration of consumer loyalty programmes" services for both its First and Second Earlier Marks.

5. The opponent claims that there is a likelihood of confusion because of the identity between the respective services and the similarity of the marks.

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

7. The opponent is represented by Marks & Clerk LLP and the applicant is represented by Accolade IP Limited. Neither party requested a hearing, but the opponent filed evidence in chief. The opponent also filed submissions and submissions in lieu. This decision is taken following a careful perusal of the papers.

8. 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 on 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**

9. The opponent's evidence consists of the witness statement of Abigail Olivia Lydia Dews dated 16 May 2022. Ms Dews is a Chartered Trade Mark Attorney and an Associate at Marks & Clerk LLP, who are acting on behalf of the opponent. Ms Dews statement was accompanied by 2 exhibits (AD1-AD2).

10. **Exhibit AD1** contains a series of 16 screenshots from a variety of websites. I note that some of the websites contain dated articles, including the Salesforce article dated 4 July 2019, the Sleeknote article dated 5 January 2022 and the Formation.ai blog dated 1 March 2021. However, some of the screenshots only have an accessed date of 29 March 2022. The remaining screenshots are undated.

11. The screenshots show multiple websites describing customer loyalty programmes as a type of 'rewards system'. It also shows use and examples of customer loyalty programmes containing the word club; including M&S Club Rewards, Tesco Clubcard, British Airways Executive Club and Costa Club. I note that these examples are undated. However, I consider that these examples supports my own understanding and experience of the use of the word 'club' for customer loyalty programme services.

12. **Exhibit AD2** contains printouts from the UK IPO website detailing the opponent's registrations of which it relies upon within these proceedings.

13. I have taken all of the evidence and the parties' submissions into consideration in reaching my decision and will refer to it where necessary below.

## **PRELIMINARY ISSUE**

14. In its counterstatement, the applicant has submitted the following:

"The applicant has found out that there are 92 registered and protected trade marks bearing the word element "SAM" under class 35 in the United Kingdom, as attached at Annex B."

15. Annex B contains screenshots from the UK IPO website of marks which contain the word SAM.

16. In *Zero Industry Srl v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)*, Case T-400/06 the General Court ("GC") stated that:

“73. As regards the results of the research submitted by the applicant, according to which 93 Community trade marks are made up of or include the word ‘zero’, it should be pointed out that the Opposition Division found, in that regard, that ‘... there are no indications as to how many of such trade marks are effectively used in the market’. The applicant did not dispute that finding before the Board of Appeal but none the less reverted to the issue of that evidence in its application lodged at the Court. It must be found that the mere fact that a number of trade marks relating to the goods at issue contain the word ‘zero’ is not enough to establish that the distinctive character of that element has been weakened because of its frequent use in the field concerned (see, by analogy, Case T-135/04 GfK v OHIM – BUS(Online Bus) [2005] ECR II-4865, paragraph 68, and Case T-29/04 Castellblanch v OHIM – Champagne Roederer (CRISTAL CASTELLBLANCH) [2005] ECR II-5309, paragraph 71). “

17. The mere fact that there are multiple marks on the Register which contain the word “SAM” for class 35 services (either in this jurisdiction or in the EU) is not relevant to my assessment. I have no evidence of how (if at all) these marks have been used in practice. This submission, therefore, does not assist the applicant.

## **DECISION**

18. Section 5(2)(b) reads as follows:

“5(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 of association with the earlier trade mark.”

19. The earlier marks had not completed their registration processes more than five years before the relevant date (the filing date of the mark in issue). Accordingly, the use provisions at s.6(1)(a) and 6(1)(ab) of the Act do not apply. The opponent may rely on all of the services it has identified without demonstrating that it has used the marks.

### **Section 5(2)(b) case law**

20. 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 impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is

permissible to make the comparison solely on the basis of the dominant elements;

- (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;
- (f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;
- (g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;
- (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;
- (i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;
- (j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;
- (k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

### **Comparison of services**

21. I consider that the applicant's "administration of consumer loyalty programs" is clearly self-evidently identical to "administration of consumer loyalty programmes" in the opponent's First and Second Earlier Marks specifications.

## **The average consumer and the nature of the purchasing act**

22. As the case law above indicates, it is necessary for me to determine who the average consumer is for the respective parties' services. I must then determine the manner in which the services 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.”

23. The applicant submits that “the applicant’s services are expensive and come at a high price tag that frequently costs thousands of pounds. Accordingly, the consumers are likely to undertake substantial research before spending large amounts of money in availing such services. They have a sophisticated understanding of service cost. Consequently, they are more predisposed to be more meticulous and discerning over their procurement of such services”. The applicant also submits that their services are to be purchased through its online trading platform, and in order to set up an account through its website, the consumer would have to activate it by paying between “USD10-USD100”. “On the other hand, the opponent is engaged in the business of wholesale and retail” and “in order to avail of the opponent’s services, the consumer must pay USD45 – USD100 per year”. I note that the opponent submits that the level of attention paid “is likely to be average as they are consumer services targeted at the general public at large”.

24. In *Devinlec Développement Innovation Leclerc SA v OHIM*, Case C-171/06P, the Court of Justice of the European Union stated that:



“59. As regards the fact that the particular circumstances in which the goods in question were marketed were not taken into account, the Court of First Instance was fully entitled to hold that, since these may vary in time and depending on the wishes of the proprietors of the opposing marks, it is inappropriate to take those circumstances into account in the prospective analysis of the likelihood of confusion between those marks.”

25. Therefore, the fact that the applicant has chosen the ‘higher-end market’ does not have an impact on my assessment. I have to consider notional and fair use of the applicant’s mark across all segments of the markets for which its administration of consumer loyalty programs services are registered. I must include consideration of the likelihood of confusion of if both parties decide to target the same segment of the market. Therefore, whether the parties currently target different market segments is irrelevant as the services at issue are fundamentally the same.

26. I consider that the average consumer for the applicant’s and the opponent’s identical administration of consumer loyalty programs services will be businesses who are seeking to offer rewards to their customers.

27. I consider that the cost of the services is likely to vary. I consider that the frequency of purchase would be low, and that the purchase of these services would probably involve ongoing contracts, which would be paid for upfront, with a monthly or yearly fee. The average consumer will take various factors into consideration such as the cost, ease of use, the benefits and the suitability of the services for its user’s needs. Therefore, the level of attention paid during the purchasing process will be medium.

28. The services are likely to be purchased from companies which offer and creates loyalty programmes for businesses, and their online equivalent. Alternatively, the services may be purchased following perusal of advertisements. Consequently, visual considerations are likely to dominate the selection process. However, I do not discount that there may be an aural component to the purchase of the services given that a recommendation may have been given through word-of-mouth.



## Comparison of the trade marks

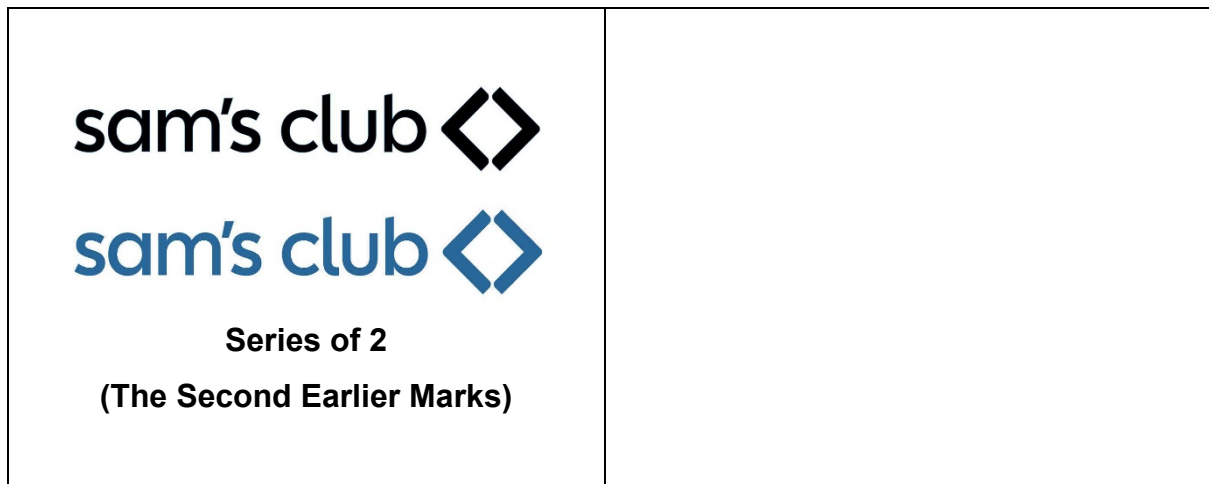
29. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a trade mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the trade marks must be assessed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

30. 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.

31. The respective trade marks are shown below:

Opponent's trade marks	Applicant's trade mark
<p data-bbox="245 1711 740 1794"><b>sam's club</b> </p> <p data-bbox="316 1832 670 1868">(The First Earlier Mark)</p>	<p data-bbox="858 1727 1337 1800"><b>SamRewards</b> </p>



32. As both the opponent's First and Second Earlier Marks are identical, albeit a version of the mark is presented in the colour blue in the series of 2, I will deal with the marks as a collective.

33. The opponent's marks consist of the words 'sam's club' followed by a diamond device element, with a break at the top and the bottom of the diamond. I note that these marks are either presented in the colour black or blue. I consider that the overall impression conveyed by the marks is a club that belongs to Sam. As highlighted above, albeit the majority of the evidence is undated, it aligns with my own personal knowledge that the word 'club' is commonly used for the opponent's consumer loyalty programs services. Therefore, I consider that the word 'sam's' carries more weight in the overall impression of the mark with the word 'club', the diamond device and stylisation playing a lesser role.

34. The applicant's mark consists of the word 'SamRewards' followed by a present device, all presented in the colour black. I note that the word 'SamRewards' is comprised of two words, the first name 'Sam' and the ordinary dictionary word 'Rewards'. As highlighted by the above evidence, the word 'Rewards' is commonly used to describe the applicant's consumer loyalty programs services, which again aligns with my own personal knowledge and experience. I consider that this concept is also reinforced by the present device within the mark. The overall impression conveyed by the marks are rewards which belongs to, or are from, Sam. Albeit the two words are presented as one word, because each word is capitalised, I consider that this is used to reinforce the fact that 'Sam' and 'Rewards' are separate words.

Therefore, as there is a clear distinction that the words are separate, I consider that the word Sam plays a greater role in the overall impression of the mark, with the word 'Rewards' and the present device playing a lesser role.

35. Visually, the marks coincide in the presence of the first 3 letters S, A and M, which spells the name 'Sam'. I bear in mind that the beginning of the marks tend to make more of an impact than the ends.<sup>1</sup> Therefore, these act as visual points of similarity. However, the opponent's mark also contains the apostrophe and the letter S at the end of the word Sam, which is followed by the word 'club' and the diamond device. The word Sam in the applicant's mark is followed by the word 'Rewards' and the present device. These all act as visual points of difference. Consequently, I consider that the marks are visually similar to between a low and medium degree.

36. Aurally, the opponent's marks will be pronounced as SAM-S-CLUB. The applicant's mark will be pronounced as SAM-RE-WARDS. The devices in all of the marks will not be pronounced. Therefore, as the marks share the first syllable, I consider that the marks are aurally similar to between a low and medium degree.

37. Conceptually, the word Sam at the beginning of both marks would be known and understood by the average consumer as a first name. I consider that the words 'club' and 'Rewards' in all of the marks are ordinary words which would be assigned their dictionary meanings. I also consider that the meaning of the word 'Rewards' in the applicant's mark will be reinforced by the present device.

38. The opponent submits that the word 'club' is synonymous with the word 'membership'. I do not consider that the words are 'synonymous', however, I do consider that they are connected because you would mostly likely have a membership to be a part of a club. The opponent also submits that the words 'club' and 'Rewards' are "frequently used to promote and entice consumers to join loyalty schemes and commonly understood by consumers as referring to a type of customer loyalty incentive used by a large number of businesses as evidenced in Exhibits AD1 and AD2". I consider that the evidence aligns with my own personal knowledge and

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<sup>1</sup> *El Corte Inglés, SA v OHIM*, Cases T-183/02 and T-184/02, paragraph 81-83

experience of consumer loyalty programs. The words 'club' and 'rewards' are frequently used for these services, and therefore, are allusive in nature.

39. Regardless, as all of the marks share the concept of the first name 'Sam' at the beginning of the marks, I consider that they are conceptually similar to a medium degree.

### **Distinctive character of the earlier trade marks**

40. 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-2779, 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 promotion of 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).”

41. Registered trade marks possess varying degrees of inherent distinctive character, ranging from the very low, because they are suggestive or allusive of a characteristic

of the goods, to those with high inherent distinctive character, such as invented words which have no allusive qualities. The distinctiveness of a mark can be enhanced by virtue of the use that has been made of it.

42. The opponent's marks consist of the words 'sam's club' followed by a diamond device, presented in the colour black or blue. This conveys the meaning of a club which belongs to Sam, which will be recognised as an ordinary English first-name. However, as highlighted above, the word 'club' for the opponent's administration of consumer loyalty programs is frequently used for these services, and therefore, is allusive in nature. Consequently, I consider that the marks are inherently distinctive to a medium degree.

### **Likelihood of confusion**

43. 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 services 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 services and vice versa. It is necessary for me to keep in mind the distinctive character of the earlier marks, the average consumer for the services 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 he has retained in his mind.

44. The following factors must be considered to determine if a likelihood of confusion can be established:

- I have found the marks to be visually similar to between a low and medium degree.

- I have found the marks to be aurally similar to between a low and medium degree.
- I have found the marks to be conceptually similar to a medium degree.
- I have found the opponent's mark to be inherently distinctive to a medium degree.
- I have identified the average consumer to be businesses who will select the services primarily by visual means, although I do not discount an aural component.
- I have concluded that a medium degree of attention will be paid during the purchasing process for the services.
- The parties' services are identical.

45. Taking all of the factors listed in paragraph 44 into account, particularly the visual and aural differences between the marks, I am satisfied that they are unlikely to be mistakenly recalled or misremembered as each other. This is particularly the case given between the low and medium degree of visual similarity between the marks and the predominantly visual purchasing process. I do not consider that the average consumer would overlook the word 'club' or the diamond device in the opponent's marks. Nor do I consider that the word 'Rewards' or the present device would be overlooked in the applicant's mark. Consequently, I do not consider there to be a likelihood of direct confusion.

46. It now falls to me to consider the likelihood of indirect confusion. Indirect confusion was described in the following terms by Iain Purvis Q.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.”

47. I consider that the shared common use of the name Sam/Sam’s at the beginning of both marks will lead to the average consumer to conclude that the marks originate from the same or economically linked undertakings. The average consumer will see the additional words ‘club’ and ‘Rewards’, which as established above, are frequently used and allusive of the opponent’s and applicant’s administration of consumer loyalty programs, and will perceive them as alternative marks being used by the same undertaking. I consider that they will see the opponent’s marks, ‘Sam’s club’, as the house mark, and that once you are a member of Sam’s club, you are entitled to ‘SamRewards’. Therefore, I consider that ‘SamRewards’ would be perceived as a sub-brand of ‘Sam’s Club’. Taking the above into account, I consider that there is a likelihood of indirect confusion.

## **CONCLUSION**

48. The opposition is successful in its entirety and the application is refused.

## **COSTS**

49. The opponent has been successful and is entitled to a contribution towards its costs, based upon the scale published in Tribunal Practice Notice 2/2016. In the circumstances, I award the opponent the sum of **£1,150** as a contribution towards the costs of the proceedings. The sum is calculated as follows:

Filing a Notice of opposition and considering the applicant’s counterstatement	£200
Preparing and filing evidence	£500



Filing written submissions	£350
Official Fee	£100
<b>Total</b>	<b>£1,150</b>

50. I therefore order Goh Nai De to pay Walmart Apollo, LLC the sum of £1,150. 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 1<sup>st</sup> day of November 2022**

**L FAYTER**

**For the Registrar**