

O-181-11

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO 2511114  
IN THE NAME OF NEXT LEVEL IMPACT

AND

OPPOSITION THERETO UNDER NO 99398  
BY NEXT RETAIL LIMITED

## TRADE MARKS ACT 1994

IN THE MATTER OF application  
No 2511114 in the name of  
Next Level Impact and  
Opposition thereto under  
No 99398 by Next Retail Limited

### Background



1. Application no 2511114 stands in the name of Next Level Impact (“Impact”) and has a filing date of 16 March 2009. Registration is sought in respect of *Management Consultancy* in class 35 of the 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. The application seeks registration of the following mark:



2. Following publication in the *Trade Marks Journal*, Notice of opposition to the registration of the application was filed on behalf of Next Retail Limited (“Retail”). The opposition is brought on the following grounds:

- Under section 5(2)(b) of the Act. In this regard Retail relies on its earlier mark Nos. 2453621 and 2371317 as well as Community trade mark No.1620434;
- Under section 5(3) of the Act. Retail relies on its above mentioned marks as well as Community trade mark No. 15594;
- Under section 5(4)(a) of the Act based on use of the mark NEXT in the UK since 1992.

3. Details of the marks relied on by Retail under section 5(2)(b) and 5(3) of the Act are as follows:

Mark No	Mark	Application /registration date	Specification
1620434 CTM	NEXT	19.4.2000 /2.7.2003	<p>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</p> <p>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</p>
2453621	 	25.4.2007 24.10.2008	<p>Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices.</p> <p>Candles</p> <p>Sunglasses; glasses; spectacle cases; scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching</p>

		<p>apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; automatic vending machines and mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment and computers; fire-extinguishing apparatus.</p> <p>Apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes.</p> <p>Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery; precious stones; horological and chronometric instruments.</p> <p>Paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artists' materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); printers' type; printing blocks.</p> <p>Leather and imitations of leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and travelling bags; umbrellas, parasols and walking sticks; whips, harness and saddlery.</p> <p>Furniture, mirrors, picture frames; goods (not included in other classes) of wood, cork, reed, cane, wicker, horn, bone, ivory, whalebone, shell, amber, mother-of-pearl, meerschaum and substitutes for all these materials, or of plastics.</p> <p>Household or kitchen utensils and containers; combs and sponges; brushes (except paint brushes); brush-making materials; articles for cleaning purposes; steelwool; unworked or semi-worked glass (except glass used in building); glassware, porcelain and earthenware not included in other classes.</p>
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			<p>Textiles and textile goods, not included in other classes; bed and table covers.</p> <p>Clothing, footwear, headgear.</p> <p>Lace and embroidery, ribbons and braid; buttons, hooks and eyes, pins and needles; artificial flowers.</p> <p>Carpets, rugs, mats and matting, linoleum and other materials for covering existing floors; wall hangings (non-textile).</p> <p>Games and playthings; gymnastic and sporting articles not included in other classes; decorations for Christmas trees.</p> <p>Meat, fish, poultry and game; meat extracts; preserved, frozen, dried and cooked fruits and vegetables; jellies, jams, compotes; eggs, milk and milk products; edible oils and fats.</p> <p>Retail services, including retail services offered via a general merchandising and clothing store, mail order catalogue, online, via television channel, via mobile phone and by direct marketing, all connected with the sale of clothing, headgear and footwear, jewellery, watches, fashion accessories, household articles, towels, bedding, textiles, furniture, lighting apparatus, toys, electrical products, cosmetics, non-medicated toilet preparations, eyewear, carrying cases, leather goods, handbags, sports bags, travel bags, shopping bags, toiletry bags, messenger bags, carrier bags, document bags and children's bags, kitchenware, paints, wallpaper, wall stickers and borders, pictures, picture frames, electrical products, cameras; the provision of information and advice in relation to retail services relating to the aforesaid goods; business management consultancy including giving assistance and advice in the management of retail stores in the field of the aforesaid goods.</p>
2371317	NEXT	23.8.2004 4.2.2005	<p>Paints, varnishes, lacquers.</p> <p>Soaps, perfumery, essential oils, cosmetics, hair lotions, dentifrices. Candles and wicks for lighting.</p> <p>Hand tools and implements (hand-operated); cutlery and razors.</p> <p>Paper, cardboard, stationery, adhesives for</p>

			<p>stationery, plastic materials for packaging.</p> <p>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.</p> <p>Coffee, tea, cocoa, artificial coffee, preparations made from cereals, bread, pastry and confectionery, salt, mustard, vinegar, sauces, spices.</p> <p>Alcoholic beverages (except beers).</p> <p>Advertising, business management, business administration; office functions.</p>
15594 CTM	NEXT	1.4.1996 19.10.1998	<p>Soaps; cosmetics; essential oils; perfumes; non-medicated toilet preparations; preparations for the hair; deodorants for use on the person; dentifrices.</p> <p>Installations for lighting; lamps; lamp bases; lampshades; light bulbs; parts and fittings for all the aforesaid goods.</p> <p>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.</p> <p>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.</p> <p>Furniture; beds; bed heads; sofas, sofa beds; chairs; armchairs; tables; pillows; duvets; cushions; mattresses; bedding; parts and fittings for all the aforesaid goods.</p> <p>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.</p> <p>Articles of clothing; footwear; headgear.</p>

			Carpets; rugs; mats and matting; non-textile wall coverings; wall papers; wall paper borders.
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4. Impact filed a counterstatement in which it accepts that Retail is a large, well-known retailer of clothes and home furnishings. It denies Retail has any reputation in the field of management consultancy and puts it to proof of use of its marks in respect of such services. It denies there is any likelihood of confusion between the respective marks.

5. Both parties filed evidence and the matter came before me for hearing on 17 May 2011. At the hearing, Mr Shaun Sherlock of Mark & Clerk represented Retail whilst Ms Emma Himsworth of counsel instructed by MSB Solicitors, represented Impact.

### **The evidence**

6. Evidence, in the form of witness statements, was filed by Mr Shaun Nicholas Sherlock for Retail and by Mr Mark Adrian Forman for Impact. Mr Sherlock also filed a further witness statement as evidence in reply. Much of Retail's evidence goes to its trade in clothing and home furnishings for which Impact has accepted from the outset Retail is well-known. Evidence filed for Impact is largely submission. For these reasons I do not intend to summarise this evidence. I will, however, refer to it as necessary in this decision.

### **Decision**

#### **The objection under section 5(2)(b) of the Act**

7. Section 5(2)(b) of the Act states:

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

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

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

8. In these proceedings, Retail is relying on registration Nos. 2453621 and 2371317 as well as Community trade mark No. 1620434. All qualify as earlier trade marks under the above provisions. The application for registration was published for opposition purposes on 1 May 2009. I have set out above at paragraph 3, the dates of registration of the earlier marks. Only Community trade mark No. 1620434 completed its registration process more than five years before the publication date of the mark for which registration has been applied. The provisions of section 6A of The Trade Marks (Proof of Use, etc) Regulations 2004 are therefore relevant only to this earlier mark. The relevant provisions state:

“6A (1) This section applies where-

- (a) an application for registration of a trade mark has been published,
- (b) there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, and
- (c) the registration procedure for the earlier trade mark was completed before the start of the period of five years ending with the date of publication.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.

(3) The use conditions are met if-

(a) within the period of five years ending with the date of publication of the application 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) the earlier trade mark has not been so used, but there are proper reasons for non-use.

(4) 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.

(5) .....

(6) 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.

(7)....”



9. Also of relevance is section 100 of the Act which states:

“100. 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.”

10. A convenient summary of the criteria relating to genuine use was given by the General Court (GC) in *Anheuser-Busch Inc v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-191/07*.

“99 In interpreting the concept of genuine use, account should be taken of the fact that the ratio legis of the requirements 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 –Charlo (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 in 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).

11. I also take into account the findings of the Court of Justice, formerly the European Court of Justice, in Cases *Ansul BV v Ajax Brandbeveiliging BV*, Case C-40/01 [2003] ETMR 85, and *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ETMR 47. In the latter case, the Court said:

“22 The question whether use is sufficient to preserve or create market share for those products or services depends on several factors and on a case-by-case assessment which is for the national court to carry out. The characteristics of those products and services, the frequency or regularity of the use of the mark, whether the mark is used for the purpose of marketing all the identical products or services of the proprietor or merely some of them, or evidence which the proprietor is able to provide, are among the factors which may be taken into account”.

12. As set out above, Retail is required to prove use only of Community trade mark No. 1620434. This is for the trade mark NEXT and is registered in respect of a range of services in classes 35 and 42 as set out above. Mr Sherlock has filed two witness statements, one as evidence in chief, the other as evidence in reply. There is no mention in his evidence in chief of Retail being anything other than an operator of “a

chain of high street stores” selling “a wide range of clothing products, fashion accessories and household goods”. When challenged at the hearing Mr Sherlock referred me to exhibit SNS2, a document described as a NEXT Factfile, which includes the following statement:

“NEXT Overseas  
NEXT currently has franchise operations trading across Europe, the Middle East and Asia”

13. In his witness statement filed as evidence in reply, Mr Sherlock states that Retail:

“...provides management consultancy and related services to it’s (sic) franchise partners”

He further referred me to exhibit SNS6 (page 161) which gives the barest of mentions of a franchise operation. The exhibit consists of a copy of the January 2007 Annual Report & Accounts for Retail’s parent company and the extract to which Mr Sherlock referred me states:

“NEXT FRANCHISE

Sales to our overseas franchise partners grew by 27% during the year. However, our franchise partners’ own sales rose by only 14%, the difference being due to over-ordering by one of our partners. This stock was sold on a cost plus royalty basis, so whilst we have recovered the cost of the stock we have not made any profit on it.

We now allocate a share of central costs to NEXT Franchise, primarily warehouse and merchandising, which amounted to £2.4m for the year. This will continue going forward. Excluding the reallocation of costs, comparable profit for NEXT Franchise rose by 6.7%.

Our partners opened 33 new stores in the year, making 129 in total. Our largest region remains the Middle East in terms of store numbers and sales. Europe is growing strongly with 13 stores opened in Russia and 5 in Turkey. Stores were also opened in India and Thailand and we anticipate that 25 new stores will be opening during the current year.”

14. Mr Sherlock submitted that the above extracts showed the mark NEXT used as a house mark with other words. He further submitted that it was sufficient to enable me to infer the mark had been used on the services for which the earlier mark is registered. Given the requirements of section 100, as set out above, reliance on inference clearly is not sufficient. Furthermore, the use of NEXT as a house mark did not form part of the pleaded case and given that the ‘factfile’ is published by Retail’s parent company, and appears to refer to another company within the group called NEXT Franchise, there is no indication that Retail is involved at all. Even if Retail were involved, there is no indication of e.g. what specific services may have been provided, what, if any, turnover accrued, what, if any, advertising or promotional expenditure there might have been nor is there any indication of how or where or to whom such services were offered or delivered. In short, there is no evidence of use of the earlier Community mark No. 1620434 on the services for which it is registered.

As Retail has not proved use of it, this earlier mark cannot be relied upon in these proceedings.

15. Under section 5(2)(b) of the Act, Retail also relies on its earlier mark Nos. 2453621 and 2371317. Whilst the first of these marks is for a series of two as shown above, each is essentially for the word NEXT and I intend to refer to the marks of both registrations in the singular for the purposes of comparison. Whilst Mr Sherlock maintained his position that all of the goods and services for which the earlier mark is registered are identical or similar to those for which registration is sought, it seems to me, as Retail's mark is registered in respect of *business management consultancy* (2453621) and *business management* (2371317) that if it cannot succeed on the basis of these services, it will be in no stronger position as regards its remaining goods and services. I proceed on this basis.

16. In determining the question under Section 5(2)(b), I take into account the guidance provided by the European Court of Justice (ECJ) in *Sabel v Puma AG* [1998] R.P.C. 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] R.P.C. 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R 77, *Marca Mode CV v Adidas AG* [2000] E.T.M.R.723, *Medion AG v Thomson Multimedia Sales Germany & Austria GmbH* C-120/04 and *Shaker di Laudato & C. Sas v OHIM* C-334/05 (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*, paragraph 22;
- (b) the matter must be judged through the eyes of the average consumer of the goods/services in question: *Sabel BV v Puma AG*, paragraph 23, 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 he has kept in his mind; *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen B. V.* paragraph 27;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details: *Sabel BV v Puma AG*, paragraph 23;
- (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*, paragraph 23;
- (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 v Metro-Goldwyn-Mayer Inc*, paragraph 17;
- (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*, paragraph 24;

- (g) in determining whether similarity between the goods or services covered by the 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*; 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*, paragraph 26;
- (h) further, the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; *Marca Mode CV v Adidas AG*, paragraph 41;
- (i) 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*, paragraph 29;
- (j) 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*;
- (k) 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*.

17. In essence, the test under Section 5(2)(b) is whether there are similarities in marks and services which, when taking into account all the surrounding circumstances, would combine to create a likelihood of confusion. The likelihood of confusion must be appreciated globally and I need to address factors such as the degree of visual, aural and conceptual similarity between the marks, evaluating the importance to be attached to those different elements and taking into account the degree of similarity in the services, the category of services in question and how they are marketed.

**Comparison of services**

18. The services to be compared are as follows:

Impact’s services	Retail’s services
Management consultancy	Business management consultancy
	Business management

19. Services can be considered identical when those covered by an earlier mark are included in a wider term by a later mark (and vice versa); see *Gérard Meric v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) (MERIC) Case T- 133/05*. In view of this, I consider *management consultancy* and *business management consultancy* to be identical services. *Business management* is a relatively wide term which may include services provided on a consultancy basis and thus I consider these also to be services identical to *management consultancy*.

**The relevant consumer and the nature of the purchasing act**

20. Each of the services relate to management which are services used by businesses. They are most likely to be services commissioned by the consumer to meet the particular needs of his business. The cost of the services are likely to vary depending on their content and whether they are a one-off service or services provided on an ongoing basis but whatever the cost, they are likely to be a careful and educated purchase made after a degree of negotiation and consultation on both the services to be provided and the costs to be incurred and which are likely to involve much documentation. In my view the visual aspects of the mark are likely to be of most significance though not to the extent that the other considerations can be ignored.

**Comparison of marks**

21. For ease of reference, the marks to be compared are:

Impact's mark	Retail's marks
	 <p data-bbox="818 1624 965 1659">(2453621)</p> <p data-bbox="818 1697 906 1733">NEXT</p> <p data-bbox="818 1771 965 1807">(2371317)</p>

22. Each of Retail's marks consists of the word NEXT. They differ only in respect of the font and case used though in the case of No. 2453621, the word appears on a plain, dark, rectangular background. Whilst presented in different fonts, these are

unremarkable. Each of the marks has no distinctive and dominant components: the distinctiveness rests in the totality of the mark.

23. Impact's mark is a composite sign consisting of the words NEXT LEVEL, in lower case. Below this and extending across a wider area, is the word IMPACT, also in lower case but in a much larger size. The word IMPACT is in a stylised font with the letters IMP appearing to be 'struck through' by an interrupted line which ends in a block within the centre of the letter P.

24. Mr Sherlock submitted that Impact had "filed no evidence to suggest which if any parts of [its] mark would be regarded by the average consumer as being the dominant distinctive part of it". Referring me to Kerly's Law of Trade Marks and Trade Names he submitted that "the first syllable of a *word mark* is generally the most important" (his emphasis) and that "given the use that has been made of [Retail's] mark, and the level of reputation attached to that mark, it would be natural for the average consumer to regard the first NEXT element of [Impact's] mark as being its most dominant and distinctive component". He concludes that "consequently, in comparing the marks as a whole, the average consumer would pay particular attention to the presence within [Impact's] mark of the NEXT Mark and would likely (sic) to regard the marks as being visually and aurally similar".

25. Whether or not Retail's mark is well-known for the services for which it is registered, this cannot affect the issue of similarity. As the GC stated in *Ravensburger AG v Office for Harmonization in the Internal Market (Trade Marks and Designs)(OHIM) Case T-243/08*:

"27 It is appropriate at the outset to reject that complaint as unfounded. The reputation of an earlier mark or its particular distinctive character must be taken into consideration for the purposes of assessing the likelihood of confusion, and not for the purposes of assessing the similarity of the marks in question which is an assessment made prior to that of the likelihood of confusion (see, to that effect, judgment of 27 November 2007 in Case T-434/05 *Gateway v Ohim –Fujitsu Siemens Computers (ACTIVY Media Gateway)*, not published in the ECR, paragraphs 50 and 51)."

26. For her part, Ms Himsworth referred me to the decision in *Medion AG v Thomson multimedia Sales Germany & Austria GmbH*, Case 120/04 which provides key guidance on how to approach issues of similarity involving composite signs as follows:

"29. 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 *Matratzen Concord*, paragraph 32).

30. However, beyond the usual case where the average consumer perceives a mark as a whole, and notwithstanding that the overall impression may be dominated by one or more components of a composite mark, it is quite possible that in a particular case and earlier mark used by a third party in a composite sign including the name of the company of the third party still has an independent distinctive role in the composite sign, without necessarily constituting the dominant element.

31. In such a case the overall impression produced by the composite sign may lead the public to believe that the goods or services at issue derive, at the very least, from companies which are linked economically, in which case the likelihood of confusion must be held to be established.

32. The finding that there is a likelihood of confusion should not be subject to the condition that the overall impression produced by the composite sign be dominated by the part of it which is represented by the earlier mark.

33. If such a condition were imposed, the owner of the earlier mark would be deprived of the exclusive right conferred by Article 5(1) of the directive even where the mark retained an independent distinctive role in the composite sign but that role was not dominant.

34. This would be the case where, for example, the owner of a widely-known mark makes use of a composite sign juxtaposing this mark and an earlier mark which is not itself widely known. It would also be the case if the composite sign was made up of the earlier mark and a widely-known commercial name. In fact, the overall impression would be, most often, dominated by the widely-known mark or commercial name included in the composite sign.

35. Thus, contrary to the intention of the Community legislator expressed in the 10<sup>th</sup> recital in the preamble to the directive, the guarantee of the earlier mark as an indication of origin would not be assured, even though it still had an independent distinctive role in the composite sign.

36. It must therefore be accepted that, in order to establish the likelihood of confusion, it suffices that, because the earlier mark still has an independent distinctive role, the origin of the goods or services covered by the composite sign is attributed by the public also to the owner of that mark.”

27. Ms Himsworth submitted that although Impact’s mark contains the word NEXT there is “no basis on which it can be said that the word NEXT is the dominant part or focal point of the mark”. She submitted:

35. Further, the word NEXT appears in a particular font and is qualified by the word LEVEL. The qualifying effect of LEVEL is particularly powerful given that it is in exactly the same typeface as the mark NEXT and such use is of the type that is envisaged as normal use of the word ‘next’ [...]. Of course the inclusion of the word NEXT is additionally qualified by the word IMPACT in a different typeface and colour.



36. That is to say the word NEXT contributes to the composite expression rather [than] asserting independent distinctive characteristics of its own within the mark.”

28. Whilst the word NEXT could be regarded as the first element of Impact’s mark, I agree with Ms Himsworth that it does not stand alone as an independent element but rather reads into the word which follows it. The words NEXT LEVEL are not an unusual or grammatically incorrect combination of words and indeed it is a phrase with its own meaning which is used in common parlance. Whilst the words NEXT LEVEL and IMPACT are equally distinctive in relation to the services for which the mark is applied, in my view it is the word IMPACT which is the dominant element within the mark given its size and positioning within the mark as a whole.

29. To the extent that the respective marks each share the word NEXT, there is a degree of visual and aural similarity between them. But that degree is a very low one given that there are also significant differences between the marks due to the additional words LEVEL and IMPACT appearing in Impact’s mark and the stylisation of this latter word. The word NEXT is an ordinary, everyday, dictionary word in common usage which will bring no particular meaning to mind other than something or someone coming after or being adjacent to something or someone else. IMPACT brings to mind an effect or impression whilst NEXT LEVEL brings to mind a succeeding stage or position and when taken as a whole the mark applied for is likely to be seen as something that will effect movement to the next stage or position (a step-up). Any conceptual similarity is low.

### **Likelihood of confusion**

30. In determining the likelihood of confusion, I need to bear in mind a number of factors. First, there is the interdependency principle whereby a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective services and vice versa.

31. Secondly, it is necessary for me to consider the distinctive character of Retail’s earlier mark, as the more distinctive this mark is the greater the likelihood of confusion. The distinctive character of a trade mark must be appraised first, by reference to the services in which it has been registered and, secondly, by reference to the way it is perceived by the relevant public (see *Rewe Zentral AG v OHIM (LITE)* [2002] ETMR 91. In determining the distinctive character of a trade mark and, accordingly, in assessing whether it is highly distinctive, it is necessary to make an overall assessment of the greater or lesser capacity of the trade mark to identify the services for which it has been registered as coming from a particular undertaking and thus to distinguish those goods from those of other undertakings (*Windsurfing Chiemsee v Huber and Attenberger* Joined cases C-108/97 and C-109/97 [1999] ETMR 585. As I indicated above, the word NEXT is an ordinary, everyday, dictionary word with a meaning which is well understood. But in relation to the services under consideration and for which it is registered, it has no particular meaning and is a mark with a reasonably high degree of inherent distinctive character. Mr Sherlock submitted that through its use, the mark has become well known. Whilst Impact have accepted from the outset that the mark is well known in relation to various goods, it

rejects any argument that the distinctive character of the mark has been enhanced through use in relation to the relevant services. As I have already indicated above, whilst Retail has filed evidence of use, it has singularly failed to file any evidence of use in relation to anything other than goods. That being so, I cannot find that the distinctive character of the earlier mark has been enhanced through its use in relation to the services under consideration.

32. In addition, I must keep in mind the average consumer for the services, the nature of the purchasing process and the fact that the average consumer rarely has the chance to make direct comparisons between trade marks but must instead rely upon the imperfect picture of them he has kept in his mind.

33. I have concluded that the competing services are identical and that the marks have a low degree of similarity from a conceptual perspective. In terms of the degree of similarity from both visual and aural perspectives, I have found this to be very low. It can be expected that owing to the nature of the average consumer of the services and the nature of those services themselves, the purchasing decision will be careful and educated thereby lessening any effects of imperfect recollection. In my view there are significant visual, aural and conceptual differences in the respective marks which, particularly in view of the careful nature of the purchasing process and the average consumer concerned far outweigh any similarities and lead me to conclude without hesitation that there is no likelihood of either direct or indirect confusion between the respective marks even where identical services are involved.

34. The opposition based upon section 5(2)(b) of the Act fails.

#### **The objections based on section 5(3) and 5(4)(a) of the Act**

35. At the hearing, Mr Sherlock accepted, should the opposition fail under the grounds brought under section 5(2)(b) of the Act, that Retail's opposition based under the grounds under section 5(3) and 5(4)(a) would fall away as they would similarly fail. In view of this, I do not consider it necessary to go on to consider the objections under these grounds.

#### **Costs**

36. Impact has succeeded and is entitled to an award of costs in its favour. I make the award on the following basis:

Preparing a statement and considering other side's statement:	£300
Preparing evidence and considering other side's evidence:	£1000
Preparing for and attending the hearing:	£400
<b>Total:</b>	<b>£1700</b>

37. I order Next Retail Limited to pay Next Level Impact the sum of £1700 as a contribution towards its costs. 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 1 day of June 2011**

**Ann Corbett  
For the Registrar  
The Comptroller-General**