

O-193-10

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION NO. 2474458
IN THE NAME OF ALISON BROWN
OF THE TRADE MARK**

Kandi Klub

IN CLASSES 9, 16, 35, 41 AND 43

AND

**THE CONSOLIDATED APPLICATIONS FOR
A DECLARATION OF INVALIDITY THERETO
UNDER NOS. 83371 AND 83429
BY MSHK LIMITED**

Trade Marks Act 1994
In the matter of registration no. 2474458
In the name of Alison Brown
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a declaration of invalidity thereto
under nos. 83371 and 83429
by MSHK Limited**

Background

1. An application to register the trade mark Kandi Klub was made on 7 December 2007 by Off Da Record 2006 Ltd. The registration process was completed on 22 August 2008. The registration was assigned to Alison Brown on 24 September 2008. The trade mark is registered for the following goods and services:

Class 9: Sound and/or video recordings including, cassettes, records, videos, discs, tapes, recording discs, compact discs, DVDs and films.

Class 16: Printed matter, printed publications, magazines, posters, record sleeves; stickers, transfers (decalcomanias), paper party decorations.

Class 35: Promotion of entertainment events, shows, music shows, music festivals, dances, gigs, live and recorded performances; business management of performing artists; advisory, information and consultancy services relating to all the aforesaid.

Class 41: Organising, arranging, conducting, managing, hosting and provision of entertainment events, shows, concerts, dances, gigs, music events, music festivals, live and recorded performances, disk jockey services, discotheque services, organising and staging of competitions, quizzes and competitive events; party planning (entertainment); audience participation events; production, presentation, distribution and publishing of audio visual media, including electronic publications, records, videos, films, tapes, DVDs and compact discs; advisory, information and consultancy services relating to all the aforesaid.

Class 43: Provision of food and drink; catering services; restaurant, bar and café services; nightclub services; cocktail lounge services; hospitality services; information, advisory and consultancy services relating to all the aforesaid.

2. On 14 November 2008 and 13 March 2009, MSHK Limited (hereafter MSHK) applied under section 47(2) of the Trade Marks Act 1994 ("the Act") for the registration to be declared invalid in its entirety. The first application relies upon

Community trade marks 1219401 and 4881785, while the second application relies upon an additional earlier Community trade mark, 5259262, hence the consolidation of the two proceedings. I will say more about the relevance of the different dates later in this decision.

3. The grounds for invalidation are, in summary, that:

- i) The applicant is the proprietor of the earlier Community trade mark (CTM) HED KANDI, relying upon the following goods and services for which it is registered under No. 1219401 in classes 9, 16 & 41:

Apparatus and instruments all for the recordal, storage, transmission or reproduction of audio, visual or audio visual material; records, tapes, discs or cards all containing pre-recorded audio, visual or audio visual material;

Printed publications; magazines; stationery, pictures, posters and photographs.

Production of radio programmes; arrangement of musical entertainment; musical concert services; organisation of musical festivals.

- ii) The applicant is the proprietor of the earlier Community trade mark



HED KANDI (stylised) and device , relying upon all the goods and services for which it is registered under No. 4881785 in classes 9, 16 & 41:

Apparatus and instruments all for the recordal, storage, transmission or reproduction of audio, visual or audio visual material; records, tapes, discs or cards all containing pre-recorded audio, visual or audio visual material; computer software; hardware and firmware.

Printed publications; books, magazines, journals and periodicals; stationery, pictures, posters and photographs; greeting cards.

Production of radio and television programmes; arrangement of musical entertainment; musical concert services; organisation of musical festivals.

- iii) The applicant is the proprietor of the earlier Community trade mark HED KANDI relying upon the following services for which it is registered under No. 5259262 in class 43, as follows:

Restaurant, café, bar, public house and catering services.

- iv) The applicant made genuine use of the mark HED KANDI in the five year period leading up to the date of the application in respect of the goods and services at paragraph 3(i) of this decision and the earlier mark is therefore entitled to be relied upon for these goods and services.
- v) The similarity between the earlier marks and the Kandi Klub mark and the identity or similarity between the respective goods and services is such that there exists a likelihood of confusion and registration of the later mark was therefore contrary to section 5(2)(b) of the Act. Under this ground, CTMs 1219401 and 4881785 are relied upon to attack all the goods and services of the registration; CTM 5259262 is relied upon to attack classes 35, 41 and 43 of the registration.
- vi) The Kandi Klub registration is contrary to section 5(3) of the Act since, because of its similarity with the earlier CTMs 1219401 and 4881785, which have a reputation in the UK, the use without due cause of Kandi Klub would take unfair advantage of the earlier marks by free-riding on their success, or be detrimental to (through dilution and tarnishing) the distinctive character or repute of the registered marks. In this respect, MSHK relies upon the following goods and services in 1219401 for which it claims there is genuine use:

Apparatus and instruments all for the recordal, storage, transmission or reproduction of audio, visual or audio visual material; records, tapes, discs or cards all containing pre-recorded audio, visual or audio visual material;

Printed publications; magazines; stationery, pictures, posters and photographs.

Production of radio programmes; arrangement of musical entertainment; musical concert services; organisation of musical festivals.

It also relies upon these goods and services of 4881785 (in relation to the section 5(3) ground, but relies upon all the goods and services of 4881785 for the section 5(2)(b) ground, as at paragraph 3(ii) of this decision).

- vii) The Kandi Klub registration is contrary to section 5(4)(a) of the Act because the mark HED KANDI, owned by MSHK, has been used in the UK since 1999 in respect of the following goods and services:

sound recordings, discs, records, CDs; printed matter, magazines, stationery, posters, pictures, photos; nightclub services; arrangement of musical entertainment and music events, live and recorded performances, disc jockey services; cosmetic products, body fragrance spray, hair styling, hair equipment, hair dryers, hair straighteners;

beach bags, beach mats, passport covers, mirrors, eye masks, clothing, t-shirts; radio broadcasting, radio entertainment.

Of these, MSHK states HED KANDI has been used on “particularly sound recordings, records, CDs, nightclub services, the arrangement of musical entertainment, musical events and live and recorded performances”. It claims it has a reputation in HED KANDI and the use of Kandi Klub would be a misrepresentation leading or likely to lead the public to believe that the goods and/or services offered by AB are those of MSHK, causing MSHK damage. MSHK further states that at no time has it given consent to Alison Brown to use or register Kandi Klub for the goods and services for which it is registered.

4. Ms Brown filed a counterstatement denying all the grounds and making statements in relation to the concept of the earlier marks and lack of evidence of confusion, which I will bear in mind along with both parties’ written submissions. Only MSHK filed evidence. Neither side requested a hearing, both being content for a decision to be made from the papers on file.

Evidence

5. MSHK has filed two witness statements with exhibits. The first statement has been made by Richard Holman, who is a director and company secretary of MSHK. The second statement has been made by Nathan Andrew Spencer Smith, who is a solicitor at Dechert LLP, MSHK’s professional representatives in these proceedings.

6. Richard Holman’s evidence

Mr Holman states that HED KANDI was launched in 1999 in its word-only form. Originally a music compilation trade mark, it has evolved into a brand which Mr Holman states encompasses multiple goods and services including sound recording, records, CDs, nightclub services, the arrangement of musical entertainment, musical events, live and recorded musical performances, radio programming and beauty products. Mr Holman refers to CTM 4881785 (the stylised word and device mark) as having been used continuously since 1999 “although slight changes were made to the word part of this mark in 2006/2007”.

7. Hed Kandi’s back catalogue of over 60 music albums, 3 UK top 10 singles and “many other top 40 hits”. Mr Holman refers to Hed Kandi’s first UK ‘residency’, in London in 2002. He explains that a ‘residency’ means that HED KANDI nights were held at the same venue on a monthly basis. Since 2002, residencies have started up at nightclubs across the UK. Exhibit RH1 shows a list of UK towns and cities in which residencies operate (but no dates); this list covers the length and breadth of the UK.

8. RH2 is a print, dated 19 March 2009, from the HED KANDI website. The egg-shaped, or ovoid device present in CTM 4881785 appears horizontally prior to ‘hedkandi’, in which the vertical part of the letter ‘d’ is elided with the vertical part of the letter ‘k’. ‘Hed Kandi’ appears in the text which gives general information about HED KANDI. The first sentence says “Welcome to Hed Kandi – record label, radio

show, international club sensation and more.” The webpage refers to people regarding Hed Kandi music as a genre of its own: predominantly vocal, soulful house, US garage and glittering disco. It states:

“Delivering these styles of music with a sense of humour to grown-up clubbers eventually snowballed into Hed Kandi parties and our first full residency began in London in 2002. The buzz about the most lavishly produced club events seen in the UK at that time soon spread and the first parties were roadblocked. The popularity of the nights increased exponentially so that residencies started to crop up all over the UK”.

There is also a reference to Hed Kandi radio which at the date of Mr Holman’s statement broadcast six times a week in the UK. At the date of Mr Holman’s witness statement (23 March 2009), 65,931 people had registered for news and activities on the Hed Kandi website, with 36,919 ‘friends’ on the ‘Myspace’ social networking website.

9. Mr Holman gives the following turnover and advertising figures for the UK for ‘products and services provided under the Brand’:

Year	Turnover £	Advertising £
2006	7,881,574	846,724
2007	8,269,170	935,527
2008	7,848,770	931,819

These figures are not particularised as to which goods and/or services they relate.

10. A selection of seventeen screen prints from the HED KANDI website is shown at RH4. Mr Holman states that this shows the way in which the goods and services are promoted, “particularly the look and feel of our website”. These prints are undated, but the text shows a date of 2009. The elided ‘hedkandi’ appears with and without the ovoid device, and also the words ‘KANDI LOUNGE’. There is reference on page 2 to ‘Hed Kandi themes’: these refer to various types of music. Page 3 refers to ‘kandi RADIO’ with a radio mast and ‘kandi vision’ upon a television screen. Pages 6 to 8 list Hed Kandi events at various UK venues in March 2009 and pages 9 to 11 list overseas events. On New Year’s Eve 2008, there was a HED KANDI (elided form) show at the 02 arena in London, referring to the show as verifying “Hed Kandi’s title of the most exciting spectacle in clubland.” Pages 15, 16 and 17 refer to Hed Kandi t-shirts and babywear, hair styling and fragrance products: “style your hair the Kandi way”. The livery of the screenshots is a black background with the content presented in predominantly purple and cerise, with some features shown in a rainbow or spectrum of colour. On each page there are artistic representations of glamorous young women. Mr Holman also exhibits screenshots from AB’s Kandi Klub website at RH 5. A similar colourway appears on these four pages, although there is more use of photographs of real women than pop-art women. These prints are undated although the text shows a date of March 2009. The content all appears to relate to a nightclub: “Watford’s most prestigious Night Venue”; “Kandi Klub plays host to a number of Brand Nights alongside its own successful residencies.”

11. Nathan Smith's evidence

Mr Smith acts on behalf of MSHK in these proceedings. His evidence is directed at proof of use of CTM 1219141.

12. Mr Smith states that MSHK has used HED KANDI in the European Union and in the UK during the five years preceding the application for a declaration of invalidity (83371) in relation to the following:

“Class 9: Apparatus and instruments all for the recordal, storage, transmission or reproduction of audio, visual or audio visual; records, discs containing pre recorded audio, video or audio visual material.

Class 16: Printed publications, pictures, posters

Class 41: Production of radio and television programmes; arrangement of musical entertainment; musical concert services; organisations of musical festivals.”

I note that this statement of use does not accurately reflect what has been pleaded as the goods and services relied upon or the statement of use made on the application Form TM26(I), a fact to which I will return in this decision.

13. Exhibit 1 shows two triple CD albums. Hedkandi (elided form) appears across the top of the CD covers, partly obscured by cartoon women. A dialog box also appears on the front covers. On one of the CDs this shows HED KANDI in plain type with the ovoid device above the words. It also says in the box and on the CD cover spine “The Mix: Summer 2008”. The copyright date is 2008. Further explanation is given of the contents as “A 3CD Mix of the Hottest Tracks from Hed Kandi’s dancefloor”. The track listings are on the reverse of the cover, where the plain words HED KANDI also appear, alongside “100% Summer Kandilove”, “Pop CD01 into your PC for a special KANDI treat”. CD No. 1 carries the slogan “Thank Kandi it’s Friday!” There is information inside the fold-out cover about HED KANDI destinations abroad, Kandi-jetsetting and the FlyKandi airline, “tracks from the darker side of Kandi”, a Kandi chanteuse, a Kandi friend and Team Kandi. Inside is a flyer referring to a Hed Kandi Beach House gift set, which contains hair straighteners and in-flight accessories, and a fragrance spray. The flyer states that these goods are available from Boots, Argos and Superdrug. T-shirts are also shown, available from the HED KANDI website. The other triple CD, “The Mix 2009”, says on its cover “A White Hot Mix of Kandi Gold”. The copyright date is 2008.

14. Mr Smith states that at Exhibit 2 are prints from Amazon.co.uk showing CDs sold by MSHK during the five year period. The print is dated 23 March 2009 and shows a list of sixteen HED KANDI CDs with release dates of 2004, 2006, 2007, 2008 and 2009. Amazon had new and used CDs for sale at 23 March 2009. The elided word form of the mark appears on all of the CDs with the exception of the 2004 release; I cannot see a trade mark on this particular CD.

15. Vinyl records are shown at Exhibit 3 which Mr Smith states were sold by MSHK in the five years preceding the invalidity application. The cover is the vinyl version of the type of CD covers shown in the other exhibits. The elided word hedkandi appears on the front and the spine, and the centre of the spine says "Hed Kandi Presents Back to Love True Club Classics". The reverse of the cover shows a copyright date of 2006. The elided word form appears, along with some information about Hed Kandi radio, where the mark is shown in plain type. Mr Smith supports the claim to use on records by including in this exhibit a print from Amazon.co.uk, dated 23 March 2009, which is in respect of a different record (a box set of three) called "The Winter Mix 2004"; it is possible to make out the plain words Hed Kandi on the picture of the record cover. Amazon had one new and one used box set for sale at this date and an exhortation to customers to "visit our Hed Kandi store for more from this iconic label".

16. Mr Smith states that the selection of printed material shown at Exhibit 4 and 5 comprises printed publications, posters, pictures and postcards which were produced and used by MSHK during the five years preceding the invalidity application. He further states that the material "is used to promote, inter alia, the arrangement of musical entertainment; musical concert services; organisations of musical festivals". The poster in exhibit 4 is double sided; one side is a pop-art female, while the reverse is a combination of a CD/record cover ("Disco Heaven") (undated) and Hed Kandi 'news'. The internal dating of the text refers to the "Next Hed Kandi [plain type] Event Pacha 29.11.08". There is a list of Hed Kandi November events at venues in the UK, the earliest of which is 1 November 2008. The address of Pacha is Terminus Place, Victoria SW1 and the tickets were priced at £20. There are references to forthcoming CD releases. In relation to the Disco Heaven CD, the text states:

"The Hed Kandi brand's reach nowadays extends to all corners of the globe, and it's all thanks to the irresistible appeal of our cornerstone titles, like Disco Heaven. The sound of disco Heaven really defines the early sound of Hed Kandi, and is the one that true devotees are buying for."

Hed Kandi perfume is also advertised, along with 'Hed Kandi On Air/Online. The elided form and ovoid device are shown in an advert for flights to Ibiza on 'Flykandi' with Monarch. The postcards appear to be promotional items for Hed Kandi events: one says "Hed Kandi presents The Kandi Christmas Glitterball 23.12.06 Pacha London", tickets priced at £25. Another promotes "The Hed Kandi Beach House Party Pacha London Saturday 26.07.08", ticket price £20. There is use on this item of the elided form, the ovoid device and the words HED KANDI in plain type. A folded card flyer promotes a weekend of clubbing with "Hed Kandi The Mix Weekender Summer 2006 London" at several clubs. A print dated 23 March 2009 from "digitalstores.co.uk/hedkandi shop" shows a set of ten Hed Kandi postcards for sale at £2.99", "featuring the hottest artwork from; The Summer Mix, Back to Love, The Winter Mix, The Winter Sampler, Kandi Lounge" and states that each pack includes two of each design. The colours used on the page are those used on the Hed Kandi website as included in Exhibit RH4 above.

17. Mr Smith also exhibits at 6 details of the 2008 New Year's Eve event already referred to in paragraph 10. Exhibit 7 is a single screen shot print from the HED

KANDI website showing a television programme viewable from the website. Mr Smith states that the mark has been used in relation to television programmes as shown on the print during the five years before the invalidity application. The print is undated but the content advertises the 2008 New Years Eve event in London and a CD due for release on 23 February 2009. The content could therefore pre- or post-date the application for invalidation (14 November 2008).

18. Mr Smith states that the mark has been used continuously in relation to radio programmes since 2001 with the first broadcast on JAZZFM Radio, and from 2004 across the Galaxy network. The print to show this is dated 23 March 2009 and the internal dating of the 'kandi radio' schedule is March 2009. Mr Smith states that page 6 of Exhibit 3 also provides details of the earlier mark's use in relation to radio in 2006; I have referred to this in paragraph 15 above.

Material dates

19. The relevant part of Section 47 of the Act states:

"47.—

.....

(2) The registration of a trade mark may be declared invalid on the ground—

(a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied, unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

(2A) But the registration of a trade mark may not be declared invalid on the ground that there is an earlier trade mark unless—

(a) the registration procedure for the earlier trade mark was completed within the period of five years ending with the date of the application for the declaration,

(b) the registration procedure for the earlier trade mark was not completed before that date, or

(c) the use conditions are met.

(2B) The use conditions are met if—

(a) within the period of five years ending with the date of the application for the declaration the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or

(b) it has not been so used, but there are proper reasons for non-use.

(2C) For these purposes—

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(2D) In relation to a Community trade mark, any reference in subsection (2B) or (2C) to the United Kingdom shall be construed as a reference to the European Community.

2E) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.

.....

(6) Where the registration of a trade mark is declared invalid to any extent, the registration shall to that extent be deemed never to have been made.

Provided that this shall not affect transactions past and closed.”

Section 5 states:

“5.— (1) A trade mark shall not be registered if it is identical with an earlier trade mark and the goods or services for which the trade mark is applied for are identical with the goods or services for which the earlier trade mark is protected.

(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 of the part of the public, which includes the likelihood of association with the earlier trade mark.

(3) A trade mark which (a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark or international trade mark (EC), in the European Community) and the use of the later mark without

due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented—

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark.

(5) Nothing in this section prevents the registration of a trade mark where the proprietor of the earlier trade mark or other earlier right consents to the registration.”

20. CTM 1219401 completed its registration procedure on 30 August 2000. As the application for a declaration of invalidity which relies upon this right (83371) was made on 14 November 2008, over five years since the registration of 1219401, it is subject to the proof of use provisions in sub-sections 2A to 2E of section 47. The registration procedures for the other two CTM registrations relied upon (4881785 in application 83371 and 5259262 in application 83429) were registered within the five year period preceding the applications for a declaration of invalidity and so are not subject to the proof of use provisions. The material dates for considering proof of use are 14 November 2003 to 13 November 2008.

21. The material date for proof of genuine use of an earlier mark is one issue; the other is to decide the material dates relating to the invalidation action itself. The date of the application for registration is the relevant date for assessing the grounds for invalidity, and that there is nothing to suggest that the outcome would be any different at the date of the application for invalidity. In relation to the ground pleaded under section 5(4)(a), I apply the reasoning of the General Court¹ (GC, formerly the CFI) in *Last Minute Network Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Joined Cases T-114/07 and T-115/07. In that judgment the GC stated:

“50 First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (Cadbury Schweppes v Pub Squash (1981) R.P.C. 429).

51 However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community

¹ Formerly called the Court of First Instance of the European Communities.

trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non-registered national mark before the date of filing, in this case 11 March 2000.”

No use has been filed by AB which could establish that it was the senior user and that the existing position should not be disturbed and so use would not be liable to be prevented by the law of passing-off². The material date is therefore 7 December 2007 (the date Kandi Klub was applied for); MSHK must establish that at this date it had a protectable goodwill in relation to the signs relied upon for this ground (CTMs 1219401 and 4481785).

Proof of genuine use of CTM 1219401

22. Under section 47, I must assess the following:

“(2B) The use conditions are met if–

(a) within the period of five years ending with the date of the application for the declaration the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or

(b) it has not been so used, but there are proper reasons for non-use.

(2C) For these purposes–

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(2D) In relation to a Community trade mark, any reference in subsection (2B) or (2C) to the United Kingdom shall be construed as a reference to the European Community.

2E) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.”

23. The earlier mark in question is a Community trade mark for which genuine use (or proper reasons for non-use) should be construed as within the European Community. MSHK’s evidence relates solely to alleged genuine use within the UK. The Fourth Board of Appeal of the Office for Harmonization in the Internal Market (OHIM) stated in *ILG Ltd v Crunch Fitness International Inc* [2008] ETMR 17:

² See, for instance: *Croom’s Trade Mark Application* [2005] RPC 2 and *Daimlerchrysler AG v Javid Alavi (T/A Merc)* [2001] RPC 42.

“11 The relevant period is October 1998 to October 2003. Use in one country of the Community, such as Italy, is sufficient (Joint Statements by the Council and the Commission entered in the Minutes of the Council meeting at which the CTMR was adopted, No.B.10, OH OHIM 1996, 607, 613), provided that is it [*sic.*] genuine...”

Genuine use solely in the UK would appear to be no less sufficient than genuine use in Italy³ which means I go on to consider whether the evidence that MSHK has filed satisfies the above use provisions of the Act.

24. Section 100 of the Act states:

“If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

Consequently, the onus is upon the registered proprietor to prove that it has made genuine use of the trade mark in suit, or that there are proper reasons for non-use. The evidential burden lies with MSHK. The evidence has come from a director and company secretary of MSHK and from its trade mark attorney. In *EXTREME Trade Mark* [2008] RPC 2, Richard Arnold QC, sitting as the appointed person said, at paragraph 31:

“Basing himself upon the first three sentences of the passage I have quoted from *MOO JUICE*, counsel for the applicant submitted (1) that a mere assertion of use of a trade mark by a witness did not constitute evidence of use sufficient to defeat an application for non-use, and (2) it followed that mere testimony from a representative of the proprietor was not enough and such testimony had to be supported either by documentary records or corroborated by an external witness. I accept submission (1) but not submission (2). Kitchin J’s statement that “bare assertion” would not suffice must be read in its context, which was that it had been submitted to him that it was sufficient for the proprietor to give evidence stating “I have made genuine use of the trade mark”. A statement by a witness with knowledge of the facts setting out in narrative form when, where, in what manner and in relation to what goods or services the trade mark has been used would not in my view constitute bare assertion. As counsel for the applicant accepted, it might not be possible for a trade mark proprietor to produce documentary evidence: for example all the records might have been destroyed in a fire. In such circumstances I do not see anything in either the Directive, the 1994 Act or the 2000 Rules which would require the proprietor to adduce evidence from an external witness (which is not to say that it might not be advisable for the proprietor to do so).”

³ Although in relation to reputation, I also note the decision of the Court of Justice in *Pago International GmbH v Tirolmilch registrierte Genossenschaft mbH* [2010] ETMR 5, where reputation of a CTM solely in Austria was held to be sufficient for the purposes of Article 5(2) of Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008.

25. Mr Smith does not say how he has come by his knowledge of use of the mark. He has filed exhibits to support some of what he says, but other parts of his witness statement could be said to constitute assertion rather than narrative. If mere assertion from a company officer (as at *EXTREME* point (1)) is not enough, the position must be worse in the case of mere assertion from an attorney who does not state how he has gained his information and does not set out in narrative form when, where, in what manner and in relation what goods or services the trade mark has been used.

26. Mr Arnold went on to consider challenges to evidence, or absence thereof:

“36. Where, however, evidence is given in a witness statement filed on behalf of a party to registry proceedings which is not obviously incredible and the opposing party has neither given the witness advance notice that his evidence is to be challenged nor challenged his evidence in cross-examination nor adduced evidence to contradict the witness’s evidence despite having had the opportunity to do so, then I consider that the rule in *Brown v Dunn* applies and it is not open to the opposing party to invite the tribunal to disbelieve the witness’s evidence.

37. Despite this, it is not an uncommon experience to find parties in registry hearings making submissions about such unchallenged evidence which amount to cross-examination of the witness in his absence and an invitation to the hearing officer to disbelieve or discount his evidence. There have been a number of cases in which appeals have been allowed against the decisions of hearing officers who have accepted such submissions. Two recent examples where this appears to have happened which were cited by counsel for the proprietor are *Score Draw Ltd v Finch* [2007] EWHC 462 (Ch), [2007] BusLR 864 and *EINSTEIN Trade Mark* (O/068/07). Another recent example is *Scholl Ltd’s Application* (O/199/06). I consider that hearing officers should guard themselves against being beguiled by such submissions (which is not, of course, to say that they should assess evidence uncritically).”

There has been no request for a hearing at which cross-examination could have taken place. There has also been no evidence filed by Ms Brown to contradict either of MSHKs witnesses, despite having had the opportunity to do so. Late in the day, Ms Brown’s trade mark attorney filed written submissions. He submits:

“MSHK Limited acquired the Hed Kandi trade mark brand in 2006. Up to this date MSHK Limited’s activities were mainly “nightclub services”. The acquisition of the Hed Kandi brand reflected the purchase of a music brand and up to this point Hed Kandi was a music compilation brand specialising in sound recordings, records and CDs. We believe the evidence filed by the Applicant clearly reflects this and shows no use of the Hed Kandi mark in relation to nightclub or associated services up to 2006 and little beyond that date. In this respect the Applicant’s evidence cannot support the claims under Section 5(3) or 5(4) of the Act as no reputation or goodwill has been demonstrated for “nightclub services” which are the Registered Proprietor’s principal activities.

As no evidence of use has been provided prior to the relevant date of “nightclub services”, we believe that the claim under Section 5(2) also, cannot be sustained for these services.

.....”

27. The above submissions regarding the provenance of HED KANDI have not been put in evidence and there is no indication as to the source of the information, although I note that the extract from ‘Wikipedia.org’ attached to the pleadings mentions the acquisition in 2006. This would not seem to fall into the category of a permissible challenge. The evidence of MSHK’s witnesses is not obviously incredible. With both sets of the above guidance in mind, I go on to consider whether MSHK has discharged the burden of proving it has made genuine use of its mark. Before doing so, it is necessary to address the inconsistencies of the pleadings and the statement of use made in the application for a declaration of invalidity, compared to the statement of use made by Mr Smith in his witness statement.

28. The inconsistencies are that:

(i) tapes and cards in class 9 are relied upon in the pleadings but Mr Smith omits them from his statement of use;

(ii) magazines, stationery and photographs are relied upon in the pleadings but Mr Smith omits them from his statement of use;

(iii) production of television programmes is not pleaded as relied upon but Mr Smith has included this service in his statement of use.

I cannot take into account the goods which are relied upon in the pleadings but for which there is no statement of use in the evidence (and no evidence of them either). I also cannot take into account the services which were not relied upon in the pleadings. Making the necessary adjustments, MSHK is required to prove genuine use or proper reasons for non use of CTM 1219401 for the following goods and services:

Class 9: *Apparatus and instruments all for the recordal, storage, transmission or reproduction of audio, visual or audio visual material; records, discs all containing pre-recorded audio, visual or audio visual material;*

Class 16: *Printed publications; pictures, posters*

Class 41: *Production of radio programmes; arrangement of musical entertainment; musical concert services; organisation of musical festivals.*

29. The basis of what constitutes genuine use was decided by the Court of Justice in *Ansul BV v Ajax Brandbeveiliging BV*, Case C-40/01 [2003] ETMR 85:

“1. Article 12(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that there is “genuine use” of a trade mark where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services; genuine use does not include token use for the sole purpose of preserving the rights conferred by the mark. When assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark, the nature of the goods or services at issue, the characteristics of the market and the scale and frequency of use of the mark...”.

In *Anheuser-Busch Inc v OHIM* Case T-191/07, the General Court gave a summary of the genuine use criteria:

“99 In interpreting the concept of genuine use, account should be taken of the fact that the ratio legis of the requirement that the earlier mark must have been put to genuine use if it is to be capable of being used in opposition to a trade mark application is to restrict the number of conflicts between two marks, in so far as there is no sound economic reason resulting from an actual function of the mark on the market (Case T-174/01 *Goulbourn v OHIM – Redcats (Silk Cocoon)* [2003] ECR II-789, paragraph 38). However, the purpose of the provision is not to assess commercial success or to review the economic strategy of an undertaking, nor is it intended to restrict trade-mark protection to the case where large-scale commercial use has been made of the marks (Case T-203/02 *Sunrider v OHIM – Espadafor Caba (VITAFRUIT)* [2004] ECR II-2811, paragraph 38, and judgment of 8 November 2007 in Case T-169/06 *Charlott v OHIM – Charlott (Charlott France Entre Luxe et Tradition)*, not published in the ECR, paragraph 33).

100 There is genuine use of a trade mark where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services; genuine use does not include token use for the sole purpose of preserving the rights conferred by the registration (Case C-234/06 P II *Ponte Finanziaria v OHIM* [2007] ECR I-7333, paragraph 72; see also, by analogy, Case C-40/01 *Ansul* [2003] ECR I-2439, paragraph 43). In that regard, the condition of genuine use of the mark requires that the mark, as protected on the relevant territory, be used publicly and externally (*Silk Cocoon*, paragraph 99 above, paragraph 39; *VITAFRUIT*, paragraph 99 above, paragraph 39; *Charlott France Entre Luxe et Tradition*, paragraph 99 above, paragraph 34; see also, by analogy, *Ansul*, paragraph 37).

101 When assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the

commercial exploitation of the mark is real, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark, the nature of those goods or services, the characteristics of the market and the scale and frequency of use of the mark (VITAFRUIT, paragraph 99 above, paragraph 40; Charlott France Entre Luxe et Tradition, paragraph 99, paragraph 35; see also, by analogy, Ansul, paragraph 100, paragraph 43).

102 As to the extent of the use to which the earlier trade mark has been put, account must be taken, in particular, of the commercial volume of the overall use, as well as of the length of the period during which the mark was used and the frequency of use (VITAFRUIT, paragraph 99 above, paragraph 41, and Charlott France Entre Luxe et Tradition, paragraph 99 above, paragraph 36).

103 The question whether use is sufficient to maintain or create market share for the goods or services protected by the mark thus depends on several factors and on a case-by-case assessment. The characteristics of those goods and services, the frequency or regularity of the use of the trade mark, whether the mark is used for the purpose of marketing all the identical goods or services of the proprietor or merely some of them, or evidence of use which the proprietor is able to provide, are among the factors which may be taken into account (Case C-416/04 P Sunrider v OHIM [2006] ECR I-4237, paragraph 71).

104 To examine whether an earlier trade mark has been put to genuine use, an overall assessment must be carried out, which takes into account all the relevant factors of the particular case (VITAFRUIT, paragraph 99 above, paragraph 42; Charlott France Entre Luxe et Tradition, paragraph 99 above, paragraph 37; see also, by analogy, Ansul, paragraph 100 above, paragraph 39).

105 Moreover, the Court of First Instance has held that genuine use of a trade mark could not be proved by means of probabilities or suppositions, but had to be demonstrated by solid and objective evidence of effective and sufficient use of the trade mark on the market concerned (Case T-39/01 Kabushiki Kaisha Fernandes v OHIM – Harrison (HIWATT) [2002] ECR II-5233, paragraph 47).”

30. Mr Holman gives turnover and advertising figures in his witness statement but these are unparticularised as to the goods and services to which the figures relate. This places me in the unenviable position of considering that where there is turnover there might be use, but I am in the dark as to what use or uses the turnover relates. I am mindful that paragraph 105 of *Anheuser-Busch Inc v OHIM* refers to cases which have been decided at OHIM, where there are specific requirements in the Regulations as to what evidence should be filed to prove genuine use⁴ which are not

⁴ Rule 22 of the implementing regulations, Commission Regulation (EC) No. 2898/95, amended by No.1041/2005: (2) Where the opposing party has to furnish proof of use or show that there are proper reasons for non-use, the Office shall invite him to provide the proof required within such period as it

present in the UK Act; Ms Anna Carboni, sitting as the appointed person, in *Pasticceria E Confetteria San Ambroeus S.R.L. O-371-09* referred to the need to remember the different evidential requirements when relying on decisions from the General Court in proceedings before the registrar. In *EXTREME*, Mr Arnold said:

“29. The standard of proof is the ordinary civil standard of proof upon the balance of probabilities. In *LABORATOIRE DE LA MER Trade Marks* [2002] FSR 51 at [9] Jacob J said:

Those concerned with proof of use should read their proposed evidence with a critical eye – to ensure that use is actually proved – and for the goods and services of the mark in question. All the t’s should be crossed and all the i’s dotted.

This remains wise advice. Jacob J did not suggest, however, that the standard of proof was anything other than the normal standard.

30. *NODOZ Trade Mark* was a decision under section 26(1)(b) of the Trade Marks Act 1968. In that case the applicant for rectification had adduced positive evidence, which included independent evidence from a prominent representative of the relevant trade, that the trade mark had not been used by the proprietor. As the passage from the judgment quoted by the hearing officer shows, the proprietor relied upon a single isolated transaction as showing that there had been bona fide use of the trade mark during the relevant period. Furthermore, the transaction was alleged to consist of the supply of pharmaceutical tablets to an individual resident in Britain directly by a US supplier, and there was no evidence that the tablets or an accompanying invoice had actually arrived. It was specifically in that context that Wilberforce J said that “if not conclusive proof, at any rate overwhelmingly convincing proof” was required (a statement which the hearing officer misquoted in his decision). In my judgment this statement is an application of the general principle that, when applying the standard of proof on the balance of probabilities, the less probable the event alleged, the more cogent the evidence must be to demonstrate that it did indeed occur: see *Re H (Minors)* [1996] AC 563 at 586.”

shall specify. If the opposing party does not provide such proof before the time limit expires, the Office shall reject the opposition.

(3) The indications and evidence for the furnishing of proof of use shall consist of indications concerning the place, time, extent and nature of use of the opposing trade mark for the goods and services in respect of which it is registered and on which the opposition is based, and evidence in support of these indications in accordance with paragraph 4.

(4) The evidence shall be filed in accordance with Rules 79 and 79a and shall, in principle, be confined to the submission of supporting documents and items such as packages, labels, price lists, catalogues, invoices, photographs, newspaper advertisements, and statements in writing as referred to in Article 76 (1)(f) (**now Article 78 (1) (f)**) of the Regulation.

31. The enquiry is:

- (i) has there been use on any of the goods or services within the relevant dates in the UK?
- (ii) if there has, is it genuine?
- (iii) is it use by MSHK or with its consent?
- (iii) is there word-only use as per the earlier registered mark or does stylised use affect any findings of genuine use (with reference to section 47(2C))?
- (iv) what is a fair description of the use?

I take as my starting point the goods and services which Mr Holman describes in narrative form in his witness statement and for which there are some exhibits: the audio recordings and residencies or events. He states:

“The Brand has a back catalogue of over 60 music albums with 3 UK top 10 singles and many other top 40 hits. In 2002, the Brand began its first UK residency in London (this means that nights were being held under the Brand at the same venue on a monthly basis) and between 2002 and today, residencies have started at nightclubs across the UK.”

This reference to residencies is supported by the ‘welcome’ webpage on the HED KANDI website at exhibit RH2; although the print is dated after the relevant period, it is clearly referring to anterior events:

“Delivering these styles of music with a sense of humour to grown-up clubbers eventually snowballed into Hed Kandi parties and our first full residency began in London in 2002. The buzz about the most lavishly produced club events seen in the UK at that time soon spread and the first parties were roadblocked. The popularity of the nights increased exponentially so that residencies started to crop up all over the UK”.

32. Mr Holman’s statement is not as full in terms of narrative form as was envisaged in *EXTREME*, and the only date mentioned is before the relevant period. His exhibit listing the UK towns and cities where residencies *currently* take place is just that – a list of towns and cities without dates or venues. The turnover figures do not help as they are unparticularised. Against that is the poster in Mr Smith’s exhibit 4. It refers internally to a forthcoming HED KANDI event at Pacha (identified elsewhere in the evidence as a London club) on 29 November 2008. The end of the relevant five year period is 13 November 2008, but it is referring to a forthcoming date, so it may be (although there is no proof) that the event was advertised and tickets sold before 13 November 2008. Better evidence, date-wise, is also present in the poster which gives a list of HED KANDI events at venues throughout the UK in November 2008: nine of these were for dates prior to 13 November 2008, which means that the poster was likely to have been advertising the later events prior to the relevant date. The postcards referred to in paragraph 16 of the evidence summary

refer to HED KANDI events (a 'Glitterball' and 'Beach House Party') on 23 December 2006 and 26 July 2008 respectively, and the folded card flyer advertises a weekend of clubbing in London in summer 2006. These are all within the relevant dates. Taking a view of the evidence as a whole it is established that there has been genuine use in order to create or preserve an outlet for what takes place at a HED KANDI event; I examine below what that covers.

33. Neither Mr Holman nor Mr Smith explains what a residency is or what takes place at HED KANDI events. However, from my examination of the exhibits it appears that much of the HED KANDI music is made from re-mixes of previously recorded tracks, the remixing done by clubs and/or disc jockeys (e.g. "Utah Saints *Something Good '08 (Warren Clarke Remix)*" and "Ricki-Lee *U Wanna Little of This (Ali Payami Club Mix)*"). There are also track listings which do not mention re-mixing, so these may be original artist versions, e.g. "Ernie K Doe *Here Come The Girls*". Can this use fairly be described by MSHK's claimed use on 'arrangement of musical entertainment; musical concert services; organisation of musical festivals'?

34. There is an established body of case law which deals with the task of framing a fair specification. Mr Justice Arnold (as he now is) in his judgments as The Appointed Person in *Nirvana Trade Mark O-262-06* and *Extreme Trade Mark O-161-07* comprehensively examined the analogous case law under s.46(5). His conclusion in *Nirvana* was that:

"(1) The tribunal's first task is to find as a fact what goods or services there has been genuine use of the trade mark in relation to during the relevant period: *Decon v Fred Baker* at [24]; *Thomson v Norwegian* at [30].

(2) Next the tribunal must arrive at a fair specification having regard to the use made: *Decon v Fred Baker* at [23]; *Thomson v Norwegian* at [31].

(3) In arriving at a fair specification, the tribunal is not constrained by the existing wording of the specification of goods or services, and in particular is not constrained to adopt a blue-pencil approach to that wording: *MINERVA* at 738; *Decon v Fred Baker* at [21]; *Thomson v Norwegian* at [29].

(4) In arriving at a fair specification, the tribunal should strike a balance between the respective interests of the proprietor, other traders and the public having regard to the protection afforded by a registered trade mark: *Decon v Fred Baker* at [24]; *Thomson v Norwegian* at [29]; *ANIMAL* at [20].

(5) In order to decide what is a fair specification, the tribunal should inform itself about the relevant trade and then decide how the average consumer would fairly describe the goods or services in relation to which the trade mark has been used: *Thomson v Norwegian* at [31]; *West v Fuller* at [53].

(6) In deciding what is a fair description, the average consumer must be taken to know the purpose of the description: *ANIMAL* at [20].

(7) What is a fair description will depend on the nature of the goods, the circumstances of the trade and the breadth of use proved: *West v Fuller* at [58]; *ANIMAL* at [20].

(8) The exercise of framing a fair specification is a value judgment: *ANIMAL* at [20].

In his later judgment in *Extreme*, Mr Arnold noted that in the light of the General Court's intervening judgment in *Mundipharma AG v OHIM*, Case T-256/04:

"..the slightly more generous approach of Jacob J in *ANIMAL* Trade Mark is to be preferred to the slightly less generous approach of Pumfrey J in *DaimlerChrysler AG v Alavi* [2001] RPC 42."

35. From what I can tell from the evidence, it appears that HED KANDI residencies and nightclub events are occasions when 'clubbers' gather to dance to recorded music played and possibly mixed at the event by DJs. Although there is no 'nightclub' service as such in the specification, it seems to me that the above description falls within the specification item 'arrangement of musical entertainment'. The evidence shows that there are specific HED KANDI nights when HED KANDI music is played which is a genre sought after by the customers of the residencies or parties.

36. Jacob J, in *British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281 said :

"When it comes to construing a word used in a trade mark specification, one is concerned with how the product is, as a practical matter, regarded for the purposes of trade. After all a trade mark specification is concerned with use in trade."

In *Avnet Incorporated v Isoact Limited* [1998] F.S.R. 16, he said that:

"In my view, specifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities. They should be confined to the substance, as it were, the core of the possible meanings attributable to the rather general phrase."

37. Collins English Dictionary, published in 2000, gives the following definitions of concert and festival:

"Concert: a performance of music by players or singers that does not involve theatrical staging."

"Festival: 1. a day or period set aside for celebration or feasting, especially one of religious significance. 2. any occasion for celebration, especially one which commemorates an anniversary or other significant event. 3. an organized series of special events and performances, usually in one place: a *festival of drama*."

I do not think that the services I have outlined can be said to be fairly described either as 'musical concert services' or 'organisation of music festivals'. In either case consumers would expect live performances by musicians and/or vocal artists. It could be said that the DJs are giving performances by original 'live' mixing, which

seems to be indicated by the track listings. There is no evidence that original artists are performing at the HED KANDI events and there is no evidence of live music in the sense of musicians playing at concerts or festivals. To stretch the evidence this far would be contrary to *Avnet*.

38. I consider that “arrangement of musical entertainment” is a fair description for the use shown. I consider that there is genuine use within the relevant dates on *arrangement of musical entertainment*. There is no genuine use on *musical concert services; organisation of musical festivals*.

39. Mr Holman’s turnover figures do not help me to gauge the commercial volume of the audio recordings. Mr Smith has exhibited prints from the Amazon website to demonstrate CD and vinyl (record) sales. These also do not help: the prints are dated after the relevant dates so do not prove what was on sale during the relevant period: there are no contemporaneous exhibits to show that the CDs were available for sale or were sold during the years of release. I note that the prints refer to CDs with issue dates of 2004, 2006, 2007, 2008 and 2009 and that at 23 March 2009 there were ‘new and used’ CDs for sale. That there were ‘used’ CDs implies that they had previously been bought from somewhere. The Amazon use shows that the goods have been put on the market, it shows that the trade marks have been used in relation to those goods. It is akin to finding the goods in a record store in the high street.

40. Mr Holman’s states that the “Brand has a back catalogue of over 60 music albums with 3 UK top 10 singles and many other top 40 hits”. This evidence is unchallenged. It would be difficult to achieve this without sales of audio recordings (in CD, vinyl or download format). Viewed alongside the exhibits which I have noted have copyright dates and internal dating on the CDs (e.g. The Mix: Summer 2008) within the relevant period, my conclusion is that MSHK has sold audio recordings within the relevant period. However, there is no evidence of visual recordings. There is genuine use within the relevant dates on *records, discs all containing pre-recorded audio material*. There is also genuine use on *records, discs all containing pre-recorded audio material* within the relevant dates. There is no evidence of visual or audio visual recordings. I consider visual/audio visual pre-recorded material to be a sub-category capable of being viewed independently of audio recordings (a CD player cannot play a DVD; production of CDs does not require filming) and consequently find that there is no genuine use on *records, discs all containing pre-recorded video or audio visual material*.

41. I have referred to the posters and postcards as giving support to MSHK’s claim to use on arrangement of musical entertainment. MSHK is also claiming genuine use in respect of ‘printed publications, pictures, posters’ (but not postcards). The posters, postcards and the folded flyer are all promotional literature advertising HED KANDI music and music events (residencies and parties). Mr Holman does not refer to such goods in his statement; Mr Smith refers to ‘printed material’ as comprising printed publications, posters, pictures and postcards, although his statement of use refers only to printed publications, posters and pictures. There is room for argument as to whether postcards are covered by the term ‘pictures’; ‘picture postcards’ are bought more often than not for the picture. There is only one example in the evidence of actual sales of postcards – or rather postcards being offered for sale.

This is the print in Mr Smith's exhibit 5 dated 23 March 2009, which shows the pack of ten HED KANDI artwork postcards for sale at £2.99, from a website called digitalstores.co.uk/hedkandi shop. It is unclear whether this was by MSHK or with its consent; the postcards appear more to have been originally free promotional items which after the relevant five year period were sold on to fans by third parties.

42. It is unnecessary that actual sales have taken place to prove genuine use for the purpose of creating or preserving market share; it is possible for goods or services to be offered free of charge and still to satisfy the genuine use criteria, but whether they do turns on the facts of each case. In *Antartica Srl v OHIM* Case C-320/07 P, the Court of Justice considered whether the provision of free financial information by a stock exchange met the genuine use criteria:

- “28 In support of the first part of the single plea, Antartica calls into question the use of the earlier mark for the goods and services in Classes 35 and 36 within the meaning of the Nice Agreement by submitting that The Nasdaq Stock Market offers them in the Community on a non-profit-making basis, whereas the use of a trade mark is based on the premiss that the goods or services for which it is registered are paid for.
- 29 It is sufficient to note in that respect that, even if part of the services for which the earlier mark is registered are offered by The Nasdaq Stock Market free of charge, that does not of itself mean that that commercial company will not seek, by such use of its trade mark, to create or maintain an outlet for those services in the Community, as against the services of other undertakings.
- 30 As the Court of First Instance held in paragraph 45 of the judgment under appeal, the Nasdaq indices refer to the stock exchange price quotation and financial services provided by The Nasdaq Stock Market, covered by the earlier mark and in respect of which it was registered.”

The proprietor sought to create or maintain a market share in financial information. Conversely, in *Silberquelle GmbH v Maselli-Strickmode GmbH* C-495/07, the Court considered the position where bottles of drinks were supplied as free gifts to customers purchasing clothing, but the drinks were not sold separately:

“17 It is settled case-law that ‘genuine use’ within the meaning of the Directive must be understood to denote actual use, consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin (Case C-40/01 *Ansul* [2003] ECR I-2439, paragraphs 35 and 36, and Case C-442/07 *Verein Radetzky-Orden* [2008] ECR I-0000, paragraph 13).

18 It follows from that concept of ‘genuine use’ that the protection that the mark confers and the consequences of registering it in terms of enforceability vis-à-vis third parties cannot continue to operate if the mark loses its commercial raison d’être, which is to create or preserve an outlet for the

goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings (*Ansul*, paragraph 37, and *Verein Radetzky-Orden*, paragraph 14).

19 As the Commission submitted in its observations to the Court and as the Advocate General stated in points 45 and 55 of his Opinion, it is essential, in the light of the number of marks that are registered and the conflicts that are likely to arise between them, to maintain the rights conferred by a mark for a given class of goods or services only where that mark has been used on the market for goods or services belonging to that class.

20 For the reasons set out in points 48 and 56 of that Opinion, that condition is not fulfilled where promotional items are handed out as a reward for the purchase of other goods and to encourage the sale of the latter.

21 In such a situation, those items are not distributed in any way with the aim of penetrating the market for goods in the same class. In those circumstances, affixing the mark to those items does not contribute to creating an outlet for those items or to distinguishing, in the interest of the customer, those items from the goods of other undertakings.

22 In the light of the foregoing considerations, the answer to the question referred is that Articles 10(1) and 12(1) of the directive must be interpreted as meaning that, where the proprietor of a mark affixes that mark to items that it gives, free of charge, to purchasers of its goods, it does not make genuine use of that mark in respect of the class covering those items.”

I consider that the evidence provided by MSHK falls into the *Silberquelle* category rather than that of *Antartica*: the ‘printed material’ promotes HED KANDI events and advertises its goods and services. It is not distributed with the aim of penetrating the market or creating an outlet for the category or class of printed matter. If postcards can be said to be ‘pictures’, it is unclear whether the postcards, although sold, were sold by MSHK or with its consent within the relevant five year period. I find that there is no genuine use on *printed publications, pictures, posters*.

43. Neither Mr Holman or Mr Smith make any reference to “apparatus and instruments all for the recordal, storage, transmission or reproduction of audio, visual or audio visual material” other than Mr Smith’s statement of use, which is mere assertion and also, at best, hearsay. There is an advert on an internal flyer inside “The Mix 2009” CD for hair straighteners which come with an MP3 player and fold out speakers. This appears to be after the relevant five year period, which ends in November 2008. The MP3 player and speakers could also be free gifts with the straighteners. There is no evidence to show that genuine attempts have been made within the relevant five year period to create or maintain a market share in what is a very large market. There is no genuine use on *apparatus and instruments all for the recordal, storage, transmission or reproduction of audio, visual or audio visual material*.

44. This leaves “production of radio programmes”. Mr Holman refers to this service in his witness statement as something which the brand has come to encompass since its inception, but says nothing more than this. The turnover figures do not

assist as they are not broken down into categories of goods or services. Mr Smith states that the mark has been used continuously on radio programmes since 2004. The prints in exhibit 7 are dated 23 March 2009, all after the relevant period, and the radio schedule dates in these prints are all during the month of March 2009, again too late to count. However, the reverse of the vinyl record cover “Hed Kandi Presents Back to Love True Club Classics”, copyright 2006, refers to Hed Kandi radio. This is in exhibit 3 to Mr Smith’s statement. The text on the record cover says:

HED KANDI ON AIR

THE HED KANDI RADIO SHOW ON GALAXY FM
Saturday Evenings 7pm – 9pm

NU COOL ON GALAXY FM
Sunday Mornings 7am – 9am

102 FM Manchester
102.2 FM Birmingham
105 FM Yorkshire
105 – 106 FM north east England
Sky digital channel 921, DAB digital radio and digital cable television
www.galaxyfm.co.uk

THE HED KANDI RADIO SHOW ON MINISTRY OF SOUND RADIO
Wednesday Afternoons 2pm – 4pm
Saturday Afternoons 2pm – 5pm

www.ministryofsound.com/radio
Sky digital channel 0198
To find all archived programmes click through
To www.ministryofsound.com.radio/hedkandi

There is similar layout and content on page four of the poster which is likely to have been issued just prior to the end of the relevant five year period, as discussed in paragraph 32 above. A similar text appears on the postcard dated 23 December 2006 and on the fold-out sleeve of “The Mix: Summer 2008” triple CD. It seems that there has been air-time on FM frequencies in 2006 and 2008; it seems there was consistent use for at least for two years within the relevant period. Broadcasting programmes on FM frequencies indicates use aimed at creating or preserving a radio presence which is warranted in the economic sector concerned. Although the broadcasting was done by Galaxy, there is use of HED KANDI on the production of the actual radio programmes within the relevant dates. I consider that there is genuine use on *production of radio programmes*.

45. I have found that there is genuine use on:

Records, discs all containing pre-recorded audio material;

Production of radio programmes; arrangement of musical entertainment.

Although a good deal of the use is in the elided word form, with the ovoid device in various positions in relation to the stylised word⁵, there is also a substantial amount of use in relation to the above goods and services which is in plain-type, i.e. as per the registration. The stylised use therefore does not affect my finding that there has been genuine use by MSHK, the proprietor of record, or with its consent. MSHK is entitled to rely upon the above restricted goods and services in relation to CTM 1219401.

Section 5(2)(b)

46. Section 5 (2) states:

“ A trade mark shall not be registered if because—

.....

(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 of the part of the public, which includes the likelihood of association with the earlier trade mark.”

47. The leading authorities which guide me in this ground are from the Court of Justice of the European Union, previously called the European Court of Justice: *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77, *Marca Mode CV v Adidas AG & Adidas Benelux BV* [2000] E.T.M.R. 723, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH* C-120/04 and *Shaker di L. Laudato & C. Sas v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) C-334/05 P (LIMONCELLO)*. 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*,

(b) the matter must be judged through the eyes of the average consumer for the goods/services in question; *Sabel BV v Puma AG*, 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

⁵ For example:



imperfect picture of them he has kept in his mind; *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel B.V.*,

(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*,

(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*,

(e) 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*,

(f) 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*,

(g) in determining whether similarity between the goods or services covered by two trade marks is sufficient to give rise to the likelihood of confusion, the distinctive character and reputation of the earlier mark must be taken into account; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*,

(h) 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*,

(i) 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 and Adidas Benelux BV*,

(j) 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*.

k) assessment of the similarity between two marks means more than taking just one component of a composite trade mark and comparing it with another mark; the comparison must be made by examining each of the marks in question as a whole, which does not mean that the overall impression conveyed to the relevant public by a composite trade mark may not, in certain circumstances, be dominated by one or more of its components; *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*

l) it is only when all other components of a complex mark are negligible that it is permissible to make the comparison on the basis of the dominant element; *Shaker di L. Laudato & C. Sas v OHIM*.

Average consumer and the purchasing process

48. The goods and services of the three earlier marks and the registration are varied, many of which relate to the entertainment industry. Broadly speaking, it is the public at large who are the average consumers of most of the goods and services. The general public buys printed matter, it buys audio/visual recordings and apparatus for playing them. Services relating to musical events, radio and television programmes, nightclubs, competitions, audience participation events and party planning are aimed at the public as the ultimate consumer, although intermediaries are involved who would also be consumers. Restaurants, cafes and bars are frequented by the general public; catering services could be purchased by the general public or by commercial entities. I consider the average, relevant consumer of the goods and services to be the general public; with the rider that hospitality and catering services could be purchased by a professional user group (the ultimate consumer of which may still be the general public). Business management of performing artists is not a service bought by the general public and is a service which is likely to be chosen with the considerable care befitting a commercially important business relationship. The goods and services could vary in terms of price and frequency of purchase (as in a corner café compared to an expensive/exclusive restaurant). The goods are primarily purchased visually, especially the sound recordings and printed matter; radio programmes are listened to so here the public is more likely to encounter the mark aurally. In relation to most of the goods and services, the visual similarity or dissimilarity will, potentially, have greater effect than the oral similarity or dissimilarity. The potential for imperfect recollection may be increased in relation to low cost goods.

Comparison of goods and services

49. The comparison is to be made between, on the one hand, the goods and services for which KANDI KLUB is registered, and on the other hand, a) the limited goods of CTM 1219401 for which I have found genuine use, and b) all the goods and services registered under CTMs 4881785 and 5259262. The latter CTM is relied upon against classes 35, 41 and 43 only of KANDI KLUB.

50. In comparing the respective specifications, all relevant factors should be considered, as per *Canon* where the ECJ stated at paragraph 23 of its judgment:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose⁶ and their method of use and whether they are in competition with each other or are complementary.

⁶ The earlier incorrect translation of ‘Verwendungszweck’ in the English version of the judgment has now been corrected.

The criteria identified in *British Sugar Plc v James Robertson & Sons Limited (Treat)* [1996] R.P.C. 281 for assessing similarity between goods and services were:

- (a) the respective uses of the respective goods or services;
- (b) the respective users of the respective goods or services;
- (c) the physical nature of the goods or acts of service;
- (d) the respective trade channels through which the goods or services reach the market;
- (e) in the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) the extent to which the respective goods or services are competitive, taking into account how goods/services are classified in trade.


51. Bearing in mind the interdependency principle, whereby a lesser degree of similarity between trade marks may be offset by a greater degree of similarity between goods, and vice versa, the (restricted) specification of the word mark registered under CTM 1219401 and the wider specification but composite mark registration of CTM 4881785, I will make a separate comparison of goods and services for the word-only earlier marks and the composite earlier mark. Breaking down the respective specifications by earlier mark-type, the most obvious comparisons which demonstrate identity are:

Word-only HED KANDI marks	KANDI KLUB Registration
CTM 1219401	
Records, discs all containing pre-recorded audio material	Sound recordings including cassettes, records, discs, tapes, recording discs, compact discs *
Arrangement of musical entertainment	Organising, arranging of entertainment events, ⁷ shows, dances, gigs, music events, live and recorded performances, disk jockey services, discotheque services
CTM 5259262	

⁷ The General Court said in *Gérard Meric v OHIM*, Case T-133/05: “29 In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by the trade mark application (Case T-388/00 *Institut für Lernsysteme v OHIM – Educational Services (ELS)* [2002] ECR II-4301, paragraph 53) or when the goods designated by the trade mark application are included in a more general category designated by the earlier mark (Case T-104/01 *Oberhauser v OHIM – Petit Liberto (Fifties)* [2002] ECR II-4359, paragraphs 32 and 33; Case T-110/01 *Vedial v OHIM – France Distribution (HUBERT)* [2002] ECR II-5275, paragraphs 43 and 44; and Case T-10/03 *Koubi v OHIM – Flabesa (CONFORFLEX)* [2004] ECR II-719, paragraphs 41 and 42).”

Restaurant services	Provision of food and drink; restaurant services
Café, bar services	Bar and café services
Public house services	Provision of food and drink; bar services
Bar services	Cocktail lounge services
Catering services	Catering services

*Sound recordings in different formats e.g. tapes instead of discs, if not identical, are near identical considering the *Treat* criteria.

 CTM 4881785	KANDI KLUB Registration
Records, tapes, discs or cards all containing pre-recorded audio, visual or audio visual material	Sound and/or video recordings including cassettes, records, videos, discs, tapes, recording discs, compact discs, DVDs and films
Printed publications	Printed matter, printed publications
Magazines	Magazines
Posters	Posters
Stationery	Stickers, transfers (decalcomanias)
Arrangement of musical entertainment	Organising, arranging of entertainment events, shows, dances, gigs, music events, live and recorded performances, disk jockey services, discotheque services
Musical concert services	Organising, arranging, conducting, managing, hosting and provision of entertainment events, shows, concerts, gigs, music events, music festivals, live performances
Organisation of music festivals	Organising, arranging of entertainment events, shows, concerts, gigs, music events, music festivals, live performances

52. Dealing firstly with the word-only earlier marks, I will compare the remainder of the KANDI KLUB goods and services (i.e. those which I have not found to be identical) with the goods and services of the HED KANDI marks.

53. *Video recordings including cassettes, [records] videos, discs, tapes, recording discs, [compact discs] DVDs and films* (the items in square brackets relate to sound recording formats) compared to *records, discs all containing pre-recorded audio material*. All of these goods have the same nature to some extent, being recordings in magnetic or digital form. Certain of the media, i.e. cassettes, videos and films are in a different physical format. All of the goods of Ms Brown's registration could

contain recordings of music performances. The respective goods, therefore, have potentially the same end user and may have the same primary purpose: the provision of musical entertainment. The goods could be in competition; i.e. a customer may purchase a visual and aural format rather than a purely aural format. There is a high degree of similarity between the respective goods.

54. MSHK is unable to rely upon the class 16 goods of CTM 1219401 so the comparison is to be made between the class 16 goods of KANDI KLUB shown below:

Printed matter, printed publications, magazines, posters, record sleeves; stickers, transfers (decalcomanias), paper party decorations.

and

records, discs all containing pre-recorded audio material; production of radio programmes; arrangement of musical entertainment; restaurant, café, bar, public house and catering services.

- for which the earlier word-only HED KANDI marks are entitled to protection.

These goods and services are not of a similar nature or purpose to stickers or transfers, they are not in competition or complementary and are not sold in proximity. There is no similarity between KANDI KLUB's *stickers and transfers* and the goods shown above .

55. In *Oakley, Inc v OHIM*, Case T-116/06, the GC said:

“52 Regarding, third, the complementary nature of the services and goods in question, found to exist by the Board of Appeal in paragraph 23 of the contested decision, it should be pointed out that, according to settled caselaw, complementary goods are those which are closely connected in the sense that one is indispensable or important for the use of the other, so that consumers may think that the same undertaking is responsible for both (see, to that effect, *SISSI ROSSI*, paragraph 49 above, paragraph 60; *PAM PLUVIAL*, paragraph 49 above, paragraph 94; and *PiraÑAM diseño original Juan Bolaños*, paragraph 49 above, paragraph 48).”

Records require sleeves for protection; record sleeves serve no other purpose than to protect records. The one is indispensable or important for the use of the other; the one will always be sold with the other for reasons of protection and identification. There is therefore a high degree of similarity between *records, all containing pre-recorded music* and *record sleeves*.

56. The service of arranging musical entertainment may involve advertisements in the form of posters (there is some evidence of this from MSHK), available before or at the time of the actual entertainment event. Souvenir publications or programmes of musical events and posters are often sold as complementary products or merchandising at concerts so there is also a moderate level of similarity between

arrangement of musical entertainment and printed matter, printed publications. Magazines are in the nature of periodicals and would not appear to be connected to the arrangement of musical entertainment, the class 43 services or audio recordings, their nature, purpose and channels of trade being different. There is no similarity between the *magazines* of KANDI CLUB and the goods and services of the word-only HED KANDI marks.

57. *Promotion of entertainment events, shows, music shows, music festivals, dances, gigs, live and recorded performances:* a service provider who arranges musical entertainment events promotes the events to ensure ticket sales and/or attendance. There would seem to be a close, if not complementary, relationship between the two and hence a good deal of similarity with *arrangement of musical entertainment*. There is a moderate level of similarity between *advisory, information and consultancy services relating to promotion of entertainment events, shows, music shows, music festivals, dances, gigs, live and recorded performances* and *arrangement of musical entertainment* because a consumer wishing to provide musical entertainment may expect an arranger of musical entertainment to also provide consultancy about the promotion of the event. In relation to the comparison between *business management of performing artists* and *arrangement of musical entertainment*, musical acts, bands and artists often employ a manager or agent who is responsible for securing performance events and dates (arranging musical entertainment). This is a complementary relationship and so there is a good deal of similarity between the services. *Advisory, information and consultancy services relating to business management of performing artists* are further removed from *arrangement of musical entertainment* so that the level of similarity between them will be low; these services are not complementary.

58. *Conducting, managing and provision of entertainment events, shows, concerts, dances, gigs, music events, music festivals, live and recorded performances, disk jockey services, discotheque services* appear to be highly similar, if not alternative or identical, words to describe 'organising and arranging' of the same and so are highly similar to *arrangement of musical entertainment*. *Hosting* could relate to the compere of a show, or it could describe putting on a show (as in the 'host nation' of an international sporting event). The latter would put it in the same bracket as 'organising, arranging, conducting, managing and provision.....' so it is also highly similar to *arrangement of musical entertainment*. *Competitions, and competitive events; audience participation events* could all be musical events (e.g. karaoke), so the *organising and staging* of such events would appear to be highly similar if not identical to *arrangement of musical entertainment*. *Advisory, information and consultancy services relating to conducting, managing, hosting and provision of entertainment events, shows, concerts, dances, gigs, music events, music festivals, live and recorded performances, disk jockey services, discotheque services, organising and staging of competitions, and competitive events, audience participation events:* a service providing the organisation of such events will also provide advice relating to the organisation of the event as part of consulting with the customer, so that there is a good deal of similarity. The exception to this is 'quizzes', which would not be described as a musical event in ordinary language, not being similar in nature or purpose and not complementary or in competition with musical entertainment, without stretching the term beyond its natural meaning. There is no similarity between *arrangement of musical entertainment* of the earlier mark and

organising and staging of quizzes of KANDI KLUB. Although MSHK have also relied upon CTM 5259262 against these services, it seems to me that there is a closer similarity between the class 41 services of KANDI KLUB and MSHK's *arrangement of musical entertainment* than there is in relation to MSHK's class 43 services.

59. Party planning services may include arranging musical entertainment and a catering element, so I think there is a good deal of similarity between *party planning (entertainment)* and arrangement of musical entertainment and also *catering services* (of CTM 5259262). These services are also likely to include a trade in paper party decorations, as part of, or complementary to, catering services, so that there is a low level of similarity between *paper party decorations* and *catering services*.

60. *Presentation, distribution and publishing of audio visual media* also includes giving access to content via downloading or streaming so that the users of this service will be the general public in which case there must be a good degree of similarity between *presentation and distribution of records, discs* [via the web] and audio records and discs as products because they then share the same purpose and are in competition with one another. The public generally purchase audio recordings according to content, but I am aware that certain genres of music are particularly affiliated to individual record labels (as is the case shown in the HED KANDI evidence) and consequently there may be a heightened awareness of the production company in the mind of the purchasing public. There is therefore a moderate degree of similarity between *records, discs all containing pre-recorded audio material* and *production of audio visual media, including electronic publications, videos, films and DVDs* and a good deal of similarity between *records, discs all containing pre-recorded audio material* and *presentation, distribution and publishing of audio visual media, including electronic publications, videos, films and DVDs*. However, *advisory, information and consultancy services relating to production, presentation, distribution and publishing of audio visual media, including electronic publications, records, videos, films, tapes, DVDs and compact discs* is a step away again from *records, discs all containing pre-recorded audio material*, although connected to the accrual production, presentation, distribution and publishing of the goods themselves, so the similarity will be low level only.

61. This leaves *nightclub services; hospitality services and information, advisory and consultancy services relating to provision of food and drink; catering services; restaurant, bar and café services; nightclub services; cocktail lounge services; hospitality services*. I will compare these services with HED KANDI's *restaurant, café, bar, public house and catering services* in CTM 5259262 and *arrangement of musical entertainment* covered by 1219401. The users of nightclubs and bars are the general public. The focus of a visit to a bar may be different to that of a visit to a nightclub, the latter providing not only alcohol but also entertainment, usually music, dancing, comedy or a mixture of these. The primary focus of bars and pubs is the provision of alcohol and perhaps food. Bars, pubs and nightclubs all provide a venue for socialising and drinking. They may be in competition with each other, depending upon the priorities of the consumer. I conclude that *nightclub services* are highly similar to *bar services* and *public house services*. *Information, advisory and consultancy services relating to provision of food and drink; catering services; restaurant, bar and café services* may share the same users as for *restaurant, café, bar, public house and catering services*; if one is planning a wedding using a

restaurant or a catering service, advice would be an aspect of the service which one would expect to receive. An alternative view might be that consultancy and advice is provided to a restaurant rather than its customers, in which case the users would be in different categories and the channels of trade would be different. Allowing for both, I conclude that there is an average degree of similarity between *information, advice and consultancy relating to provision of food and drink* [and] *restaurant, bar and café services*, and a high degree of similarity with *catering services*. Lastly, *hospitality services* are likely to include food and drink, and perhaps musical entertainment, although it would have been useful to have had submissions or evidence on what is involved in hospitality services. My conclusion here is that *hospitality services* and *information, advisory and consultancy services relating to hospitality services* are highly similar to *catering services*.

62. Much of the above findings in relation to similarity also apply to a comparison of the goods and services of the composite CTM mark 4881785 and those of KANDI KLUB. MSHK can rely upon its class 16 goods registered under the composite mark. I have tabulated above those goods which are identical. I have dealt with record sleeves compared to records themselves; there are no goods in the composite HED KANDI class 16 specification which are any closer to record sleeves. This leaves only *paper party decorations* to consider against MSHK's class 16 goods. They are not covered by *printed publications, pictures or greetings cards* and analogous terms. The only possible conflicting term could be *stationery* compared to *paper party decorations*. Although stationers may sell paper goods such as plates, cups and streamers, they would not be described as stationery. The uses would be different, the location in a supermarket is likely to be different and the goods would not be complementary or in competition with each other. The paper party decorations of KANDI KLUB are not similar to any goods or services in the composite mark's specification.

Comparison of trade marks

63. The authorities direct that, in making a comparison between the marks, I must have regard to each mark's visual, aural and conceptual characteristics. I have to decide which, if any, of their components I consider to be distinctive and dominant, without engaging in an artificial dissection of the marks, because the average consumer normally perceives a mark as a whole and does not analyse its details.

64. As there are different matters to consider in comparing word marks with composite marks, I will make separate comparisons between the earlier word-only marks and KANDI KLUB and the composite mark and KANDI KLUB.

65. The word-only marks are:

MSHK	Ms Brown
HED KANDI	KANDI KLUB

The single point of similarity between the two marks is the word KANDI, which is spelt the same in each mark. The other words in each mark, HED and KLUB, are completely different. The words in Ms Brown's mark both begin with a K; only the second word in MSHK's mark begins with that letter. HED strikes the eye first in a natural reading from left to right in MSHK's mark, while KANDI is read first in Ms Brown's mark. KANDI is the longest word in each mark; all the words are relatively short. In comparing the marks visually, I consider that the facts that all the words are relatively short and that KANDI is the longest word in each mark combine to produce a good deal of similarity between the marks, notwithstanding the different positions of the word KANDI.

66. The two words in Ms Brown's mark are alliterative: in addition to the aural difference inevitably created by the different words, alliteration puts a further distance between the marks. The letter 'k' creates a noticeable sound (unlike 'h' which is softer and is often dropped in speech). KANDI comprises two syllables of the three syllables in each mark: two out of the three syllables in each mark are the same when heard. Although KANDI is heard secondly in MSHK's mark and firstly in Ms Brown's mark, I consider that the proportion of each mark which is identical aurally means that there is a good deal of similarity aurally between the marks.

67. Attached to MSHK's statement of case is an extract from the online reference source 'Wikipedia'. Under the title 'Hed Kandi', the extract says:

"The name is a modified spelling for "head candy", reminiscent of the expression eye candy."

Ms Brown's counterstatement refers to this extract:

"By the Applicant's own admission, (Exhibit 1 – Print out from Wikipedia), the name "Hed Kandi" is a modified spelling of "head candy", reminiscent of the expression "eye candy", which will be taken by the public as denoting "attractive to the eye". The Registered Proprietor believes, therefore, that there is a clear conceptual difference between the marks, as the meaning of "Kandi Klub" is likely to be perceived by the public as a reference to confectionery or sweets."

68. Dealing firstly with MSHK's mark, if it is meant to represent 'head candy', it is *visually* heavily disguised, particularly with regard to the spelling of 'head/hed'. Head is not a word commonly misspelt for trade or other purposes (in contrast to, for example, XTRA, SUPA or EEZEE). KANDI differs from 'candy' in its first and last letters. I do not know whether this is a common misspelling of goods which are sweets or candy. For the average consumer, for whom a detailed semantic analysis is alien to the purchasing process, to arrive at a conclusion that the mark represents HEAD CANDY which is reminiscent of EYE CANDY requires a number of steps:

- To recognise that HED is HEAD
- To recognise that KANDI is CANDY
- To know of the expression EYE CANDY and to know what EYE CANDY means
- To put HEAD and CANDY together to be reminded of EYE CANDY

- To import a meaning to HEAD CANDY based on EYE CANDY as something pleasing to the head or mind
- To transfer the meaning to HED KANDI

69. I am unconvinced that the average consumer, based on a visual perception of the mark, would give it this conceptual significance without education at least that it is a modified spelling. However, if heard, there is nothing to differentiate it from HEAD CANDY, so the above steps would be truncated; that said, there would still be a requirement for the consumer to make the leap from the meaning of EYE CANDY to HEAD CANDY.

70. Ms Brown's mark consists of KANDI and KLUB. My comments above apply in relation to KANDI as a disguised form of CANDY. KLUB is a little more transparent, differing only in its first letter from CLUB. A 'CANDY CLUB' may suggest appreciation of sweets or candy, but this seems rather nebulous and may depend on the mark's context, a point which I will look at later.


71. In *Devinlec Développement Innovation Leclerc SA v OHIM*, Case T-147/03, the GC stated:

"It is true that, according to case-law, a conceptual difference between the marks at issue may be such as to counteract to a large extent the visual and aural similarities between those signs (*BASS*, cited in paragraph 60 above, paragraph 54). However, for there to be such a counteraction, at least one of the marks at issue must have, from the point of view of the relevant public, a clear and specific meaning so that the public is capable of grasping it immediately."

There is not an obvious 'candy' conceptual similarity between HED KANDI and KANDI KLUB because the 'candy' meaning is not immediately obvious in either mark even when heard rather than seen. I conclude that there is no conceptual similarity between the marks.

72. MSHK states that the distinctive and dominant component of the word-only mark is KANDI. It is true that it is two letters longer than HED, but it also appears as the second element in the mark. HED is an invented word and a reference to HEAD is far from obvious. It is difficult to say that either element is dominant, but KANDI has the edge as far as prominence in the mark goes based purely on length. It is also the longer word in Ms Brown's mark and the first; given that KLUB is perhaps more recognisable as a variant of CLUB, which is descriptive of some of the goods and services, that KANDI is longer than KLUB and that KANDI is the first element in mark which would be read horizontally, KANDI is the more distinctive and dominant component in Ms Brown's mark.

73. Some of the above points of comparison also apply in relation to MSHK's composite mark:

MSHK	Ms Brown
	<p style="text-align: center;">KANDI KLUB</p>

The words are the same in this mark as in MSHK’s word-only mark but are stylised. There is also the ovoid device above the words. The words are placed beneath the device but are wider than the device, in particular KANDI. Neither the device nor the words are negligible, but neither also are they the dominant element. The visual proportion of each element (device and words) is balanced. As before, the only point of similarity is KANDI, but there is an altered level of visual similarity in comparison with the word-only marks because of the prominent device. However, because the position of the device does not swamp the words or diminish their importance, there remains a good deal of visual similarity between the composite mark and KANDI KLUB. Aurally, there is still a good deal of similarity, which is not altered by the device. The device element also does not alter what is already a low degree of conceptual similarity, as examined above.

Likelihood of confusion

74. Ms Brown states in her counterstatement that:

“The Applicant has produced no evidence of confusion by the public and the respective marks have co-existed for several years.”

MSHK denies that any co-existence has been peaceful. It states that the predominant, if not sole use of KANDI KLUB (as evidenced in exhibit RH4) is in relation to a nightclub in Watford (I note that this location is also given by MSHK in its list of its own residences in exhibit RH1). MSHK submits:

“Given that the Applicant appears only to have used the Registration Mark in relation to the nightclub in Watford it is not surprising that no evidence of actual confusion has been brought forward. Those people who visit the nightclub are unlikely to realise or know that the services being provided are not being provided by the Applicant or an economically linked undertaking to the Applicant. They are likely to believe that the services are being provided by the Applicant or an economically linked undertaking to the Applicant. Even if they were to be aware of their mistake, it should be noted that these people are young clubbers and they likely have no incentive or desire to report their confusion to the Applicant or Proprietor. Likelihood of confusion should also be considered by assessing the likelihood of confusion were the Proprietor to use the Registration Mark in a normal way in respect of all of the goods and services covered by the Registration Mark.”

Absence of confusion has been the subject of judicial comment and a registry tribunal practice notice, TPN 4/2009, the contents of which are reflected in MSHK’s submissions. It does not help Ms Brown to state that MSHK has not proved that there is any actual confusion; there is also no proof that confusion doesn’t exist. If

the consumer is completely confused, he or she will not know it. In fact, Ms Brown's submissions refer to approaches made previously by MSHK in an attempt to prevent use of KLUB KANDI. So the co-existence would appear not to be peaceful⁸.

75. In determining whether there is a likelihood of confusion, it is necessary to consider the distinctive character of the earlier trade mark; the more distinctive the earlier trade mark (either by nature or nurture) the greater the likelihood of confusion⁹. The distinctive character of a trade mark can be appraised only, first, by reference to the goods or services in respect of which registration is sought and, secondly, by reference to the way it is perceived by the relevant public¹⁰. It is necessary to make an overall assessment of the greater or lesser capacity of the mark to identify the goods 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. My findings in relation to genuine use highlighted the difficulties with assessing the scale of use of HED KANDI (word-only), although it was clear that in relation to some goods and services there had been use. The level of market share of MSHK's word-only mark is not evident from the use filed, and the turnover is not at such a level to suggest that the mark has become very well known, thereby benefitting from an enhanced distinctive character. Consequently, I cannot find that MSHK has a claim to enhanced distinctive character through use. I have only the inherent character to consider. Invented words sit at the top end of the scale of distinctiveness. MSHK's marks either consist of invented words or consist of words which are well disguised as misspellings. The device appears to be invented and so is distinctive but contributes less to the overall distinctive character of the earlier CTM than the words HED KANDI.

76. I have to weigh the proximity of the goods and services against the relative distance between the marks - the interdependency principle – whereby a lesser degree of similarity between the goods and services may be offset by a greater degree of similarity between the trade marks, and vice versa (*Canon*). I have found that the goods and services range from identical to not similar. Assessing the likelihood of confusion between MSHK's word –only HED KANDI marks and KANDI KLUB first, the result of the comparison of goods and services is as follows:

⁸ *Aceites del Sur-Coosur SA v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case C-498/07 P*, ECJ: “82 First, although the possibility cannot be ruled out that the coexistence of two marks on a particular market might, together with other elements, contribute to diminishing the likelihood of confusion between those marks on the part of the relevant public, certain conditions must be met. Thus, as the Advocate General suggests at points 28 and 29 of his Opinion, the absence of a likelihood of confusion may, in particular, be inferred from the ‘peaceful’ nature of the coexistence of the marks at issue on the market concerned.

83 It is apparent from the file, however, that in this case the coexistence of the La Española and Carbonell marks has by no means been ‘peaceful’ and the matter of the similarity of those marks has been at issue between the two undertakings concerned before the national courts for a number of years.”

⁹ *Sabel BV v Puma AG* [1998] RPC 199.

¹⁰ *Rewe Zentral AG v OHIM (LITE)* [2002] ETMR 91.

HED KANDI		KANDI KLUB
<p>Records, discs all containing pre-recorded audio material.</p> <p>Arrangement of musical entertainment.</p> <p>Restaurant services</p> <p>Café, bar services, public house services, bar services</p> <p>Catering services</p>	Identical	<p>Sound recordings including cassettes, records, discs, tapes, recording discs, compact discs.</p> <p>Organising, arranging of entertainment events, shows, dances, gigs, music events, live and recorded performances, disk jockey services, discotheque services.</p> <p>Provision of food and drink; restaurant services</p> <p>Bar and café services</p> <p>Provision of food and drink; bar services</p> <p>Cocktail lounge services</p> <p>Catering services</p>
<p>Records, discs all containing pre-recorded audio material.</p> <p>Records, discs all containing pre-recorded audio material</p> <p>Arrangement of musical entertainment</p>	highly similar	<p>Video recordings including cassettes, discs, tapes, recording discs, DVDs and films</p> <p>Record sleeves</p> <p>Conducting, managing, hosting and provision of entertainment events, shows, concerts, dances, gigs, music events, music festivals, live and recorded performances, disk jockey services, discotheque services.</p> <p>Organising, arranging of concerts and music festivals</p>

<p>Bar services and public house services</p> <p>Catering services</p>		<p>Organising and staging of competitions and competitive events; audience participation events.</p> <p>Nightclub services</p> <p>Hospitality services</p>
<p>Records, discs all containing pre-recorded audio material</p> <p>Arrangement of musical entertainment</p>	<p>good deal of similarity</p>	<p>Presentation, distribution and publishing of audio visual media, including electronic publications, videos, films and DVDs; Production of audio visual media, including electronic publications, videos, films and DVDs;</p> <p>Party planning (entertainment).</p> <p>Promotion of entertainment events, shows, music shows, music festivals, dances, gigs, live and recorded performances.</p> <p>Advisory, information and consultancy services relating to conducting, managing, hosting and provision of entertainment events, shows, concerts, dances, gigs, music events, music festivals, live and recorded performances, disk jockey services, discotheque services; organising and staging of competitions and competitive events; audience participation events.</p>

Catering services		Party planning
<p>Restaurant, café, bar, public house services</p> <p>Arrangement of musical entertainment.</p> <p>Catering services</p>	moderate degree of similarity	<p>Information, advisory and consultancy services relating to provision of food and drink, restaurant, bar and café services</p> <p>Business management of performing artists;</p> <p>Posters, printed matter, printed publications.</p> <p>Advisory, information and consultancy services relating to promotion of entertainment events, shows, music shows, music festivals, dances, gigs, live and recorded performances, business management of performing artists.</p> <p>Information, advisory and consultancy services relating to catering services.</p> <p>Information, advisory and consultancy services relating to hospitality services.</p>
Records, discs all containing pre-recorded audio material	low degree of similarity	Advisory, information and consultancy services relating to production, presentation, distribution and publishing of audio visual media, including electronic publications, records, videos, films, tapes, DVDs and compact discs.

Arrangement of musical entertainment		Advisory, information and consultancy services relating to business management of performing artists
Catering services		Paper party decorations
HED KANDI goods and services	no similarity	Magazines, stickers, transfers (decalcomanias), Organisation and staging of quizzes

77. Where there is no similarity of good or service, there can be no likelihood of confusion, as per the judgment of the ECJ in *Waterford Wedgwood plc v OHIM* Case C-398/07:

“34 However, the interdependence of those different factors does not mean that the complete lack of similarity can be fully offset by the strong distinctive character of the earlier trade mark. For the purposes of applying Article 8(1)(b) of Regulation No 40/94, even where one trade mark is identical to another with a particularly high distinctive character, it is still necessary to adduce evidence of similarity between the goods or services covered. In contrast to Article 8(5) of Regulation No 40/94, which expressly refers to the situation in which the goods or services are not similar, Article 8(1)(b) of Regulation No 40/94 provides that the likelihood of confusion presupposes that the goods or services covered are identical or similar (see, by way of analogy, *Canon*, paragraph 22).

35 It must be noted that the Court of First Instance, in paragraphs 30 to 35 of the judgment under appeal, carried out a detailed assessment of the similarity of the goods in question on the basis of the factors mentioned in paragraph 23 of the judgment in *Canon*. However, it cannot be alleged that the Court of First Instance did not take into account the distinctiveness of the earlier trade mark when carrying out that assessment, since the strong reputation of that trade mark relied on by Waterford Wedgwood can only offset a low degree of similarity of goods for the purpose of assessing the likelihood of confusion, and cannot make up for the total absence of similarity. Since the Court of First Instance found, in paragraph 35 of the judgment under appeal, that the goods in question were not similar, one of the conditions necessary in order to establish a likelihood of confusion was lacking (see, to that effect, *Canon*, paragraph 22) and therefore, the Court of First Instance was right to hold that there was no such likelihood.”

This means that there is no likelihood of confusion in relation to *magazines, stickers, transfers (decalcomanias)*; organisation and staging of quizzes based on the HED KANDI word-only mark. MSHK can only succeed against these goods based upon its composite mark.

78. I have found that there is a good deal of similarity between the marks visually and aurally. I must consider the relative importance that the visual and aural similarities have in relation to the goods and services during the purchasing process. In *New Look Ltd v OHIM* Joined cases T-117/03 to T-119/03 and T-171/03 the GC stated:

“49 However, it should be noted that in the global assessment of the likelihood of confusion, the visual, aural or conceptual aspects of the opposing signs do not always have the same weight. It is appropriate to examine the objective conditions under which the marks may be present on the market (*BUDMEN*, paragraph 57). The extent of the similarity or difference between the signs may depend, in particular, on the inherent qualities of the signs or the conditions under which the goods or services covered by the opposing signs are marketed. If the goods covered by the mark in question are usually sold in self-service stores where consumer choose the product themselves and must therefore rely primarily on the image of the trade mark applied to the product, the visual similarity between the signs will as a general rule be more important. If on the other hand the product covered is primarily sold orally, greater weight will usually be attributed to any aural similarity between the signs.”

In *Phildar SA v OHIM* Case T-99/06, the GC said:

“82 In that regard, it must be pointed out, first, that the importance of certain visual dissimilarities may be diminished by the fact that the average consumer only rarely has the chance to make a direct comparison between the different marks at issue but must rely on the imperfect picture of them that he has retained in his mind. Secondly, the consumer may be prompted, as submitted by the applicant, to choose goods from the categories in question in response to a television advertisement, for example, or because he has heard them being spoken about, in which cases he might retain the aural impression of the mark in question as well as the visual aspect. It has already been held that mere aural similarity may, in certain cases, lead to a likelihood of confusion (see paragraph 58 above). It is possible that the consumer might let himself be guided in his choice by the imperfect aural impression that he has retained of the earlier mark which may, *inter alia*, remind him of something in common with a ‘thread’. The importance of the aural aspect was mentioned only in respect of some of the goods concerned such as the ‘strings’ in Class 22, the various goods in Class 23 and those in Class 26, with regard to which the Board of Appeal accepted that they are generally sold over the counter, that is to say, orally (paragraphs 26 to 28 of the contested decision).”

79. It is likely that exposure to the marks during the purchasing process will be primarily visual for the goods. Recorded material will be bought by visual selection, either to listen to or to watch, in a physical retail environment or via websites. Printed matter is looked at, so it is a visual encounter. Aural selection may play a part in relation to food and drink and for the services providing them, although a visual perception of trade marks of drinks sold over the counter at a bar is usual; see

the judgment of the GC in *Simonds Farsons Cisk plc v OHIM* Case T-3/04¹¹. I also consider the primary mode of purchase for entertainment and catering to be visual, but again there may be an element of aural reference where the mark may or may not be visible, for example by recommendation or via a telephone booking service. In relation to radio, the encounter with the marks will be overwhelmingly aural.

80. KANDI is the only element which is common to both parties' marks. If the goods were confectionery, its distinctiveness would be at the lower end of the scale, notwithstanding the misspelling. However, for the goods and services for which both parties' marks are registered, it is a highly distinctive element. Ms Brown's KLUB element has a reduced distinctive character if used in relation to 'clubs' (nightclubs, bars) or to club music which the evidence has shown (and I know it to be) a particular genre. I have found that the conceptual similarity is low, but the visual and aural similarity is relatively high.

81. Bearing in mind the interdependency principle (*Canon*), whereby a lesser degree of similarity between trade marks may be offset by a greater degree of similarity between goods, and vice versa, the position here is of a substantial degree of similarity between the marks, together with goods and services which range from identical to not similar. I think it unlikely that the marks would be directly confused with one another, owing to the HED element. However, according to the jurisprudence cited above, I must also have regard to a scenario where, although the marks are not mistaken directly, there is a belief or an expectation upon the part of the average consumer that the goods bearing the individual marks emanate from a single undertaking because there are points of similarity which lead to association. If the association between the marks causes the relevant consumer, who is reasonably well informed and reasonably circumspect and observant, wrongly to believe that the

¹¹ "56 As OHIM has wisely observed, the degree of phonetic similarity between two marks is of less importance in the case of goods which are marketed in such a way that, when making a purchase, the relevant public usually perceives visually the mark designating those goods (see, to that effect, Case T-292/01 Phillips-Van Heusen v OHIM – Pash Textilvertrieb und Einzelhandel (BASS) [2003] ECR II-4335, paragraph 55).

57 However, contrary to what the applicant maintains, that is the case here. The applicant has not furnished the slightest proof to show that its goods are generally sold in such a way that the public does not perceive the mark visually. The applicant simply claims that bars and restaurants constitute one of the traditional sales channels, where the consumer will order the goods orally by speaking to a waiter, without being at any time called on to visualise the trade mark in question.

58 In that respect, as OHIM quite rightly observes, it must be noted that, even if bars and restaurants are not negligible distribution channels for the applicant's goods, the bottles are generally displayed on shelves behind the counter in such a way that consumers are also able to inspect them visually. That is why, even if it is possible that the goods in question may also be sold by ordering them orally, that method cannot be regarded as their usual marketing channel. In addition, even though consumers can order a beverage without having examined those shelves in advance they are, in any event, in a position to make a visual inspection of the bottle which is served to them.

59 Moreover, and above all, it is not disputed that bars and restaurants are not the only sales channels for the goods concerned. They are also sold in supermarkets or other retail outlets (see paragraph 14 of the contested decision), and clearly when purchases are made there consumers can perceive the marks visually since the drinks are presented on shelves, although they may not find those marks side by side."

respective goods come from the same or economically linked undertakings, there is a likelihood of confusion (*Canon*). Particularly in relation to entertainment goods and services, and food and drink services, KLUB is likely to be seen as a misspelling of club, the perception and memory of the marks will be a variation on a theme of 'KANDI club music' or a 'Kandi club'. Where the similarity between the goods and services is close or moderate, the proximity of the marks which pivots upon the KANDI element would lead to an expectation on the part of the average consumer that there was an economic link. However, where the similarity between goods and services is only low (or there is none), the distance between the marks in combination with the greater distance between the goods and services means that there will be no belief that there is an economic link between the parties and therefore no likelihood of confusion in the indirect (or direct) sense.

82. The global comparison between MSHK's word-only HED KANDI mark and KANDI KLUB leads to a likelihood of confusion in respect of the majority of goods and services of KANDI KLUB, but leaves behind those goods for which I found low similarity: *advisory, information and consultancy services relating to production, presentation, distribution and publishing of audio visual media, including electronic publications, records, videos, films, tapes, DVDs and compact discs; advisory, information and consultancy services relating to business management of performing artists; paper party decorations*; and for which I found no similarity: *magazines, stickers and transfers (decalcomanias)*. So I will look at whether there is a likelihood of confusion in respect of these goods and services from the perspective of comparing MSHK's composite CTM 4881785. CTM 4881785 has cover for 'magazines', so there is identity with the magazines of KANDI KLUB. MSHK also has cover for 'stationery' which encompasses stickers and transfers, so there is also identity here. I know from my own experience that stationers and stationery departments of supermarkets and department stores frequently also sell party decorations in close proximity to greetings cards. CTM 4881785 has cover both for stationery and greetings cards. The channels of trade are the same and I therefore consider there to be a moderate degree of similarity between paper party decorations and stationery.

83. I should guard against dissecting the marks so as to distort the average consumer's perception of them. In *Aceites del Sur-Coosur SA* (supra), the ECJ said:

"60 According to further settled case-law, the global assessment of the likelihood of confusion, in relation to the visual, aural or conceptual similarity of the marks in question, must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components (see *OHIM v Shaker*, paragraph 35 and the case-law cited).

61 In particular, the Court has held that in the context of examination of the likelihood of confusion, assessment of the similarity between two marks means more than taking just one component of a composite trade mark and comparing it with another mark. On the contrary, the comparison must be made by examining each of the marks in question as a whole (see order in *Matratzen Concord v OHIM*, paragraph 32; *Medion*, paragraph 29; and *OHIM v Shaker*, paragraph 41).

62 In that regard, the Court has also held that, according to established case-law, the overall impression created in the mind of the relevant public by a complex trade mark may, in certain circumstances, be dominated by one or more of its components. However, it is only if all the other components of the mark are negligible that the assessment of the similarity can be carried out solely on the basis of the dominant element (*OHIM v Shaker*, paragraphs 41 and 42, and Case C-193/06 P *Nestlé v OHIM* [2007] ECR I-114, paragraphs 42 and 43 and the case-law cited).”

84. I consider that the device element of the composite mark is a separate or independent element within the mark which does not affect the perception and memory of KANDI. There will be a belief or an expectation upon the part of the average consumer that the goods which are identical or moderately similar (paper party decorations, magazines, stickers, transfers (decalcomanias)) emanate from a single undertaking because there are points of similarity which lead to association (in the sense of indirect confusion). There will be no likelihood of confusion in respect of advisory, information and consultancy services relating to production, presentation, distribution and publishing of audio visual media, including electronic publications, records, videos, films, tapes, DVDs and compact discs; advisory, information and consultancy services relating to business management of performing artists.

85. The opposition succeeds under section 5(2)(b) for all the goods and services except for advisory, information and consultancy services relating to production, presentation, distribution and publishing of audio visual media, including electronic publications, records, videos, films, tapes, DVDs and compact discs; advisory, information and consultancy services relating to business management of performing artists. I will look at the position in relation to these services under the other grounds of invalidation.

Section 5(3)

86. For the claim under section 5(3) to succeed MSHK needs to demonstrate a *CHEVY*-type of reputation:¹² MSHK’s evidence does not give a breakdown of turnover according to areas of goods or services, so I cannot tell how significant MSHK’s market share is or was at the date KANDI KLUB was filed. I cannot

¹² *General Motors Corporation v Yplon SA* [1999] E.T.M.R. 950:

“24. The public amongst which the earlier trade mark must have acquired a reputation is that concerned by that trade mark, that is to say, depending on the product or service marketed, either the public at large or a more specialised public, for example traders in a specific sector.

25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.

26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.”

therefore say that at the relevant date that HED KANDI was known by a significant part of the relevant public. I do not know in what years or in what charts HED KANDI enjoyed the success referred to by Mr Holman and I do not know what the listening figures are for HED KANDI radio. Although I have found there to have been genuine use on *records, discs all containing pre-recorded audio material; production of radio programmes; arrangement of musical entertainment*, I cannot extrapolate from an enquiry into whether there is genuine use to finding that there is a reputation or that the mark is known to a significant part of the public. **The section 5(3) ground fails.**

Section 5(4)(a)

87. The principles of the law of passing-off were summarised by Lord Oliver in *Reckitt & Colman Products Ltd v. Borden Inc* [1990] RPC 341 at page 406:

“The law of passing off can be summarised in one short general proposition--no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. ... Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.”

The requirement for establishing goodwill in relation to the law of passing-off is very different to that for a reputation in respect of section 5(3) of the Act. A finding of goodwill is also not an automatic result of successful resistance to a charge of no genuine use. MSHK claims goodwill in *sound recordings, discs, records, CDs; printed matter, magazines, stationery, posters, pictures, photos; nightclub services; arrangement of musical entertainment and music events, live and recorded performances, disc jockey services; cosmetic products, body fragrance spray, hair styling, hair equipment, hair dryers, hair straighteners; beach bags, beach mats, passport covers, mirrors, eye masks, clothing, t-shirts; radio broadcasting, radio entertainment.*

88. I consider that the facts demonstrated by the evidence which I examined in the context of proof of use also support a finding of goodwill in respect of *sound recordings, records, CDs; nightclub services; arrangement of musical entertainment and music events, live and recorded performances, disc jockey services; radio*

broadcasting, radio entertainment. The relevant date for passing off is 7 December 2007, which falls within the proof of use period. However, the evidence does not support a finding of goodwill at the relevant date for any of the other goods or services.

89. The above goods and services for which I consider there was goodwill are essentially no wider than those for which there is proof of genuine use. I will confine my analysis to those services which survived the attack under section 5(2)(b). Under that section, I found that *advisory, information and consultancy services relating to production, presentation, distribution and publishing of audio visual media, including electronic publications, records, videos, films, tapes, DVDs and compact discs; advisory, information and consultancy services relating to business management of performing artists* were low in similarity so as to resist a finding of likelihood of confusion with any of MSHK's goods and services. The difficulty in establishing confusion where there is a distance between the fields of activities was considered by Millet LJ in *Harrods v Harrodian School* [1996] RPC 697. Millett LJ stated:

“It is not in my opinion sufficient to demonstrate that there must be a connection of some kind between the defendant and the plaintiff, if it is not a connection which would lead the public to suppose that the plaintiff has made himself responsible for the quality of the defendant's goods or services”

In the same case Millet LJ held:

“The absence of a common field of activity, therefore, is not fatal; but it is not irrelevant either. In deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration.”

In *Stringfellow v McCain Foods (GB) Ltd* [1984] RPC 501 Slade LJ considered the difficulty of establishing damage where the parties are in different lines of business:

“even if it considers that there is a limited risk of confusion of this nature, the court should not, in my opinion, readily infer the likelihood of resulting damage to the plaintiffs as against an innocent defendant in a completely different line of business. In such a case the onus falling on plaintiffs to show that damage to their business reputation is in truth likely to ensue and to cause them more than a minimal loss is in my opinion a heavy one.”

90. In *Lego System Aktieselskab and Another v Lego M Lemelstrich Ltd* [1983] FSR 155 the distance between the fields of activity was bridged by an enormous reputation, Lego being classed as a household word, and survey evidence. There is no evidence in this case of such a reputation that could bridge the gap and so I cannot find there has been misrepresentation in respect of the limited services to which I have confined my analysis under this ground. If there is no

misrepresentation, there is no damage. For the services which survived the ground raised under section 5(2)(b), **the section 5(4)(a) ground fails.**

91. MSHK has been successful against all but the following services, for which the registration remains:

advisory, information and consultancy services relating to production, presentation, distribution and publishing of audio visual media, including electronic publications, records, videos, films, tapes, DVDs and compact discs; advisory, information and consultancy services relating to business management of performing artists.

In accordance with section 47(6) of the Act registration 2474458 is deemed never to have been made for all other goods and services.

92. MSHK has been largely successful and is entitled to an award of costs on the following basis:

Preparing a statement and considering the other side's statement:	£200
Official fee:	£200
Evidence and considering the other side's submissions:	£700
Written submissions:	£200
Total:	£1300

93. I order Alison Brown to pay MSHK Limited the sum of £1300. 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 16 day of June 2010

**Judi Pike
For the Registrar,
the Comptroller-General**