

O-396-10

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NO 2436785  
BY  
NEST.CO.UK LIMITED  
TO REGISTER THE TRADE MARK**



**IN CLASS 35**

**AND**

**THE OPPOSITION THERETO  
UNDER NO 97171  
BY  
NEXT RETAIL LIMITED**

## Trade Marks Act 1994

**In the matter of application 2436785  
by Nest.co.uk Limited  
to register the trade mark:**



**in class 35  
and the opposition thereto  
under no 97171  
by Next Retail Limited**

1. On 26 October 2006, an application was made to register the above trade mark for *Retail services connected with the sale of furniture over the Internet and through a traditional shop namely, beds, chairs, lamps, household goods, sofas, tables, stools, wardrobes, rugs, radiators, storage furniture, lighting* in class 35<sup>1</sup>. Following an assignment of the mark, the application currently stands in the name of Nest.co.uk Limited (hereafter 'Nest').

2. The application was published in the *Trade Marks Journal* on 22 February 2008 and an opposition to its registration was filed by Next Retail Limited (which I will refer to as 'Nest'). Next claims that registration of the trade mark would be contrary to sections 5(2)(b), 5(3) and 5(4)(a) and section 56 of the Trade Marks Act 1994 ('the Act').

3. Section 5(2)(b) states:

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

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<sup>1</sup> Class 35 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

Next relies upon all of the goods and services of its three earlier trade marks to support the grounds under sections 5(2)(b), as follows:

i) 1620434 Community Trade Mark ('CTM')

NEXT

Application date: 19 April 2000  
Registration date: 2 July 2008

*Class 35: Retail services in the fields of clothing, headgear and footwear, jewellery, fashion accessories, household articles, towels, bedding, textiles, furniture, lighting apparatus, toys, electrical products, cosmetics, non-medicated toilet preparations, eye ware, carrying cases, handbags and all manner of bags, kitchenware, paints, wallpaper and other products for decorating the home, pictures, picture frames, electrical products, cameras; the bringing together for the benefit of others of a variety of goods including the aforesaid products; enabling customers to conveniently view and purchase these goods; services for the retail of products through high street stores, via mail order catalogues or over the Internet; providing on-line retail store services in the field of the aforesaid goods; information and advice in relation to retail services relating to the aforesaid goods; business management consultancy including giving assistance and advice in the establishment of retail stores in the field of the aforesaid goods; on-line trading services, trading services in respect of a wide range of goods; excluding modelling agency services.*

*Class 42: Technical consultancy and advising in the establishment of retail stores in the field of clothing, headgear and footwear, jewellery, fashion accessories, household articles, towels, bedding, textiles, furniture, lighting apparatus, toys, electrical products, cosmetics, non-medicated toilet preparations, eye ware, carrying cases, handbags and all manner of bags, kitchenware, paints, wallpaper and other products for decorating the home, pictures, picture frames, electrical products, cameras.*

ii) 2371317 (UK registration)

NEXT

Application date: 23 August 2004  
Registration date: 4 February 2005

*Class 2: Paints, varnishes, lacquers.*

*Class 3: Soaps, perfumery, essential oils, cosmetics, hair lotions, dentifrices.*

Class 4: *Candles and wicks for lighting.*

Class 8: *Hand tools and implements (hand-operated); cutlery and razors.*

Class 16: *Paper, cardboard, stationery, adhesives for stationery, plastic materials for packaging.*

Class 21: *Household kitchen utensils and containers (not of precious metal or coated therewith); combs, sponges, brushes, (except paint brushes) articles for cleaning purposes; glassware, porcelain and earthenware.*

Class 30: *Coffee, tea, cocoa, artificial coffee, preparations made from cereals, bread, pastry and confectionery, salt, mustard, vinegar, sauces, spices.*

Class 33: *Alcoholic beverages (except beers).*

Class 35: *Advertising, business management, business administration; office functions.*

iii) CTM 15594

NEXT

Application date: 1 April 1996

Registration date: 19 October 1998

Class 3: *Soaps; cosmetics; essential oils; perfumes; non-medicated toilet preparations; preparations for the hair; deodorants for use on the person; dentifrices.*

Class 11: *Installations for lighting; lamps; lamp bases; lampshades; light bulbs; parts and fittings for all the aforesaid goods.*

Class 14: *Precious metals and their alloys and goods made thereof or coated therewith; jewellery; precious stones; clocks, watches and chronometric instruments; watch straps; watch bracelets; parts and fittings for all the aforesaid goods.*

Class 18: *Leather and leather imitations and goods made thereof; skins and hides; travelling trunks and suitcases; bags; umbrellas, parasols and walking sticks; whips, harnesses and saddlery; parts and fittings for all the aforesaid goods.*

Class 20: *Furniture; beds; bed heads; sofas, sofa beds; chairs; armchairs; tables; pillows; duvets; cushions; mattresses; bedding; parts and fittings for all the aforesaid goods.*

Class 24: *Textiles; plastic material as a substitute for fabric; bed and table covers; bed linen; table linen; household linen; wall hangings; blankets; quilts; duvets and duvet covers; sheets; pillow cases; bed valances; bed-covers; table cloths; table mats; napkins; linen fabrics; fabric wall coverings; curtains; curtain tie-backs; cushion covers; pelmets; blinds; covers for chairs and sofas; towels and face cloths.*

Class 25: *Articles of clothing; footwear; headgear.*

Class 27: *Carpets; rugs; mats and matting; non-textile wall coverings; wall papers; wall paper borders.*

This CTM was registered more than five years before the date of publication of the application and is therefore subject to the proof of use provisions<sup>2</sup>.

4. Next states that the goods of the application are identical and similar to those of its own earlier marks and that the marks are similar, leading to a likelihood of confusion. It relies on the same three earlier rights in relation to its ground of opposition under section 5(3) of the Act, which states:

“(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.”

Under this ground, Next claims that it has built up a substantial reputation in the mark NEXT throughout the United Kingdom and that Nest’s mark will take unfair advantage of, or be detrimental to the distinctive character or repute of NEXT.

5. Section 5(4)(a) of the Act states:

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

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<sup>2</sup> See section 6A of the Act (added by virtue of the Trade Marks (Proof of Use, etc.) Regulations) 2004 (SI 2004/946) which came into force on 5<sup>th</sup> May 2004.

(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) .....

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.”

Next claims it has established a substantial reputation and goodwill under the mark NEXT through use of the mark in the UK since 1982 and that Nest’s mark should be refused registration because Next is entitled to prevent its use under the common law tort of passing off.

6. Nest filed a counterstatement, stating that the marks are different in terms of word association and spelling; that the parties are trading in very contrasting markets; that Nest does not manufacture any goods or sell own branded goods; that Nest sells only luxury furniture and lighting imported from Europe, the retail value of which is 1000% greater than goods sold by Next and that the Nest customer base is very different to that of Next. Nest did not enter any text in the boxes on Form TM8 relating to whether it wanted Next to provide proof of use (Nest was a litigant-in-person until shortly before the substantive hearing, by which time it had appointed an attorney). Nothing was said in the counterstatement in relation to Next’s claim to reputation and goodwill.

7. Both sides filed evidence and the matter came to be heard before me on 29 September 2010, where Next was represented by Mr Ian Silcock of Counsel, instructed by Marks & Clerk, and Nest was represented by Mr Hiren Ghandi of Franks & Co Limited.

## **Evidence**

### **8. Next’s evidence**

The majority of Next’s evidence is in the form of a witness statement by Ms Sarah Louise Noble, who has been the Company Solicitor of Next since 1998. Ms Noble states that Next first adopted and used NEXT as a trade mark in 1982 in relation to a wide range of clothing, fashion accessories and household goods which have been sold through Next retail outlets, including a chain of high street stores (since 1982), through a mail order catalogue service (since 1998) and via its online shopping service (since 1999). The mail order catalogue/online service is known as the ‘Next Directory’, gaining its one millionth customer in 2000 rising to 2.1 million customers in 2006 (exhibit SLN4). The mark NEXT is applied to the goods, the stores, the catalogue, as can be seen in exhibit SLN2, and the website. Photographs of the mark in use on goods, stores, labels and packaging

are shown in exhibit SLN9, some of which can be dated to 2005, others of which are undated.

9. Ms Noble states that Next has about 450 shops throughout the UK and has for several years been listed in the top 100 companies on the London Stock Exchange. Total turnover figures are as follows:

<b>YEAR</b>	<b>£(Billion)</b>
2000	1.4
2001	1.5
2002	1.8
2003	2.2
2004	2.5
2005	2.9
2006	3.1

Ms Noble states that 11% of sales are attributable to 'other goods, including household goods', with 46.5% attributable to womenswear, 24% to menswear and 18.5% to childrenswear (the figures are approximate). The advertising figures in 2000 were £4,454,523 rising to £25,945,184 in 2006 (the year Nest's application was made). Advertising takes place through press advertisement and magazine inserts, as per exhibits SLN7 and SLN8 (which is undated). A list of publications in which the inserts are placed is shown (undated) with a 2005-dated circulation report for Hello!, OK!, Company, Cosmopolitan, Elle (UK), Good Housekeeping and Marie Claire magazines.

10. Exhibit SLN2 contains extracts from the Next Directory catalogues for the consecutive years 2003 to 2006 (the 2006 extracts are from the Spring/Summer catalogue, which is before the application date of 26 October 2006). The goods shown are sofas, dining tables and chairs, lounge furniture, wardrobes, chests of drawers, beds, duvet sets, rugs, lighting, hatstands, mirrors, hi-fi, photographic frames, boys' schoolwear, luggage and bags, footwear, watches and womenswear. Page 599 of the Autumn and Winter 2004 Directory lists the contents of the 'Home' section of the Directory. The goods are grouped into Living and Dining Furniture (furniture, wicker storage, voile, blinds and curtains), Home Accessories (mirrors, casual seating and rugs, curtain accessories, pets, cushions, throws, vases, frames, candle holders, locks, lighting), Bedroom (bedlinen, furniture, beds, divans, mattresses, children's furniture, children's bedlinen and nursery), Bathroom (bathroom collection, furniture, sinks and radiators, textiles), Storage (utility, canvas, shelving, media storage, hallway), Kitchen (tableware, preparation and storage), Electricals (vacuum cleaners, kitchen, hi-fi, telephones), Home Information, Flowers, Plants, Wine. The page range for these items is from 599 to 889. 'Home department' turnover figures in 2004 and 2005 were £317,900,000 and £364,900,000, respectively.

11. The remainder of Next's evidence is in the form of a witness statement from Shaun Nicholas Sherlock, Next's trade mark representative in these proceedings. He exhibits pages from the 2005 to 2009 Directories showing third party goods for sale by Next, to meet a statement by Nest to the effect that Next only sells own-branded goods.

## 12. Nest's evidence

Nest's evidence is from Christian Hawley, who is the Managing Director of Nest. Some of his witness statement is submission, which I will not summarise here but will bear in mind in making my decision. Mr Hawley states that Nest and Next are trading in contrasting markets. Nest does not manufacture any goods or sell own-branded goods; Next sells its own-branded goods (but see paragraph 11 above). Nest sells luxury furniture and lighting imported from Europe where the cost is far greater than goods from Next. Nest promotes its goods through magazine advertisements, such as that exhibited at CH5. These show the mark applied for as part of the phrase "build your Nest." The remainder of Mr Hawley's evidence addresses the issue of 'adwords' on the Google search engine and he exhibits a copy of the Registrar's Preliminary Indication in this case. None of this has relevance to the decision I must make so I will say no more about these aspects of the evidence<sup>3</sup>.

## Decision

### Section 5(2)(b)

13. The leading authorities which guide me in this ground are from the European Court of Justice (ECJ): *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

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<sup>3</sup> It would be remiss of me to give any consideration to the preliminary indication, as per the comments of Lindsay J in *esure Insurance Limited v Direct Line Insurance plc* [2007] EWHC 1557 (Ch):

"The Registrar's view was arrived at before there was any evidence on either side, before there was any argument on either side and in a context in which it could not be regarded as a decision against the interests of either side without the prospective loser being given an opportunity to be heard, an opportunity which was not given. So far from it being an error of principle to fail to take the Registrar's preliminary view into account, it would, in my judgment, have been a serious error of principle for it to have been taken into account."



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 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*.

#### 14. Comparison of goods

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 purpose<sup>4</sup> and their method of use and whether they are in competition with each other or are complementary.”

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.

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<sup>4</sup> The earlier incorrect translation of ‘Verwendungszweck’ in the English version of the judgment has now been corrected.

15. Nest's *retail services connected with the sale of furniture over the Internet and through a traditional shop namely, beds, chairs, lamps, household goods, sofas, tables, stools, wardrobes, ...storage furniture, lighting* fall within the terms in Next's CTM 1620434 for *retail services in the fields of... household articles, furniture, lighting apparatus*. The services are identical. This leaves 'retail services connected with the sale of furniture over the internet and through a traditional shop' in respect of *rugs and radiators* in Nest's specification. Rugs are made of textile so would appear to be covered by the retail of textiles in Next's specification. If I am wrong in that, Next's CTM 15594 covers rugs in class 27; although this registration is old enough to qualify for proof of use, Nest has not put Next to proof of use and so the full width of the specification can be considered. Retail of specific goods is very close to the goods themselves, on account of the complementary relationship between them, as per the GC's judgment in *Oakley, Inc v OHIM*, Case T-116/06:

"54 Clearly, in the present case, the relationship between the retail services and the goods covered by the earlier trade mark is close in the sense that the goods are indispensable to or at the very least, important for the provision of those services, which are specifically provided when those goods are sold. As the Court held in paragraph 34 of *Praktiker Bau- und Heimwerkermärkte*, paragraph 17 above, the objective of retail trade is the sale of goods to consumers, the Court having also pointed out that that trade includes, in addition to the legal sales transaction, all activity carried out by the trader for the purpose of encouraging the conclusion of such a transaction. Such services, which are provided with the aim of selling certain specific goods, would make no sense without the goods."

16. There are no retail services in relation to specific goods and no specific goods listed in Next's earlier marks which could cover retail of radiators. Mr Silcock submitted that retail of furniture covered retail of radiators. I think it highly unlikely that the average consumer would regard radiators as furniture<sup>5</sup>, (I note that page 599 of the Autumn and Winter 2004 Directory specifically lists radiators under the bathroom section, separately from bathroom furniture). However, Next's CTM 1620434 contains the standalone phrase *the bringing together for the benefit of others of a variety of goods including the aforesaid goods*". The

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<sup>5</sup> In *Thomson Holidays Ltd v Norwegian Cruise Lines Ltd* [2003] RPC 32, although in the context of a non-use issue, the court considered the interpretation of specifications:

"In my view that task should be carried out so as to limit the specification so that it reflects the circumstances of the particular trade and the way that the public would perceive the use. The court, when deciding whether there is confusion under section 10(2), adopts the attitude of the average reasonably informed consumer of the products. If the test of infringement is to be applied by the court having adopted the attitude of such a person, then I believe it appropriate that the court should do the same when deciding what is the fair way to describe the use that a proprietor has made of his mark. Thus, the court should inform itself of the nature of trade and then decide how the notional consumer would describe such use".

presence ‘including’ means not limited to the aforesaid goods. The specification also includes *services for the retail of products through high street stores, via mail order catalogues or over the Internet and on-line trading services, trading services in respect of a wide range of goods*. These terms are unlimited as to the specific goods which are sold via the retail services, which encompass various types of retailing methods<sup>6</sup>.

17. In *Oakley*, the GC considered a registered specification which, in part, was unrestricted as to the goods sold via the retail services: *retail and wholesale services, including on-line retail store services*. The GC said:

“59 In the second place, with regard to the comparison of ‘retail and wholesale services, including on-line retail store services’ with the goods in question, it must be recalled that the Court held, in paragraph 50 of *Praktiker Bau- und Heimwerkermärkte*, paragraph 17 above, that the applicant for the Community trade mark must be required to specify the goods or types of goods to which those services relate.

60 In that regard, it must be pointed out that the applicant has, as correctly stated by the Board of Appeal in paragraph 32 of the contested decision, failed to provide any specification whatsoever of the goods or types of goods to which the ‘retail and wholesale services, including on-line retail store services’ relate.

61 Thus, it must be held that ‘retail and wholesale services, including on-line retail store services’, on account of the very general wording, can include all goods, including those covered by the earlier trade mark. Therefore, it must be held that ‘retail and wholesale services, including on-line retail store services’, display similarities to the goods concerned.

62 It follows from all of the foregoing that the Board of Appeal was right to consider that services consisting of ‘retail and wholesale of clothing, headwear, footwear, athletic bags, backpacks and knapsacks and wallets’, and ‘retail and wholesale services, including on-line retail store services’, are similar to the goods covered by the earlier trade mark.”

18. Next has not specified the goods or types of goods to which its retail trade services relate as regards the terms I have identified in paragraph 16 above. Following the logic of *Oakley*, Next’s specification must cover retail of all types of goods, including the goods-specific retailing set out in Nest’s specification. I am therefore bound to find that Next’s retail services are identical to Nest’s retail

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<sup>6</sup> Mr Ghandi sought to make a distinction between Nest’s ‘traditional shop’ and Next’s high street stores, which is wholly artificial. In today’s increasingly online retail market, high street stores themselves may now be regarded as ‘traditional’ shops.

services; this, therefore means that Next has cover for Nest's retail of rugs and radiators too, which are identical to its own unrestricted retail services.

#### 19. Average consumer and the purchasing process

Nest has focussed to a large extent, both in its evidence and at the hearing, upon the price difference between its goods and those of NEXT. This distinction between expensive and cheaper goods is not, and cannot be, reflected in trade mark specifications. A trade mark specification is designed to specify goods or services, not how they are sold or for how much<sup>7</sup>. Both parties could choose to vary how they use their marks to the point that they both occupy identical market positions, be they an expensive or a more 'average' market. A trade mark registration can be sold and a new or subsequent proprietor may decide to use it in an altogether different market<sup>8</sup>. The assessment of the average consumer must be made according to normal and fair use of the parties' services.

20. The average consumer in relation to the retailing of domestic furnishings and household goods will be the public at large. The average consumer is reasonably well informed and reasonably circumspect and observant, but his level of attention is likely to vary according to the category of goods or services. Furniture and lighting are relatively infrequent purchases; aesthetics, functionality, cost and durability all play a part on the purchasing process. Beds and sofas are tried for comfort and are expected to last a number of years. Even comparatively inexpensive furniture purchases are a considered purchase, as per the judgment of the GC *Inter-Ikea Systems BV v OHIM*, case T-112/06:

“35 In the present case, the Board of Appeal found that the relevant consumers tend to be observant, since the purchase of furniture is for the most part expensive, and that the majority of consumers buy only after a relatively long process of comparison and reflection.

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<sup>7</sup> *Bang & Olufsen A/S v OHIM Case T-460/05*, in the context of distinctiveness : “According to the case-law, the price of the product concerned is also immaterial as regards the definition of the relevant public, since price will also not be the subject of the registration (Joined Cases T-324/01 and T-110/02 *Axions and Belce v OHIM (Brown cigar shape and gold ingot shape)* [2003] ECR II-1897, paragraph 36).”

<sup>8</sup> *Oakley*: “76 Consideration of the objective circumstances in which the goods and services covered by the marks in dispute are marketed is fully justified. The examination of the likelihood of confusion which the OHIM authorities are called on to carry out is prospective. Since the particular circumstances in which the goods covered by the marks are marketed may vary in time, and depending on the wishes of the proprietors of the trade marks, the prospective analysis of the likelihood of confusion between two marks, which pursues an aim in the general interest, that is, that the relevant public may not be exposed to the risk of being misled as to the commercial origin of the goods in question, cannot be dependent on the commercial intentions, whether carried out or not – and which are naturally subjective – of the trade mark proprietors (*QUANTUM*, paragraph 75 above, paragraph 104, and *T.I.M.E. ART/Devinlec v OHIM*, paragraph 75 above, paragraph 59).”

36 The applicant disputes those assertions, arguing that not all furniture is expensive and that an item of furniture can sometimes be purchased quickly.

37 The applicant's arguments are not sufficient, however, to call into question OHIM's assertion that, even when buying an inexpensive item of furniture, the average consumer makes his choice on the basis of a number of functional and aesthetic considerations, in order to ensure that it is in keeping with other furniture already in his possession. While the actual act of purchase may be completed quickly in the case of certain items of furniture, the process of comparison and reflection before the choice is made requires, by definition, a high level of attention. Moreover, where the average consumer does not regularly buy certain goods, as is the situation in the present case, his level of attention when buying those goods must, as a general rule, be taken to be higher than his normal level of attention (see, to that effect, Case T-147/03 *Devinlec v OHIM – TIME ART(QUANTUM)* [2006] ECR II-11, paragraph 63).


38 Consequently, it must be concluded that the Board of Appeal was correct in finding that the average consumer displays a high level of attention when buying goods falling within Class 20."

This rationale applies *mutatis mutandis* to the selection of retail services selling such goods. The level of attention when buying furniture is high, as is also the case for lighting and radiators, although purchases of household goods may be less considered, depending upon the nature of the item. The average consumer is unlikely to buy furnishings without seeing them; for this reason, visual perception of the marks plays an important role in the purchasing process.

#### 21. Comparison of trade marks

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.

22. Since Next's earlier registrations are all for the same mark, the marks to be compared are:

Next's mark	Nest's mark
NEXT	

Next's mark consists of the single word-only element NEXT so to that extent it must be dominant (although, impliedly, for an element to be dominant there must be another element(s) to compare it to). It is distinctive in that it does not describe or allude to the retail services or to goods sold through the retail services. Nest's mark consists of the word Nest, the letters of which are all joined (but not in a conventional 'joined-up writing' way) and two stylised bird devices, one above and e and s letters and the other acting as a full-stop. Mr Silcock invited me to consider the birds as so insignificant or 'negligible', in the sense referred to in *Shaker di L. Laudato*<sup>9</sup>, that I should disregard them. Whilst the birds are small in comparison to the word Nest, they are far from negligible and are easily noticed. Neither the word Nest nor the birds are descriptive or allusive to the retail services or to the goods specified by Nest as sold through its retail services, so the dominant element Nest and the less dominant birds are both distinctive elements in Nest's mark.

23. The words in both marks comprise four letters, only the third of which (the X and S) differs. Mr Silcock assessed the similarity at 75% on the basis of ignoring the bird elements. Mr Silcock also submitted that a seriffed typeface or certain style of handwriting could bring the appearance of the X and S letters (the only letters to differ) closer together, citing the example of the applicant's own handwriting in its counterstatement.

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<sup>9</sup> "41 It is important to note that, according to the case-law of the Court, in the context of consideration 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, 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 (see order in *Matratzen Concord v OHIM*, paragraph 32; *Medion*, paragraph 29).

As the Advocate General pointed out in point 21 of her Opinion, 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."

24. Three out of the four letters are identical, sequentially. In the *IKEA* case, where the words being compared were IDEA and IKEA (also four letters, three of which are identical, sequentially), the GC said:

“54 As regards the visual comparison between the verbal element of the contested mark and the earlier word marks, the applicant claims that the only difference between them is the presence of the letter ‘d’ in the contested mark and the letter ‘k’ in the earlier word marks. However, the Court has already held in Case T-185/02 *Ruiz-Picasso and Others v OHIM – DaimlerChrysler(PICARO)* [2004] ECR II-1739, paragraph 54) that, in the case of word marks which are relatively short, even if two marks differ by no more than a single consonant, it cannot be found that there is a high degree of visual similarity between them.”

Of course, Nest’s mark also contains the birds which I must also consider since they are not negligible, and the way in which the letters are joined. Of itself, I do not think that the average consumer would particularly notice that manner in which the letters are joined. Mr Ghandi submitted that the bird on top of the word was nesting between the e and the s. I would not put it so highly as to suggest that the average consumer, who does not pause to analyse marks, would arrive at that particular conclusion but I do consider that the birds would be noticed. The birds are a point of difference between the parties’ marks which put a visual distance between them in addition to the differing letters. Both words are short, as per the *IKEA* analysis. Mr Silcock drew my attention to the fact that the beginnings of the marks are the same (NE) and the general rule of thumb that the average consumer generally focuses on the beginnings of marks. He added that the only differing letter (the third) in this case is ‘buried in the middle’. This point may have had more force if I was considering longer words, but in such short words I do not think the third letter in a four letter word can be described as ‘buried’, or that the fact that the first and second letters are identical can be attached so neatly to the ‘beginnings of marks’ argument. Viewing the parties’ marks as wholes, I find that the degree of visual similarity between them is low.

25. Both marks are single syllables; the NE sound will be identical in both and the T will be pronounced in both marks. The differing letters, X and S, are both sibilants. However, the X also has a ‘K’ sound, which is heard first. In the context of an aural perception of each word, the K sound will be clearly audible. On this basis, there is a reasonable degree of aural similarity between NEXT and NEST; however, bound up with this is what the ear thinks it hears, based on known words. NEXT is a known word and the ‘K’ sound will be audible alongside the sibilant element of the X sound and will be registered as the word NEXT, as distinct from NEST, also a known word. Overall, the aural similarity between NEXT and NEST is low to moderate.



26. NEXT and NEST are known dictionary words with entirely different meanings. In the case of the NEST mark, the meaning is reinforced by the presence of the bird devices, nests being primarily known as the homes birds build for themselves. Mr Ghandi pointed to the concept of 'nest-building'; i.e. people putting a home together. I doubt that the average consumer would get to that from 'nest', as opposed to 'nest-building', even in the context of the retail services of Nest. Either way, though, neither of the parties' marks evokes a connotation of the other. They are conceptually dissonant and I find that there is no conceptual similarity between them.

27. Overall, the similarity between the marks is low.

28. Distinctiveness of Next's mark

It is necessary to consider the distinctive character of NEXT because the more distinctive they are, either by inherent nature or by their use (nurture) the greater the likelihood of confusion<sup>10</sup>. The distinctive character of a trade mark must be assessed by reference to the goods or services in respect of which registration is sought and by reference to the way it is perceived by the relevant public<sup>11</sup>. NEXT is a dictionary word which has no concrete allusion in relation to retail services. I consider it to be reasonably high in inherent distinctive character.

29. Next's evidence shows that it has a firm foothold in the UK clothing market, turning over hundreds of millions of pounds per year in clothing for women, men and children. By 2006, 11% of its turnover related to 'other goods including household goods': this amounts to some £341,000,000 which is a considerable amount. Although the turnover figures have not been broken down further, the remainder of the evidence, considered in the round, gives a picture of consistent sales in furniture, furnishings and household goods. There are a large number of pages devoted to such goods and this appears to have been the case consistently through the years. Mr Silcock submitted that the turnover figures are 'principally the UK' and that they represent a considerable average spend by the average person in the UK. One million mail order customers in 2000 and 2.1 million in 2006 is a significant proportion of the relevant public<sup>12</sup>. Next is entitled to claim an enhanced degree of distinctiveness in relation to its retail services of domestic furniture, furnishings and household goods.

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<sup>10</sup> *Sabel BV v Puma AG* [1998] RPC 199.

<sup>11</sup> *Rewe Zentral AG v OHIM (LITE)* [2002] ETMR 91.

<sup>12</sup> *Windsurfing Chiemsee v Huber and Attenberger* Joined Cases C-108/97 and C-109/97 [1999] E.T.M.R. 585, by analogy.

### 30. Likelihood of confusion

In deciding whether there is a likelihood of confusion between the marks, I must weigh the various factors I have identified, including the principle of interdependency, 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 bear in mind the whole mark comparison, the dominant and distinctive elements within the marks, and the effect which a primarily visual purchasing process has upon the weight of these elements. Mr Silcock submitted that the X and S could be confused in certain scripts; further that X and S are near each other on a 'Qwerty' keyboard, so that confusion may arise when typing in NEXT or NEST in a search engine. Visual perception is relevant in both these examples. Typographical errors may well occur in the latter scenario, but it does not follow that, having made the mistake, the average consumer will be confused if he clicks on the 'wrong' website or that he not notice the mistake. The average consumer is reasonably well informed and reasonably circumspect and observant, particularly when buying furniture. In the case of handwriting or typeface confusion, there were no examples before me, beyond the counterstatement, of the marks being handwritten. Although Mr Silcock submitted that he had found Mr Hawley's handwritten 'Nest' and 'Next' words very similar in the counterstatement, I cannot extrapolate from this into a general proposition that seriffed typefaces will render the S and X as similar. In any event, Nest's mark consists of more than a word; the word and device composition is arranged to have a particular appearance.

31. In *Quelle AG v OHIM* Case T-88/05, the GC said:

"68 Therefore, in the global assessment of the likelihood of confusion, the visual, phonetic 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 (Case T-129/01 *Alejandro v OHIM – Anheuser Busch (BUDMEN)* [2003] ECR II-2251, paragraph 57, and *NLSPORT, NLJEANS, NLACTIVE and NLCollection*, paragraph 53 supra, paragraph 49). 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 marks are marketed. If the goods covered by the marks in question are usually sold in self-service stores where consumers 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 phonetic similarity between the signs (*NLSPORT, NLJEANS, NLACTIVE and NLCollection*, paragraph 53 supra, paragraph 49)."

32. I have found there to be a low degree of visual similarity, a low to moderate degree of aural similarity and no conceptual similarity between the marks. I do not ignore aural perceptions in the purchasing process as it is one of the elements of the global comparison, but I bear in mind that furnishings and goods for the household are usually more of a visual purchase so that the visual aspect of the similarity between the marks carries more weight in my comparison than the aural similarity. Visual perception of the marks includes Nest's bird devices, as per *Shaker*, which will help militate against imperfect recollection.

33. Although the average consumer perceives trade marks as wholes and rarely has the opportunity to compare marks side by side, relying instead upon the imperfect picture he has of them in his mind, if there is conceptual dissimilarity between marks, this is an important factor reducing the likelihood of imperfect recollection. A lesser degree of similarity between trade marks may be offset by a greater degree of similarity between goods and services, and vice versa. The position here is that the services of both marks are identical but that there is conceptual dissonance between the marks. The application has a clear and specific meaning which the public is capable of grasping immediately. The conceptual hooks which the two marks engender are completely different. Mr Silcock sought to persuade me against overstating the conceptual dissimilarity, bringing to my attention two OHIM Board of Appeal decisions<sup>13</sup> where a likelihood of confusion was found between marks which had a level of visual and aural similarity, despite their different meanings, and where the Board of Appeal had sounded a cautionary note about paying a disproportionate amount of attention to conceptual dissimilarities. However, I must bear in mind that the ECJ has said that visual and aural similarity can be offset by a lack of conceptual similarity, as found in *Ruiz-Picasso v OHIM*, case 361/04 P [2006] E.T.M.R. 29; this can operate even if only one mark has a meaning capable of immediate grasp by the average consumer. In this case, both marks have meanings which are capable of immediate grasp. It is a factor in the global comparison.

34. I bear in mind that, in comparing the parties' marks, it is not as though there is a strong visual and/or aural level of similarity against which a lack of conceptual similarity can be offset: the marks are not very similar visually or aurally either. Even with identity of services and with the enhanced distinctive character which Next's mark enjoys, there is insufficient similarity between the marks to cause a likelihood of confusion in the direct sense, that is, confusing one for the other. For goods such as furniture, which is an occasional purchase subject to careful consideration, there is also no common theme, no natural brand extension nor a variation in the marks which would cause the average consumer to expect the undertaking responsible for each mark to be economically connected. Taking all these factors into consideration, there is no likelihood of confusion.

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<sup>13</sup> *Rica Trade Mark* (2005) OHIM 1<sup>st</sup> BoA (Case R861/2004-1) and *MANNA Trade Mark* (2006) OHIM 1<sup>st</sup> BoA (Case R1272/2005-1).

### **35. The opposition fails under section 5(2)(b) of the Act.**

#### **Section 5(3) of the Act**

36. The relevant date at which the question of reputation must be assessed is the filing date of the application. The reputation that Next is required to show is set out in *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.”

Two of Next’s earlier marks are CTMs. In *PAGO International GmbH v Tirolmilch registrierte Genossenschaft mbH*, case C-301/07, the ECJ stated:

“Article 9(1)(c) of Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark must be interpreted as meaning that, in order to benefit from the protection afforded in that provision, a Community trade mark must be known by a significant part of the public concerned by the products or services covered by that trade mark, in a substantial part of the territory of the European Community, and that, in view of the facts of the main proceedings, the territory of the Member State in question may be considered to constitute a substantial part of the territory of the Community.”

(The member state in question was Austria). Consequently, both *General Motors* and *Pago* require that Next’s CTMs must be known by a significant part of the public concerned by the products or services covered by the marks, in the relevant territory. In these proceedings, the relevant territory includes, but is not limited to, the UK.

37. I have referred above to the huge turnover figures in the context of the enhanced distinctive character of the earlier marks. Mr Ghandi conceded that

Next has a reputation for clothing. Even though Next has not provided market share information, the level of turnover leads me to be satisfied that Next has achieved significant market penetration in relation not only to clothing but also household goods, and retail of those goods, in the UK. With 450 UK stores and 2.1 million mail order/online customers in 2006, the marks are known to a significant proportion of the relevant public. £25,945,184 was spent in promoting the mark in 2006. I find that the marks enjoy the requisite reputation.

38. However, establishing that there is a sufficient reputation is only the first step in the conditions necessary for success under section 5(3) of the Act. Next must also establish that there would also be a link between the marks, as per the ECJ's judgment in *Intel Corporation Inc. v CPM United Kingdom Limited*, Case C-252/07<sup>14</sup>. In my findings in relation to the likelihood of confusion I found that the conceptual significance of the marks was so dissonant that there would not be a likelihood of confusion. For the same reasons, I consider that there would be no link between the marks in the sense of a bringing to mind. **The opposition under Section 5(3) fails.**

#### **Section 5(4)(a)**

39. 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

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14. “1. Article 4(4)(a) 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 whether there is a link, within the meaning of Case C-408/01 *Adidas-Salomon and Adidas Benelux*, between the earlier mark with a reputation and the later mark must be assessed globally, taking into account all factors relevant to the circumstances of the case.

2. The fact that, for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark calls the earlier mark with a reputation to mind is tantamount to the existence of such a link, within the meaning of *Adidas-Salomon and Adidas Benelux*, between the conflicting marks.”

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.”

40. Next relies upon the mark NEXT for this ground. Consistent with my earlier findings in relation to reputation, Next is entitled to rely upon the goodwill it has built up under this sign. However, given my conclusion in relation to the similarity between NEXT and NEST for identical services, there will be no misrepresentation. **This ground also fails.**

41. Next also seeks relief under section 56 of the Act, claiming that Next has acquired the status of a well-known mark, within the meaning of the Paris Convention and the TRIPS Agreement for the goods and services of its earlier marks relied upon under section 5(2)(b). As it already has registrations for a variety of goods and services, it already has earlier marks under Section 6(1)(a) of the Act and so its position will not be improved by having earlier trade marks as per section 6(1)(c) of the Act:

“a trade mark which, at the date of application for registration of the trade mark in question or (where appropriate) of the priority claimed in respect of the application, was entitled to protection under the Paris Convention or the WTO agreement as a well known trade mark”.

Section 56 is not an independent ground of opposition, so, in view of the failure of its section 5(2)(b) ground, section 56 cannot take Next any further.

### Costs

42. Nest has been successful and is entitled to an award of costs on the following basis:

Considering the other side's statement and preparing a counterstatement:	£100
Preparing evidence and considering and commenting on the other side's evidence:	£250 <sup>15</sup>
Preparation for and attendance at hearing:	£500
Total:	£850

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<sup>15</sup> Until shortly before the hearing, Nest was unrepresented. It is the registrar's practice to award costs to litigants-in-person at half the rate that he awards them where a party has had legal representation.

43. I order Next Retail Limited to pay Nest.co.uk Limited the sum of £850. 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 November 2010**

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