

O-275-03

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 80761
BY SEGA CORPORATION
FOR A DECLARATION OF INVALIDITY IN RESPECT OF
TRADE MARK No. 1585482 IN THE NAME OF SEGA S.A.**



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**IN THE MATTER OF Application No. 80761
by Sega Corporation for a Declaration of Invalidity
in respect of Trade Mark No. 1585482 in the name of Sega S.A.**

BACKGROUND

1. Trade Mark No. 1585482 is for the mark SONIC and is registered in Class 9 for “Coin operated game and amusement machines; coin operated crane grabs for pushing up novelty items; all included in Class 9”.
2. The mark stands registered from a filing date of 20 September 1994.
3. On 19 March 2002 Sega Corporation applied for invalidation of the trade mark registration on the following grounds:
 - (i) Under Section 47(2) (a) of the Act because the applicant is the proprietor of earlier trade marks in relation to which the conditions set out in Section 5(2)(b) of the Act obtain because the mark is similar to the following well known earlier trade marks owned by the applicant and is to be registered for goods identical or similar to those goods and services for which the earlier trade marks are protected and there exists a likelihood of confusion on the part of the public:

Registration No.	Mark	Registration Effective	Goods
1489018	SEGASONIC	27 January 1992	Class 09: Microcomputers and parts and fittings therefor, monitors, video displays, keyboards, disc drives, converters, printers, modems; computer programmes; discs, tapes and cassettes; electrical and electronic apparatus, all for use in amusement arcades and parks, coin-operated amusement machines and apparatus adapted for use therewith, money changing machines, token dispensers, game-card vending machines;

			data processing units for management of amusement arcades and of parks; television sets; all included in Class 9.
1489019	SEGASONIC	27 January 1992	Class 28: Toys; games and playthings; all included in Class 28.
1489020	 <p>Registration of this mark shall give no right to the exclusive use of the words "His", "Sonic", "Hedgehog" and letters "NA".</p>	27 January 1992	Electronic games; parts and fittings for the aforesaid goods; all included in Class 9.
1489021	 <p>Registration of this mark shall give no right to the exclusive use of the words "His", "Sonic", "Hedgehog" and letters "NA"</p>	27 January 1992	Class 28: Toys; games and playthings; all included in Class 28.

1575380		15 June 1994	Class 41: Provision of recreation facilities; amusement arcade services; amusement parks services; all included in Class 41.
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(ii) Under Section 47(2)(b) of the Act because there is an earlier right in relation to which the condition set out in Section 5(4) is satisfied, in particular Section 5(4)(a) in that use of the mark in suit is liable to be prevented by the law of passing off.

4. The registered proprietor filed a Counterstatement denying the grounds of invalidity adding that the applicant has acquiesced for a continuous period of five years in the use of the registered trade mark in the UK, being aware of that use and that their entitlement to apply for a declaration of invalidity has ceased in accordance with Section 48(1)(a) of the Act.

5. Both sides filed evidence and have asked for an award of costs in their favour. The parties were content for a decision to be taken without recourse to a Hearing and neither party forwarded written submissions.

Applicant's Evidence

6. This consists of two witness statements, one each from Naoya Tsurumi and Alan Wicken.

7. Mr Tsurumi is Chief Operations Officer of Sega Europe Limited, a wholly owned subsidiary of Sega Corporation (the applicant).

8. Mr Tsurumi explains that the principal commercial and business activity of the applicant is the sale of computer and video games equipment and accessories, including the sale of computer and video games, for use both in the home and in amusement arcades. He adds that from at least 1991 the applicant has been a major player in the field and has spent significant sums in promoting its products. Mr Tsurumi refers to Exhibit NT 1 to his statement which comprises a copy of a witness statement from his predecessor, Mr Yoshio Sakai, which was filed in earlier invalidation proceedings against a third party, and includes details of the overall UK sales of the applicant's products for the years 1991 to 1997, as well as details of advertising spend. The following figures for UK sales of computer and video games equipment (hardware and software) bearing the SEGA trade mark are provided:

YEAR	SALES (£)
August 1991/1992	85.5 million

1992/1993	239.5	"
1993/1994	127.2	"
1994/1995	58.0	"
1995/1996	60.2	"
1996/1997	53.1	"

and the advertising expenditure figures are as follows:

August 1991/1992	£7.5 million
1992/1993	£18.7 "
1993/1994	£16.5 "
1994/1995	£6.6 "
1995/1996	£6.3 "
1996/1997	£5.0 "

9. Mr Tsurumi states that central to the applicant's promotional campaigns in the early 1990s were its promotion of Sega of Japan's key computer games character, SONIC THE HEDGEHOG who later became known simply as SONIC. Attached at Exhibit NT 3 to Mr Tsurumi's statement are three historical accounts tracing the worldwide rise of Sega of Japan's SONIC games from 1991 to 1994. At Exhibit NT 4 is a table giving the details of the number of units of various "SONIC" game titles from September 1994 to 2002. Mr Tsurumi states that up to April 1994, some four months prior to the filing date for the mark in suit, the applicant had sold 1,153,297 SONIC titled games to UK customers and as Exhibit NT 5 to his statement, Mr Tsurumi provides copies of the "front cover" of SONIC game titles.

10. Mr Tsurumi concedes that the applicant is unable to provide separate figures relating to the promotion and advertising of the SONIC titled computer and video games but he asserts that significant expenditure has been incurred.

11. Mr Tsurumi goes on to state that the applicant also manufactures coin operated arcade games and in September 1993 released the SEGASONIC the hedgehog arcade game to the European market, including the UK. Details of this game are at Exhibit NT 6 to Mr Tsurumi's statement.

12. Mr Tsurumi explains the applicant's promotion of the SONIC trade mark and character, through licensing agreements, in e.g. comics and books and food and drink promotions. He adds that the applicant's SONIC trade mark has attracted significant media attention in the UK national press and extracts taken from the Lexis/Nexis database are at Exhibit NT 10.

13. Finally, Mr Tsurumi states that the applicant has not been aware of any use of the mark SONIC in the UK by the registered proprietor of the mark in suit.

14. Mr Wicken's witness statement is dated 27 September 2002. He is an independent survey consultant.

15. Mr Wicken explains that a General Omnibus Survey was undertaken on 3 to 7 July 2002 and the full results of The Sonic Omnibus Survey, together with information on its methodology are at Exhibit AW 1 to his statement.

16. Mr Wicken explains that the RSGB survey was based on interviews with 624 adults aged between 16 and 34, interviewed at 146 sampling locations across Great Britain and that the questions were addressed to this limited age group as it is people within this age range who tend to buy computer and video games. After their age had been checked, respondents were shown the legend **SONIC** on the interviewer's computer screen, and asked four questions, namely:

- Q1. Thinking of video and computer games, who would you say make **SONIC** games?
- Q2. What other products are made by the people who make **SONIC** games?
- Q3. How long have you been aware of video and computer games whose name included the word **SONIC**?
- Q4. Have you bought or been given a computer game in the last 5 years?

17. The verbatim answers to questions 1 and 2 were coded at RSGB's headquarters. In analysis the data was weighted to allow for sampling variation. The results are presented in statistical tabulations in RSGB's report at Exhibit AW1, which also includes the text of the questionnaire and details of RSGB's sampling and weighting methods.

18. Mr Wicken goes on to state that, advised by RGC Jenkins & Co (the applicant's professional representatives), the question at issue is the extent to which members of the relevant public are aware that **SONIC** video and computer games are made by SEGA, and the extent, if any, to which the name "Sega" is ambiguous for them. He has therefore extracted from RSGB's tables, and I present below, the data which in his opinion bear on these issues.

19. Mr Wicken explains that within the public which comprises young adults, those who are familiar with video and computer games are particularly relevant and that the purpose of question 4 was to identify such young adults in terms of whether they had bought or been given a video or computer game in the last 5 years. The following table therefore compares their answers to question 1 with those of the whole sample.

	TOTAL		Bought/been given video/computer game in last 5 years	
Number Interviewed	618	100%	367	100%
Named SEGA	228	37%	179	49%
Others/none	390	63%	188	51%

20. Mr Wicken adds that in order to allow for sampling variations, these results should be read as subject to a tolerance of 5 percentage points either way but in short, the results of question 1 show that approximately one-third of all the young adults questioned identified SEGA as the maker of **SONIC** video or computer games. Of those who had bought or been given a computer or video game in the last 5 years approximately half identified SEGA as the maker of **SONIC** computer or video games.

21. Mr Wicken states that question 2 was designed to address the extent to which the name **SEGA** might be taken by different members of the public to mean different manufacturers. The term “products” in the question was variously understood by respondents to mean computer and video games, games consoles, TV, video and hi-fi equipment, computers and other products. Mr Wicken points out that a full list of the various products mentioned by the respondents can be found in the various tables of the report attached at Exhibit AW 1 but that the following table has been extracted from it in order to focus on the categories of computer games and games consoles, presenting the results so as to compare the results for the total sample, those who had bought or been given a video or computer game, and those who named SEGA as the maker of **SONIC** games. He adds that the rows of this table cover all categories of answers, and since some of the categories overlap the percentages add to more than 100%.

	TOTAL		Bought/been given video/computer game in last 5 years		Named SEGA as make of SONIC games	
Number interviewed	618	100%	367	100%	228	100%
Number who said that the makers of SONIC games also make:						
Computer games or consoles	130	21%	104	28%	104	46%
“Consoles”, Dreamcast or Megadrives	81	13%	64	17%	74	32%
“Consoles”, Game Boy, Game Cube/Station	21	3%	16	4%	6	3%
Nothing	65	11%	30	8%	13	6%
Other products	52	8%	35	10%	21	9%
“Sega products”	14	2%	12	3%	12	5%
Could not answer	375	58%	186	51%	78	34%

22. Mr Wicken states that question 3 was designed to provide an indication of the length of time respondents had been aware of the name **SONIC** in relation to computer and video games and that the answers to this question show at pages 15 to 17 of the report, attached at Exhibit AW 1, that among the 417 respondents (or 67% of the total sample) who had been aware of video and

computer games whose name included the word **SONIC**, and were able to give an estimate of the length of time they had been aware of them, the medium length of time for which they had been aware of these games was 7 to 8 years, though for 17% (or 107 people) it was over 10 years.

23. Mr Wicken concluded the following from his analysis of the results of the survey:

- “a) About 60% (367 out of 618) of young adults (16 – 34) are familiar with video and computer games, and have been aware of video and computer games whose name included the word **SONIC** for 7 – 8 years on average.
- b) About one-third (37%) of young adults (16 – 34) are aware that the maker of **SONIC** games is SEGA. Amongst those who are familiar with video and computer games about one-half (49%) are aware that the maker of **SONIC** games is SEGA.
- c) Less than 5% can be shown to think that products not in fact made by SEGA are made by people who make **SONIC** games, whether or not they can name SEGA as the maker of **SONIC** games.”

Registered Proprietor’s Evidence

24. This consists of a witness statement by Eduardo Morales dated 10 February 2003. Mr Morales is General Director of Sega S.A., the registered proprietor.

25. Mr Morales explains that his company was incorporated in Spain in 1968 by the shareholders of Sega Enterprises, the predecessors in business of Sega Corporation (the applicant) and was formed to manufacture and sell coin operated amusement machines in Spain on behalf of the applicant because of a government prohibition on the import of such machines at that time. He adds that in 1973, the prohibition was lifted as his company became a distributor of the applicant’s products in Spain but also continued to design, manufacture and sell its own amusement machines under the trade mark SEGA. Mr Morales goes on to state that in the early 1980s his company began exporting its machines in other countries, including the UK, and at that time it began using the word SONIC as a trade mark.

26. Mr Morales states that in the early 1990s his company became aware of the applicant’s use of the name SONIC THE HEDGEHOG in relation to amusement machines and requested that they cease use. He adds that in 1994 his company and the applicant concluded an agreement for the assignment of his company’s registrations of the trade mark SEGA to the applicant in return for the applicant agreeing to cease use of any trade marks consisting of or containing the word SONIC.

27. Mr Morales claims use by his company in the UK of the trade mark SONIC since at least July 1987 in relation to coin operated gaming and amusement machines, including but not limited to coin operated grabs for pushing up novelty items. He refers to Exhibit A to his statement which contains copies of invoices and product leaflets for goods sold by his company

under the SONIC trade mark in the UK. He adds that turnover of goods sold by his company under the trade mark SONIC in 1988 was at least US \$156,550.

28. Mr Morales concludes that, as a result of extensive use, the trade mark SONIC is and was at the date of filing for the mark in suit, distinctive of the goods sold by his company in the UK and that furthermore, the applicant has been aware of his company's use of the mark SONIC since at least 1994.

Applicant's Evidence in Reply

29. This consists of a witness statement by Mr Hidenobu Matsui dated 10 June 2003. Mr Matsui is the General Manager of Sega Corporation (the applicant).

30. Mr Matsui states that the applicant is not aware of the details relating to the incorporation of the registered proprietor but he adds that Sega S.A. did distribute some Sega Corporation manufactured and branded products in Spain up until 1992.

31. Mr Matsui explains that Sega Corporation is not aware of either the length of Sega S.A.'s alleged use of the trade mark and trade name SEGA or the continuous nature of that use. However, Mr Matsui states that in December 1990 Sega Enterprises (now Corporation) and Sega S.A. executed an agreement on the future registration and use of the trade mark SEGA and at Exhibit 2 to his Statement is attached a copy of this Agreement (in Spanish) together with an English translation thereof. Mr Matsui says that under the Agreement, Sega S.A. assigned all of its SEGA trade marks to Sega Enterprises and that this Assignment also involved a number of "SONIC" marks (Exhibit "A" Part II of the Agreement) as under clause 4 of the Agreement, Sega S.A. became the exclusive licensee for these Exhibit A, Part II registrations in Spain.

32. Mr Matsui goes on to state that Sega Corporation was not aware of Sega S.A.'s export activities during the 1980s and was also unaware of Sega S.A.'s alleged development and use of the trade mark SONIC during that period.

33. Mr Matsui states that Sega Corporation is aware of the 1990 Agreement between the parties but adds that this Agreement contains no commitment by Sega Corporation to cease use of SONIC trade marks. Under clause 4 of this Agreement, Sega Corporation granted Sega S.A. an exclusive licence to use a limited number of SONIC trade marks (Exhibit A, Part II) in Spain, which did not include SONIC or SONIC THE HEDGEHOG. Under clause 7 of this Agreement, Sega S.A. became the exclusive distributor of Sega Corporation's coin-operated video game machines in Spain for a three year period, provided that, for each game, certain conditions were met. This arrangement ended in December 1993. He adds that Sega Corporation had no knowledge or record of Sega S.A.'s use of the trade mark SONIC in the UK.

34. Turning to the invoices supplied at Exhibit A to Mr Morales statement, Mr Matsui states that commercial sales only appear to have taken place on a limited basis and do not demonstrate that the registered proprietor had a reputation in the trade mark SONIC at the relevant date, adding that any reputation in the mark rested with the applicant.

35. Mr Matsui concludes by stating that Sega Corporation had no knowledge or record of Sega S.A.'s alleged use of the trade mark SONIC either in the UK or elsewhere prior to the receipt of Mr Morales' Statement. Sega Corporation has therefore not acquiesced to Sega S.A.'s alleged use of the trade mark SONIC in the UK.

36. This completes my summary of the evidence filed in this case. I now turn to the decision.

DECISION

37. Firstly I consider the ground based on Section 5(2)(b) of the Act, which reads as follows:

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

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

38. An earlier right is defined in Section 6(1), which states:

“6.-(1) In this Act an "earlier trade mark" means -

- (a) a registered trade mark, international trade mark (UK) or Community trade mark which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks,
- (b) a Community trade mark which has a valid claim to seniority from an earlier registered trade mark or international trade mark (UK), or
- (c) a trade mark which, at the date of application for registration of the trade mark in question or (where appropriate) of the priority claimed in respect of the application, was entitled to protection under the Paris Convention or the WTO agreement as a well known trade mark.”

39. I take into account the guidance provided by the European Court of Justice (ECJ) in *Sabel BV v Puma AG* [1998] R.P.C 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] R.P.C 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG* [2000] E.T.M.R. 723.

It is clear from these cases that:

- (a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v Puma AG*, page 224;
- (b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v. Puma AG*, page 224, 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; *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V.* page 84, paragraph 27;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v. Puma AG*, page 224;
- (d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV v. Puma AG*, page 224;
- (e) mere aural similarity between trade marks may create a likelihood of confusion; *Lloyd*, paragraph 29;
- (f) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, page 132, paragraph 17;
- (g) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it; *Sabel BV v. Puma AG*, page 224;
- (h) account should be taken 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 was registered; *Lloyd*, paragraph 29;
- (i) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v. Puma AG*, page 224;
- (j) further, 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; *Marca Mode CV v. Adidas AG*, paragraph 41;
- (k) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning

of the section; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, page 333, paragraph 29.

40. The reputation of a trade mark is an element to which importance may be attached in Section 5(2) considerations in that it may enhance the distinctive character of the mark at issue and widen the penumbra of protection for such a mark. The applicant for invalidation has filed evidence of reputation and on the basis of this evidence I am satisfied that the applicant possesses a significant reputation in the trade mark SEGA and the trade mark SONIC in relation to “computer and video games”. However, for the purposes of Section 5(2) the reputation claimed must relate to the earlier marks as registered and in my view the evidence filed does not demonstrate a reputation in a SEGASONIC mark (registration numbers 1489018 and 1489019), or the composite mark covered by registrations numbered 1489020 and 1489021. In particular, the evidence does not demonstrate significant use of these particular marks and there is no indication of the actual scale of use e.g. turnover, in relation to these particular trade marks. Furthermore, in relation to the specific goods covered by the specification of the mark in suit, while the applicant’s evidence shows use of the mark SEGASONIC in relation to a coin operated arcade game it does not demonstrate any real reputation, indeed Exhibit NT 6 to Mr Tsurumi’s witness statement contains the following comment which indicates that the game was not on wide release:

“One gets the impression that, somewhere between Sonic 2 and Sonic CD, Sega starts to think they may be on to something with that whole “Sonic” thing. Unless you count Patrol Car and Galaxy Patrol (which we won’t), Arcade is the first of many deviations from the Sonic formula for our boy in blue. It’s also his first major gig in the coin-op scene. Unfortunately, this milestone game in the hedgehog repertoire never got as broad a release as it deserved and – like most System 32 games – never got a home conversion of any kind.”

41. In my view the evidence does not demonstrate a reputation among the relevant public in the applicant’s earlier cited trade marks, as registered, for the purposes of Section 5(2). The onus is upon the applicant to prove that its earlier registered marks enjoy a reputation or public recognition and on the basis of the evidence filed in this case I do not believe the applicant has discharged this onus.

42. I conclude that, in relation to Section 5(2) the applicant cannot claim an enhanced distinctive character for its cited marks as registered. However, I would add that the applicant’s earlier registered marks appear to possess a good degree of inherent distinctiveness and are deserving of a good penumbra of protection.

43. Even if I am wrong in relation to the reputation of the opponent’s marks, I would point out that reputation is only one element which forms part of a global consideration under Section 5(2). It was held in *Marca Mode v Adidas AG* [2000] E.T.M.R. 723:

“The reputation of a mark, where it is demonstrated, is thus an element which, amongst others, may have a certain importance. To this end, it may be observed that marks with a

highly distinctive character, in particular because of their reputation, enjoy broader protection than marks with a less distinctive character (Canon, paragraph 18). Nevertheless, the reputation of a mark does not give grounds for presuming the existence of a likelihood of confusion simply because of the existence of a likelihood of association in the strict sense.”

44. In essence the test under Section 5(2) is whether there are similarities in marks and goods and/or services which would combine to create a likelihood of confusion. In my consideration of whether there are similarities sufficient to show a likelihood of confusion I am guided by the recent judgements of the European Court of Justice mentioned earlier in this decision. The likelihood of confusion must be appreciated globally and I need to address the degree of visual, aural or conceptual similarity between the marks, evaluating the importance to be attached to those different elements, taking into account the degree of similarity in the goods and/or services in question and how they are marketed. Furthermore, in making my comparisons I must assume notional fair use of the marks on the full range of goods and services which fall within the respective specifications.

45. I turn first to a consideration of the respective goods covered by the specifications of the mark in suit and the applicant’s earlier registrations. The mark in suit is registered for “Coin operated games and amusement machines; coin operated crane grabs for picking up novelty items; all included in Class 9”. The applicant’s earlier Class 9 registration number 1489018 includes within its specification, inter alia, “electrical and electronic apparatus, all for use in amusement arcades and parks, coin operated amusement machines and apparatus adapted for use therewith”. Furthermore, registration number 1489020, also in Class 9, covers “Electronic games” within its specification of goods. It is obvious that these respective specifications cover identical goods in Class 9 and I must take this into account in my decision, in particular in relation to notional fair use of the marks.

46. I now go on to compare the mark in suit with the applicant’s earlier marks. The mark in suit comprises the dictionary word SONIC which while possessing distinctive character in relation to the specific goods for which it is registered, also possesses an obvious meaning and alludes to sound or the production of sound. The applicant’s mark (SEGASONIC) could be perceived as an invented word or the conjunction of the word SONIC to a house mark (SEGA). In any event, the well known dictionary word SONIC is an obvious element within the mark. Turning to the applicant’s composite registration, the predominant word SONIC is followed by the words THE HEDGEHOG and appears with a “cartoon character” in a circular device containing the words HIS NA SONIC on a winged background.

47. The respective marks must be compared as a whole and by reference to overall impression but, as recognised in *Sabel v Puma AG* (mentioned earlier in this decision) in any comparison reference will inevitably be made to the distinctiveness and dominance of individual elements. It is, of course, possible to over-analyse marks and in doing so shift away from the real test which is how marks would be perceived by customers in the normal course and circumstances of trade and I must bear this in mind in my comparisons.

48. I now go to a visual, aural and conceptual comparison of the mark in suit with the applicant's SEGASONIC trade mark. The marks differ in that the applicant's mark contains the element SEGA. However, the marks are similar in that the word SONIC is common to both as it comprises the mark in suit and is readily apparent to the eye and ear in the applicant's mark, especially as, in a conceptual context, it comprises a well known dictionary. Given this fact and as the applicant's mark, in totality, has no meaning it seems to me likely that the SEGA element within the mark could readily be perceived as a house mark of the applicant in the market place, particularly as in aural use, the presentation of SEGASONIC as one word would not be apparent. As stated in the *Lloyd* case (mentioned earlier in this decision) mere aural similarity between trade marks may create a likelihood of confusion.

49. In my comparison I am assisted by the views expressed in *Bulova Accutron* [1969] RPC 102. While that case was decided under the 1938 Act, it seems to me that the following views, expressed at 109-140 by Stamp J, remain relevant today:

“As I have already said, if what had to be considered was a side by side comparison, the additional word would have had a vital significance, but where imperfect recollection is relevant what has to be considered is how far the additional word is significant to prevent imperfect recollection and the resultant confusion. Particularly having regard to the fact that BULOVA is the house name of the applicants and has a significance other than as a trade mark, its addition before the word ACCUTRON does not in my judgement serve to prevent the deception or confusion which would in the view of the Court of Appeal have been caused but for that adoption. As the Assistant Registrar remarks in his decision: “As Bulova and Accutron do not hold together as a phrase or present a wholly different meaning to the separate components, I think that their combination will be taken by many persons on first impression as an indication that the manufacturer of the watches is using two separate trade marks in connection with his products.” I would add that the combination of the two words is likely to be taken by other persons on first impression as an indication that the part of the trade mark which consists of BULOVA is a house name of the marketers of the watches, that the trade mark is ACCUTRON and that they will confuse them with watches marketed under the trade mark ACCURIST simpliciter.”

50. The respective marks share the word or element SONIC and it seems to me that the addition of the words SEGA (which is likely to be perceived as a house mark) to the applicant's mark does not significantly defuse the risk of confusion.

51. I now turn to a visual, aural and conceptual comparison of the mark in suit with the applicant's composite mark. While differences in the respective marks can be readily identified, the word SONIC is a very prominent element within the applicant's mark. While the word is disclaimed as no doubt it has a descriptive meaning in relation to many of the goods covered by the widely framed specification, it seems to me that in relation to those goods which are identical to the goods covered by the specification of the mark in suit, the word SONIC is distinctive – hence the registration of the mark in suit. The similarity in the marks which results from the shared word SONIC is particularly strong in the aural context as it has long been accepted that in aural use “words speak louder than devices” and in the present case the prominent word element in the applicant's mark is likely to serve as an oral descriptor.

52. In my considerations relating to the global appreciation of a likelihood of confusion I must consider the goods at issue and the average customer for the goods. It seems to me that insofar as the identical goods are concerned ie. coin operated game and amusement machines and coin operated crane grabs for pushing up novelty items, the purchasers of the machines would normally be those in the business of running entertainment outlets such as clubs or amusement arcades and as such, would be sophisticated and careful buyers. While this could mitigate against confusion occurring it does not follow that there is no likelihood of confusion and all relevant circumstances must be taken into account. Furthermore, the users of the machines ie. those who put the coins into the machine and play the games, are the public at large who would not necessarily devote a good degree of time and consideration to their choice of game machine in e.g. an amusement arcade, and imperfect recollection could be a factor in this context.

53. In this decision I need also to take into account that the registered proprietor has filed evidence showing use of the mark in suit and has claimed that the applicant's entitlement to apply for a declaration of invalidity has ceased by virtue of Section 48(1) of the Act because the applicant being aware of the registered proprietor's mark acquiesced for a continuous period of five years in the use of that mark in the United Kingdom.

54. Turning to the issue of acquiescence, Section 48(1) of the Act reads as follows:

“48.-(1) Where the proprietor of an earlier trade mark or other earlier right has acquiesced for a continuous period of five years in the use of a registered trade mark in the United Kingdom, being aware of that use, there shall cease to be any entitlement on the basis of that earlier trade mark or other right-

- (a) to apply for a declaration that the registration of the later trade mark is invalid, or
- (b) to oppose the use of the later trade mark in relation to the goods or services in relation to which it has been so used,

unless the registration of the later trade mark was applied for in bad faith.”

55. While the registered proprietor has asserted the applicant's acquiescence in the use of the mark in suit in the UK, there is no evidence to show such acquiescence, or evidence from which such acquiescence can reasonably be inferred. In the light of the applicant's firm rebuttals, the registered proprietor's claim does not get off the ground and cannot succeed.

56. In my considerations I must take into account that there is no evidence of confusion shown to result from the use of the respective marks in the market place. While the marks have both been used in relation to identical goods ie. coin operated game and amusement machines, the extent of the use by both parties is, on the basis of the evidence filed, relatively light. Accordingly, the scope for market place confusion does not appear to have been considerable, certainly, the information available in no way demonstrates or infers that the parallel use has

resulted in the relevant public being able to distinguish the goods of the parties and that confusion is unlikely.

57. On a global appreciation, taking into account all the relevant factors I have come to the following conclusions:

- (i) the respective specifications of the mark in suit and the applicant's earlier Class 9 registrations cover identical goods;
- (ii) the respective marks are similar, particularly in an aural context;
- (iii) in all the circumstances the relevant customer is likely to be confused as to the origin of the goods in that he/she would believe that they come from the same source.

58. In reaching a decision in relation to the likelihood of confusion I have particularly borne in mind the following comments of the European Court of Justice in *Canon*:

“Accordingly, the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion within the meaning of Article 4(1)(b) of the Directive (see SABEL, paragraphs 16 to 18).”

59. The application for revocation under Section 47(2)(a) of the Act succeeds because there is an earlier right in relation to which the conditions set out in Section 5(2)(b) of the Act obtain.

60. In accordance with Section 47(6) of the Act, the registration will be declared invalid and deemed never to have been made.

61. As I have found for the applicant on the Section 5(2) ground, I have no need to consider the position under Section 5(4)(a) of the Act.

COSTS

62. The applicant has been successful and is entitled to a contribution towards costs and I therefore order the registered proprietor to pay the opponent the sum of £900 which takes account of the fact that no hearing took place on this case. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 11th day of September 2003

JOHN MacGILLIVRAY
for the Registrar
the Comptroller General