

O-184-13

TRADE MARKS ACT 1994

**IN THE MATTER OF AN APPLICATION UNDER NO 84416
BY QUANTUM WORLDWIDE HOLDINGS INC
FOR A DECLARATION OF INVALIDATION OF REGISTRATION NO 2597723
IN THE NAME OF STEPHEN SPARROW**

Background

1. Registration no 2597723 is for the trade mark SPARROW'S in respect of *Spirits; liqueurs; rum; wines*. It has a filing date of 13 October 2011, was published on 27 January 2012 and was registered on 4 May 2012. At all times, it has stood in the name of Stephen Sparrow.

2. On 17 May 2012, Quantum Worldwide Holdings Inc ("Quantum") filed an application seeking a declaration of invalidity of the registration. The form TM26(i), by which the application was made, was accompanied by a cheque drawn in the name of Lord M R Mitchell, the applicant's representatives in these proceedings. That cheque was later returned by the bank marked "Refer to Drawer". Quantum's representatives were advised accordingly and full payment was eventually received on 27 June 2012: this later date, therefore, is deemed to be the date of filing of the application.

3. The application is made under the provisions of section 47 of the Act, on the basis of an objection founded on section 5(2)(b) of the Act. Quantum relies, under this ground, on the following registered trade mark insofar as it is registered for the following goods:

Mark	Dates	Specification
2559200	Filing date: 21.9.2010	spirits and liqueurs; alcopops; alcoholic cocktails
BLACK SPARROW	Publication date: 8.10.2010	
	Registration date: 17.12.2010	

4. Mr Sparrow filed a counterstatement denying the claims made.

5. Under cover of a letter dated 24 October 2012, Quantum filed a small amount of documentation and asked that it be kept confidential. At a case management conference ("CMC") held on 17 December 2012, I indicated that the documentation would not be made subject to any order for confidentiality: it had not been filed under cover of any witness statement, affidavit or statutory declaration and was not, therefore, "evidence" in these proceedings. Furthermore, the documentation was in no way relevant to the issues to be determined. It was returned to the filer.

5. No evidence was filed by either party. From their own admissions, neither Mr Sparrow nor Mr Mitchell of Lord Mark Mitchell, have had any prior experience of invalidation proceedings, a fact reflected in many of the documents on file and despite Mr Mitchell's letter being headed to indicate he is a European Trade Mark Attorney. Because of this inexperience, and whilst noting that only Mr Sparrow filed formal written submissions, I have reviewed all comments made in the written correspondence filed and will take it into account and refer to it as necessary in this decision. Both parties have indicated that they are content for a decision to be made from the papers without recourse to a hearing.

6. The application for a declaration of invalidation of the registration is brought under the provisions of section 47(2) of the Act. This states:

“47.-(1)

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

- (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or
- (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.

(3) ...

(4) ...

(5) Where the grounds of invalidity exist in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

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

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

7. The proceedings are founded on section 5(2)(b) of the Act which 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. An earlier trade mark is defined in section 6 of the Act, the relevant parts of which state:

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

- (a) a registered trade mark, international trade mark (UK) or Community trade mark or international trade mark (EC) which has a date of application for registration earlier than that of the trade mark

in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks,

(b)

(c)

(2) References in this Act to an earlier trade mark include a trade mark in respect of which an application for registration has been made and which, if registered, would be an earlier trade mark by virtue of subsection (1)(a) or (b), subject to its being so registered.”

9. I also have to consider whether section 6 of The Trade Marks (Proof of Use, etc) Regulations 2004 is relevant to these proceedings. This section amends section 47 of the Act to read:-

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

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

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

(c) the use conditions are met.”

10. Quantum relies on its registration as set out above. Whilst it is an earlier mark, it is not subject to the proof of use provisions set out in Section 2A above because it has not been registered for the necessary five year period. This means that Quantum is entitled to rely on it in respect of all of the goods for which it is registered.

The pleadings

11. In its application, Quantum puts its case thus:

“The earlier mark is called “BLACK SPARROW” (sic); the later mark is called (sic) “SPARROWS” (sic) considering the nature of the goods under class: 33; these goods would be sold in licenced (sic) premises and is likely to cause confusion on behalf of the public. The earlier mark could and may be abbreviated, by the consumer”.

12. In his counterstatement, Mr Sparrow submits:

“1. Unless specifically denied or agreed, the Registrant takes issues (sic) with each and every claim made by the Applicant, and the Applicant is put to strict proof on each allegation.

2. The Applicant has barely particularised its claim but to the extent the Registrant is able on the limited grounds as set out in the TM261, it is denied the earlier mark is likely to, or will, cause confusion with the later mark.

3. The Applicant sees no contradiction in itself obtaining registration for its mark Black Sparrow, after, for example, White Sparrow (Registered No: 2504374), registered in 2008, for materially identical goods for which it obtained its own later registration. If the Applicant considers there is no likelihood of confusion between Black Sparrow and White Sparrow, for identical goods being sold in licensed premises (as it suggests), by separate business and economic entities, but which may reasonably appear from a member of the public who buys spirits to come from the same entity (the use of the pre-fix colour Black/White indicating a family of brand of goods), then it is difficult to understand the Applicant's objection to Sparrow's, which is even further removed from such similarity. Additionally if the Applicant genuinely considered (upon no apparent evidence) that his own brand (for which there appears to be no actual product currently marketed) could be abbreviated to "Sparrow's", then the Applicant had an opportunity to file such an application at the time of filing his other mark.

4. On the UK registry (sic) there are a number of prior similar marks for identical or similar goods, which predate the Applicant's mark: Jack Sparrow (2414658 –filed 2006); Sparrow's (E5683404 –filed 2007); White Sparrow (2504374 –filed 2008); Harry Sparrow -2552956 –filed 2010).

5. Such preponderance of similar marks for similar/identical goods suggests a relatively low level of protection for the distinctiveness of such marks, with small differences allowing for the brands to co-exist without confusion. None of the prior registered marks as set out in paragraph 4 above, have objected to the Registrant's application.

6. The Registrant notes that the Applicant itself has sought to ride on the coat-tails of a prior registered mark, by seeking to apply to register the mark Capt. Jake Sparrow (2545010 –withdrawn in August 2010), clearly trying to link itself with the Disney registration 2414658, Jack Sparrow, from the famous Pirates of the Caribbean films.

7. The Registrant requires the Applicant to provide explanation and/or clarification (currently refused despite written request by the Applicant), in its subsequent evidence regarding the relationship between the Applicant and Mr Mitchell, who claims to be its legal representative. The Registrant believes that the Applicant is in fact Mr Mitchell's own company, and he is not being wholly transparent in this particular regard in his representations to the Registrant and the Registry.

8. The Applicant (sic) requests the Registry to dismiss the invalidity application with an award of costs to the Registrant."

Preliminary issue

13. From paragraph 7 of his counterstatement, it is clear that Mr Sparrow has some concerns about the bona fides of Mr Mitchell. That concern is further expressed in later correspondence in terms of 1) his name having changed on his letterhead from Mark Robert Mitchell, to Lord Mitchell and then Lord Mark Mitchell and with various changes being made to his personal email address, 2) Mr Mitchell's involvement and role with the applicant company, 3) the fact that Mr Mitchell is said to have called on Mr Sparrow, uninvited, at his home (see letter dated 11 December 2012) and, 4) the fact that Mr Mitchell's letterhead indicates he is a European Trade Mark Attorney registered at OHIM.

14. In respect of point 1), I do not think that any adverse inference can be taken simply from the fact that a company has undergone a number of name changes. As to point 2), whether or not the applicant company is Mr Mitchell's own business or he is connected with it in some way does not prevent him from acting for it. As for point 3) whilst it might be highly unusual for parties and/or their representatives to call on each other at home, unannounced and uninvited, to discuss proceedings of this nature, this can have no effect on the issues I have to determine. As to point 4), in his letter of 16 January 2013, Mr Sparrow indicates that further checks he has carried out have informed him that "anyone can apply on-line to get a representative number from OHIM as there are no verification checks made by OHIM, and they have no responsibility for the regulation of individuals allocated a representative number". Whilst it is far from clear to me what qualifications, if any, Mr Mitchell himself might possess, there is no dispute that he has obtained OHIM registration. In short, there is nothing before me which indicates he is prevented from acting as agent to the applicant company.

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

15. In determining the question under section 5(2)(b), I take into account the guidance provided by the European Court of Justice (CJEU) 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), as cited with approval in *Och-Ziff Management Europe Ltd and Oz Management LP v Och Capital LLP, Union Investment Management Ltd and Ochoki* [2010] EWCH 2599 (Ch). It is clear from these cases that:

- (a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;
- (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind and whose attention varies according to the category of goods or services in question;

- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;
- (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;
- (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;
- (f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;
- (g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;
- (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;
- (i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;
- (j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;
- (k) if the association between the marks causes the public to wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

Comparison of the respective goods

16. The goods to be compared are as follows:

Quantum’s mark 2559200	Mr Sparrow’s mark 2597723
Alcoholic wines; spirits and liqueurs; alcopops; alcoholic cocktails; (except beer)	Spirits; liqueurs; rum; wines

17. As *spirits* and *liqueurs* as are included within Mr Sparrow’s specification have direct equivalents in Quantum’s specification, they are clearly identical goods.

Bearing in mind that goods and 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, the term *rum* is included within the term *spirits* and *wines* includes *alcoholic wines* and these are also identical goods.

The average consumer and the nature of the purchasing process

18. The relevant consumer is deemed to be reasonably well informed, reasonably circumspect and observant. As the case law above indicates, it is necessary for me to determine who the average consumer is for the respective parties' goods. I must then determine the manner in which these goods are likely to be selected by the average consumer in the course of trade.

19. The goods are beverages of one sort or another. The average consumer for such goods will be the public at large, albeit insofar as those goods which have an alcoholic content in excess of 0.5% are concerned, the average consumer will be a person who has attained the age of 18.

20. All of the goods at issue may be sold through a range of channels, including retail premises such as supermarkets and off-licences (where the goods are normally displayed on shelves and are obtained by self selection) and in restaurants and public houses (where the goods are displayed on, for example, shelves behind the bar and where the trade marks will appear on dispensers at the bar or on a menu etc.). When the goods are sold in, for example, public houses the selection process is likely to be an oral one, however, there is nothing to suggest that the goods are sold in such a manner as to preclude a visual inspection. In *Simonds Farsons Cisk plc v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)*, Case T-3/04, the Court of First Instance (now the General Court) said:

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

21. Consequently, while the goods may be ordered orally in public houses etc., it is likely to be in the context of, for example, a visual inspection of the bottles containing the goods prior to the order being placed. Considered overall, the selection process is likely to be predominantly a visual one, although I accept that aural considerations will also play their part. Turning now to the level of attention the average consumer will display when selecting the goods, given that for the most part the cost of the goods is likely to be relatively low, but bearing in mind that the average consumer will wish to ensure they are selecting the correct type, flavour, strength etc. of

beverage, they are, in my view, likely to pay at least a reasonable level of attention to the selection of the goods at issue.

Comparison of the respective marks

22. It is well established that the average consumer is considered to be reasonably well informed, circumspect and observant but perceives trade marks as a whole and does not pause to analyse their various details. In addition, he rarely has the chance to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them he has kept in his mind. In reaching a conclusion on similarity, I must identify what I consider to be the distinctive and dominant elements of the respective trade marks and, with that conclusion in mind, I must then go on and compare the respective trade marks from the visual, aural and conceptual perspectives.

23. Quantum's mark consists of two ordinary English words, the adjective BLACK and the word SPARROW. Whilst SPARROW is a surname, albeit likely to be relatively uncommon one it is better known as the name of a passerine bird. The two words hang together to create a term in which neither word is dominant and bring to mind a passerine bird which is black.

24. Mr Sparrow's mark consists of the single word SPARROW'S. As a single word, the mark has no dominant elements and its distinctiveness rests in its whole. Given the presence of the apostrophe and letter 's' forming part of the mark, the surnominal meaning is the one most likely to be seen by the average consumer. The respective marks are conceptually distinct.

25. Given the commonality of the word Sparrow in each mark, there is a degree of visual and aural similarity between the respective marks but there are also clear visual and aural differences due to the presence of the word BLACK in Quantum's mark and further clear visual differences because of the apostrophe and letter "s" in Mr Sparrow's mark.

The distinctive character of the earlier mark

26. I must also assess the distinctive character of the earlier mark. The distinctive character of a trade mark must be appraised first, by reference to the goods in respect of which it has been registered and, second, by reference to the way it is perceived by the relevant public – *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 goods 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.

27. There is no evidence that Quantum have made any trade under their mark and therefore nothing to indicate that the distinctiveness of the mark has been enhanced through its use but it is a mark with an average degree of inherent distinctive character.

Likelihood of confusion

28. In various correspondence, Mr Mitchell makes a number of submissions. He refers me to a subsidiary company of, and various domain names said to be owned by Quantum but this is not relevant to the issue I have to decide. Mr Mitchell has also made various comments in relation to aspects of the law concerning passing off, infringement and bad faith. As I indicated at the CMC and confirmed in writing later, none of those issues are before me as these proceedings are based on a claim made under the provisions of section 5(2) of the Act.

29. As to Mr Sparrow's submissions, he makes reference to other applications for trade mark registration by Mr Mitchell/Quantum but again, these are not relevant to the issue before me. He also makes reference to other marks which appear on the UK and OHIM registers in the name of third parties which include the word SPARROW and are registered in respect of alcoholic and non-alcoholic drinks. Mr Sparrow submits:

“Self-evidently, that is why small differences in prefix, suffix or other elements of marks incorporating the term Sparrow, have allowed various registrations covering the same/similar services (sic) to co-exist, seemingly with no confusion nor dilution of the essential function of those trade mark, and to differentiate one source of goods from another”.

30. As has been stated by the UK and European courts (see, in particular, *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281) the state of the register is irrelevant. I have no idea how many of the marks, if any, are actually in use in the UK and what the relevant public's perception of these marks may be in relation to the various goods.

31. Mr Sparrow also submits that there are other drinks brands which have names which are similar to each other which “clearly do not create confusion to the consumer and happily co-exist both on the IPO trade mark register and in the market place”. He mentions various marks which include the words Perrier and Bull. Even if I were prepared to accept that such marks are registered, whether or not there is actual confusion in the market place is something that can only be proved in evidence. No such evidence has been filed but even if it had, confusion or the lack of it in relation to other marks cannot be determinative of the issue before me: I have to consider the likelihood of confusion between the marks of the parties which form the basis of these proceedings.

32. Referring to Quantum's claim in its application that its mark “could and may be abbreviated [to Sparrow] by the consumer”, Mr Sparrow submits that “adult consumers are unlikely to be confused by two quite distinct names and furthermore if the applicant had wanted to sell and market a spirit brand as Sparrow's that is the name that should have been registered.” Again, I have to consider the likelihood of confusion between Quantum's earlier mark, as registered and Mr Sparrow's mark, as registered.

33. Earlier in this decision I found:

- That the respective registrations cover identical goods;
- That the purchasing process is predominantly, a visual one;
- That a reasonable level of attention will be given to the purchasing process;
- That the respective marks have some visual and aural similarities but also clear visual and aural differences;
- That the respective marks are conceptually distinct;
- That Quantum's mark has an average degree of inherent distinctive character that has not been enhanced through use.

34. Taking all matters into account, I consider that the differences between the respective marks outweigh the similarities such that there is no likelihood of either direct or indirect confusion even where identical goods are concerned. That being the case, the application for a declaration of invalidation fails.

Costs

35. Mr Sparrow, having successfully defended his registration, is entitled to an award of costs in his favour. The Registrar usually operates on a published scale of costs, however, since he has not been professionally represented during the proceedings, an award made from the published scale might be larger than its actual expenditure. In BL O/160/08 *South Beck*, Mr Richard Arnold Q.C., sitting as the appointed person, stated:

“32. Secondly, counsel for the opponent submitted that, if CPR r.48.6 was applicable, the hearing officer had misapplied it. In support of this submission he pointed out that CPR r.48.6(4) provides:

The amount of costs to be allowed to the litigant in person for any item of work claimed shall be

- (a) where the litigant can prove financial loss, the amount that he can prove he has lost for time reasonably spent on doing the work; or
- (b) where the litigant cannot prove financial loss, an amount for the time reasonably spent on doing the work at the rate set out in the practice direction.

The Part 48 Practice Direction provides at paragraph 52.4 that the amount which may be allowed to a litigant in person under rule 46.8(4) is £9.25 per hour. Counsel submitted that the hearing officer appeared to have awarded the applicant two-thirds of the scale figure which he would have awarded a represented party, and that this could not be justified since the opponent had not proved any financial loss and was very unlikely to have spent over 160 hours on the matter.....

36. In my judgment the approach which should be adopted when the Registrar is asked to make an award of costs in favour of a litigant in person is as follows. The hearing officer should direct the litigant in person pursuant to r.57 of the 2000 Rules to file a brief schedule or statement setting out (i) any disbursements which the litigant claimed he has incurred, (ii) any other financial losses claimed by the litigant and (iii) a statement of the time spent by the litigant in dealing with the proceedings. The hearing officer should then make an assessment of the costs to be awarded applying by analogy the principles applicable under r.48.6, but with a fairly broad brush. The objective should be to ensure that litigants in person are neither disadvantaged nor overcompensated by comparison with professionally represented litigants.”

Under the current practice direction, the amount allowed to a litigant in person is £18 per hour.”

36. Consequently, Mr Sparrow should produce an estimate of his costs, including the number of hours spent on these proceedings, broken down by category of activity, e.g. reviewing Quantum’s application, completing his counterstatement, reviewing and preparing submissions and preparing for and attending the CMC. **This estimate should be filed within 21 days of the date of this decision and should be copied to Quantum who will have 14 days from receipt of the estimate to provide its written submissions on them.** I will then issue a supplementary decision covering the costs of these proceedings.

37. The period for any appeal against this decision will run concurrently with the appeal period for the supplementary decision on costs and so will begin when that latter decision is issued.

Dated this 8th day of May 2013

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