

O-541-17

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK REGISTRATION NO 3 139 602 FOR THE
TRADE MARK: KARMANN – GHIA IN THE NAME OF KEX LIMITED

AND

IN THE MATTER OF AN APPLICATION FOR INVALIDITY BY VOLKSWAGEN
AKTIENGESELLSCHAFT

Background and pleadings

1. Kex Limited is the Registered Proprietor (RP) of UK Registered Trade Mark No 3 139 602 KARMANN-GHIA. It was applied for on 8th December 2015 and published in the Trade Marks Journal on 25th December 2015 in respect of motor vehicles in Class 12. It was registered on 11th March 2016.
2. Volkswagen Aktiengesellschaft (VA) apply for invalidation of the trade mark on the basis of Section 5(2)(b) of the Trade Marks Act 1994 (the Act). It argues that it is the owner of, amongst others, an earlier EU Trade Mark (formerly Community Trade Mark) No 4 908 431 KARMANN which is registered in respect of, amongst others, vehicles in Class 12.
3. The opponent argues that the respective goods are identical and that the marks are similar.
4. The applicant filed a counterstatement denying the claims made (and requesting that the opponent provides proof of use of its earlier trade mark relied upon).
5. Both sides filed evidence. This will be summarised to the extent that it is considered appropriate.
6. A Hearing took place on 19th September 2017, with VA represented by Rigel Moss McGrath of WP Thompson and the RP by Robert McArthur Jamieson, the Director of the RP.

Proof of use

7. Relevant statutory provision: Section 47:

47. - (1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

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

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

(b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

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

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

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

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

(c) the use conditions are met.

(2B) The use conditions are met if –

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

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

(2C) For these purposes –

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

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

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

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

(2F) Subsection (2A) does not apply where the earlier trade mark is a trade mark within section 6(1)(c)

(3) An application for a declaration of invalidity may be made by any person, and may be made either to the registrar or to the court, except that-

- (a) if proceedings concerning the trade mark in question are pending in the court, the application must be made to the court; and
- (b) if in any other case the application is made to the registrar, he may at any stage of the proceedings refer the application to the court.

(4) In the case of bad faith in the registration of a trade mark, the registrar himself may apply to the court for a declaration of the invalidity of the registration.

(5) Where the grounds of invalidity exists 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.

8. Section 100 of the Act is also relevant and states that:

“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.”

9. In considering the issue of genuine use, the following guidance is taken into account:

In *The London Taxi Corporation Limited v Frazer-Nash Research Limited & Ecotive Limited*, [2016] EWHC 52, Arnold J. summarised the case law on genuine use of trade marks. He said:

“I would now summarise the principles for the assessment of whether there has been genuine use of a trade mark established by the case law of the

Court of Justice, which also includes Case C-442/07 *Verein Radetsky-Order v Bunderversammlung Kamaradschaft 'Feldmarschall Radetsky'* [2008] ECR I-9223 and Case C-609/11 *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR 7, as follows:

(1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: *Ansul* at [35] and [37].

(2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Centrotherm* at [71]; *Leno* at [29].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Centrotherm* at [71]; *Leno* at [29].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71].

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: *Ansul* at [38] and [39]; *La Mer* at [22]-[23]; *Sunrider* at [70]-[71], [76]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34]; *Leno* at [29]-[30], [56].

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no *de minimis* rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72]; *Leno* at [55].

(8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].”

VA’s Evidence

10. The evidence in chief comprises three witness statements. Two from Ms Rigel Moss McGrath, dated 13th January 2017 and 17th January 2017 respectively and a joint statement from Mr Florian Freiberg and Mr Martin Muller-Korf, dated 13th January 2017.

11. The following relevant information is contained therein:

- VA launched the Golf Cabriolet Karmann vehicle, to which the Karmann trade mark was applied in December 2013. Exhibit RKM1 contains internet extracts regarding this launch. It is noted that this shows the use of KARMANN applied to cars. The extracts also refer to more than one source: www.automotorblog.com (dated 22nd December 2013); www.carscoops.com (dated 23rd December 2013); www.moto.pl (dated 22nd December 2013) and www.auto-motor-und-sport.de (dated 20th December 2013). It is further noted that “de” denotes a website of German origin and “pl” of Polish origin.
- In 2014, VA launched the Beetle Cabriolet Karmann vehicle. Exhibit RKM2 contains internet extracts regarding this launch. These originate from www.autokopen.nl (a website of Dutch origin) dated 31st May 2014 and www.volkswagen-media-services.com, dated 9th July 2014.
- The KARMANN trade mark has been used on VA’s website www.beetle.com to promote the vehicles. A number of extracts from the Wayback machine are contained at Exhibit RKM3. There are numerous examples and are dated between July 2014 and March 2016. It should be noted that the website is in English and according to Ms McGrath, aimed at UK consumers.
- Between 2014 – 2016, 427 KARMANN vehicles were sold in Europe in Belgium and Germany. The total turnover during this period was 8.000.000 EUR.

RP’s Evidence

12. This is comprised of two witness statements, both from Mr Robert McArthur Jamieson, dated 1st April 2017 and 23rd May 2017 respectively. Mr Jamieson provides a historical account of VA’s predecessor, including its bankruptcy and a timeline of its activities. Though this has been considered, it has not been summarised. It is noted from Mr Jamieson’s witness statement that he accepts that 427 cars have been sold by VA. The level of sales, he refers to

as “dismal”. He also claims that that the vehicles were withdrawn. In exhibiting an extract of a launch for VA’s Beetle Cabriolet Karmann, Mr Jamieson highlights a particular paragraph. This states (verbatim):

“Like the Golf Cabriolet Karmann, the new special model is a tribute to the Karmann coachwork makers which produced numerous Volkswagen cars from 1949 to 1980, from the Beetle Cabriolet and the Scirocco I and II through to the Golf Cabriolet”.

13. The other key point of Mr Jamieson’s evidence (from his point of view) is the claim that Karmann is not used by VA on cars, rather it is used as a trim option. Exhibits 1 and 2 of his second witness statement contains an extract from the German VA website, which shows that such a trim option can be selected. I will return to this point further below.

VA’s evidence in reply

14. This is a third witness statement, dated 4th May 2017, from the same Ms Rigel Moss McGrath. In response to Mr Jamieson’s claim that KARMANN has only been used as a trim option, Ms McGrath refers to Exhibit RKM(3)(1) which is a screenshot from the same website (the German VA website). Here she states that a consumer is able to research the cost of a specific car model. Exhibit RKM(3)(2), which consists of further extracts from the same website show the Beetle Cabriolet Karmann vehicle being advertised and refer to the vehicle in that manner. It is also noted from these exhibits that they are dated May 2017. This is after the material date in these proceedings. According to Ms McGrath, use of KARMANN on the vehicles is ongoing. In her view, this evidence disputes the claim from Mr Jamieson that the vehicles were withdrawn due to poor sales.

15. This concludes my review of the evidence.

Use of the earlier trade mark in conjunction with another trade mark

16. The earlier trade mark is KARMANN. Some of the use shown is KARMANN alone. Other evidence displays Golf Cabriolet Karmann and Beetle Cabriolet Karmann. In this regard, I bear in mind the following guidance: In *Colloseum Holdings AG v Levi Strauss & Co.*, Case C-12/12, which concerned the use of one mark with, or as part of, another mark, the Court of Justice of the European Union found that:

“31. It is true that the ‘use’ through which a sign acquires a distinctive character under Article 7(3) of Regulation No 40/94 relates to the period before its registration as a trade mark, whereas ‘genuine use’, within the meaning of Article 15(1) of that regulation, relates to a five-year period following registration and, accordingly, ‘use’ within the meaning of Article 7(3) for the purpose of registration may not be relied on as such to establish ‘use’ within the meaning of Article 15(1) for the purpose of preserving the rights of the proprietor of the registered trade mark.

32. Nevertheless, as is apparent from paragraphs 27 to 30 of the judgment in *Nestlé*, the ‘use’ of a mark, in its literal sense, generally encompasses both its independent use and its use as part of another mark taken as a whole or in conjunction with that other mark.

33. As the German and United Kingdom Governments pointed out at the hearing before the Court, the criterion of use, which continues to be fundamental, cannot be assessed in the light of different considerations according to whether the issue to be decided is whether use is capable of giving rise to rights relating to a mark or of ensuring that such rights are preserved. If it is possible to acquire trade mark protection for a sign through a specific use made of the sign, that same form of use must also be capable of ensuring that such protection is preserved.

34. Therefore, the requirements that apply to verification of the genuine use of a mark, within the meaning of Article 15(1) of Regulation No 40/94, are analogous to those concerning the acquisition by a sign of distinctive

character through use for the purpose of its registration, within the meaning of Article 7(3) of the regulation.

35 Nevertheless, as pointed out by the German Government, the United Kingdom Government and the European Commission, a registered trade mark that is used only as part of a composite mark or in conjunction with another mark must continue to be perceived as indicative of the origin of the product at issue for that use to be covered by the term 'genuine use' within the meaning of Article 15(1)". (emphasis added).

17. *Castellblanch SA v OHIM, Champagne Louis Roederer SA* [2006] ETMR 61 (General Court) is an acceptable example of a registered mark being used in conjunction with another mark.

18. Bearing in mind all of the aforesaid, it is noted that KARMANN is clearly displayed throughout the evidence even where it is used with other elements. VA can rely upon the use shown.

19. As the earlier mark is an EU Trade Mark, I also take into account the guidance in *Leno Merken BV v Hagelkruis Beheer BV*, Case C-149/11, where the Court of Justice of the European Union noted that:

"36. It should, however, be observed that..... the territorial scope of the use is not a separate condition for genuine use but one of the factors determining genuine use, which must be included in the overall analysis and examined at the same time as other such factors. In that regard, the phrase 'in the Community' is intended to define the geographical market serving as the reference point for all consideration of whether a Community trade mark has been put to genuine use."

And

"50. Whilst there is admittedly some justification for thinking that a Community trade mark should – because it enjoys more extensive territorial protection

than a national trade mark – be used in a larger area than the territory of a single Member State in order for the use to be regarded as ‘genuine use’, it cannot be ruled out that, in certain circumstances, the market for the goods or services for which a Community trade mark has been registered is in fact restricted to the territory of a single Member State. In such a case, use of the Community trade mark on that territory might satisfy the conditions both for genuine use of a Community trade mark and for genuine use of a national trade mark.”

And

“55. Since the assessment of whether the use of the trade mark is genuine is carried out by reference to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark serves to create or maintain market shares for the goods or services for which it was registered, it is impossible to determine a priori, and in the abstract, what territorial scope should be chosen in order to determine whether the use of the mark is genuine or not. A *de minimis* rule, which would not allow the national court to appraise all the circumstances of the dispute before it, cannot therefore be laid down (see, by analogy, the order in *La Mer Technology*, paragraphs 25 and 27, and the judgment in *Sunrider v OHIM*, paragraphs 72 and 77).”

The court held that:

“Article 15(1) of Regulation No 207/2009 of 26 February 2009 on the Community trade mark must be interpreted as meaning that the territorial borders of the Member States should be disregarded in the assessment of whether a trade mark has been put to ‘genuine use in the Community’ within the meaning of that provision.

A Community trade mark is put to ‘genuine use’ within the meaning of Article 15(1) of Regulation No 207/2009 when it is used in accordance with its essential function and for the purpose of maintaining or creating market share

within the European Community for the goods or services covered by it. It is for the referring court to assess whether the conditions are met in the main proceedings, taking account of all the relevant facts and circumstances, including the characteristics of the market concerned, the nature of the goods or services protected by the trade mark and the territorial extent and the scale of the use as well as its frequency and regularity.”

20. Further, I also take into account the following decision of the Appointed Person: *Jumpman* BL O/222/16, where Mr Daniel Alexander QC, as the Appointed Person, upheld the registrar’s decision to reject the sale of 55k pairs of training shoes through one shop in Bulgaria over 16 months as insufficient to show genuine use of the EU trade mark in the European Union within the relevant 5 year period.
21. Proven use of a mark which fails to establish that “*the commercial exploitation of the mark is real*” because the use would not be “*viewed as warranted in the economic sector concerned to maintain or create a share in the [European Union] market for the goods or services protected by the mark*” is therefore not genuine use.
22. Finally, in *The London Taxi Corporation Limited v Frazer-Nash Research Limited & Ecotive Limited*, [2016] EWHC 52, Arnold J. reviewed the case law since the *Leno* case and concluded as follows:
- “228. Since the decision of the Court of Justice in *Leno* there have been a number of decisions of OHIM Boards of Appeal, the General Court and national courts with respect to the question of the geographical extent of the use required for genuine use in the Community. It does not seem to me that a clear picture has yet emerged as to how the broad principles laid down in *Leno* are to be applied. It is sufficient for present purposes to refer by way of illustration to two cases which I am aware have attracted comment.
229. In Case T-278/13 *Now Wireless Ltd v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* the General Court upheld at [47]

the finding of the Board of Appeal that there had been genuine use of the contested mark in relation to the services in issues in London and the Thames Valley. On that basis, the General Court dismissed the applicant's challenge to the Board of Appeal's conclusion that there had been genuine use of the mark in the Community. At first blush, this appears to be a decision to the effect that use in rather less than the whole of one Member State is sufficient to constitute genuine use in the Community. On closer examination, however, it appears that the applicant's argument was not that use within London and the Thames Valley was not sufficient to constitute genuine use in the Community, but rather that the Board of Appeal was wrong to find that the mark had been used in those areas, and that it should have found that the mark had only been used in parts of London: see [42] and [54]-[58]. This stance may have been due to the fact that the applicant was based in Guildford, and thus a finding which still left open the possibility of conversion of the Community trade mark to a national trade mark may not have sufficed for its purposes.

230. In *The Sofa Workshop Ltd v Sofaworks Ltd* [2015] EWHC 1773 (IPEC), [2015] ETMR 37 at [25] His Honour Judge Hacon interpreted *Leno* as establishing that "genuine use in the Community will in general require use in more than one Member State" but "an exception to that general requirement arises where the market for the relevant goods or services is restricted to the territory of a single Member State". On this basis, he went on to hold at [33]-[40] that extensive use of the trade mark in the UK, and one sale in Denmark, was not sufficient to amount to genuine use in the Community. As I understand it, this decision is presently under appeal and it would therefore be inappropriate for me to comment on the merits of the decision. All I will say is that, while I find the thrust of Judge Hacon's analysis of *Leno* persuasive, I would not myself express the applicable principles in terms of a general rule and an exception to that general rule. Rather, I would prefer to say that the assessment is a multi-factorial one which includes the geographical extent of the use."

23. The General Court restated its interpretation of *Leno Merken* in Case T-398/13, *TVR Automotive Ltd v OHIM* (see paragraph 57 of the judgment). This case concerned national (rather than local) use of what was then known as a Community trade mark (now a European Union trade mark). Consequently, in trade mark opposition and cancellation proceedings the registrar continues to entertain the possibility that use of an EUTM in an area of the Union corresponding to the territory of one Member State may be sufficient to constitute genuine use of an EUTM. This applies even where there are no special factors, such as the market for the goods/services being limited to that area of the Union.

24. Whether the use shown is sufficient for this purpose will depend on whether there has been real commercial exploitation of the EUTM, in the course of trade, sufficient to create or maintain a market for the goods/services at issue in the Union during the relevant 5 year period. In making the required assessment I am required to consider all relevant factors, including:

- i) The scale and frequency of the use shown
- ii) The nature of the use shown
- iii) The goods and services for which use has been shown
- iv) The nature of those goods/services and the market(s) for them
- iv) The geographical extent of the use shown

25. In assessing the material filed, it is noted that the supportive evidence filed is overwhelmingly dated within the relevant period and clearly shows the trade mark KARMANN applied to vehicles. Mr Jamieson makes much of his “trim option” argument. However, I consider this to be somewhat of a red herring. Upon perusing the evidence, these cars are all special editions from which different trim options/ other features can be chosen. However, this does not alter the fact that the car is referred to as a KARMANN, be it a GOLF CABRIOLET KARMANN or a BEETLE CABRIOLET KARMANN. It is clearly part of its badge of origin. This is considered to constitute use on Class 12 goods, at the very least, cars. It is accepted that 427 cars over a two year

period is a small number. However, this is only aspect that must be considered.

26. Bearing in mind the aforementioned guidance, it is considered that the evidence provided is clear on the nature of the use, the goods on which use has been shown (and their nature). Further, notwithstanding the low sales figures, it is considered that the scale and frequency of the use has been demonstrated, together with the geographical extent, namely Belgium and Germany. It is concluded therefore that, on balance, the earlier trade mark has been put to genuine use in the EU and that this use is ongoing. The use shown will at least include cars and so the application for invalidation will therefore be assessed on that basis.

DECISION

Section 5(2)(b)

27. Sections 5(2)(b) of the Act is as follows:

“5(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”.

Comparison of goods and services

28. The earlier trade mark has been found to have used its trade mark in respect of cars in Class 12. This is self-evidently identical to the later motor vehicles which in accordance with the guidance in *Merici*¹ will include cars. They are self-evidently identical.

Comparison of marks

29. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The Court of Justice of the European Union stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

“.....it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”

¹ In *Gérard Meric v Office for Harmonisation in the Internal Market*, Case T- 133/05, the General Court stated that:

“29. In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by trade mark application (Case T-388/00 *Institut für Lernsysteme v OHIM- Educational Services (ELS)* [2002] ECR II-4301, paragraph 53) or where the goods designated by the trade mark application are included in a more general category designated by the earlier mark”.

30. It would be wrong, therefore, to artificially dissect the trade marks, although, it is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

31. The respective trade marks are shown below:

KARMANN	KARMANN - GHIA
Earlier trade mark	Contested trade mark

32. It is noted that the earlier trade mark appears in its entirety in the later trade mark. However, the element GHIA is also distinctive and has equal dominance. The mark must be compared in totality with the earlier trade mark.

33. Visually, the marks coincide in respect of KARMANN and differ in the additional GHIA which appears in the later trade mark and has no counterpart in the earlier trade mark. KARMANN is the longest element and also appears at the start of later trade mark. The marks are considered to be visually similar to a medium to high degree.

34. Aurally, the first two syllables of the contested trade mark are identical to the earlier trade mark. They are similar, to a medium to high degree.

35. Conceptually, it is possible that each trade mark may bring to mind the female name CARMEN and to that extent the trade marks are conceptually similar. It is considered to be a far more likely scenario that both trade marks will be

appreciated as invented words with no particular meaning. The conceptual impact in such a circumstance is therefore neutral.

Average consumer and the purchasing act

36. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer, Case C-342/97*.

37. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

“60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median.”

38. The average consumer is the public at large. The goods in question are expensive and purchased infrequently, most likely following a period of research and consideration. Both visual and aural considerations are important. It is expected that a high degree of attention is likely to be displayed during the purchasing process.

Distinctive character of the earlier trade mark

39. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 the CJEU stated that:

“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

40. Though the evidence provided has been sufficient to establish genuine use, it falls short of demonstrating enhanced distinctive character. However, it is considered that the earlier trade mark is likely to be seen as an invented word. As such, by its nature it has a high degree of inherent distinctive character.

GLOBAL ASSESSMENT – Conclusions on Likelihood of Confusion.

41. The following principles are gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

The principles

(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 be dominated by one or more of its components;

(f) however, it is also 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 great 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 creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

42. The goods have been found to be identical. The respective trade marks are similar visually and aurally to a medium to high degree with the conceptual impact being most likely neutral (though as already stated, it is possible that the name CARMEN will be brought to mind in each of the trade marks). It is true that a high degree of attention will be displayed during the purchasing process which is a factor that will reduce the likelihood of confusion. However, even so, trade marks are rarely viewed side by side and so an imperfect picture of them is relied upon. Further, the earlier trade mark is also highly distinctive which can increase the overall likelihood of confusion. It is

accepted that GHIA is likely to be noticed by the average consumer and as a result it is not likely that the average consumer will confuse one mark for the other (so called “direct confusion”). However, this does not avoid a finding that indirect confusion is likely. In this respect, I bear in mind the following guidance:

43. In *L.A. Sugar Limited v By Back Beat Inc*, Case BL-O/375/10, Mr Iain Purvis Q.C. as the Appointed Person noted that:

“16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: “The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark.

17. Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:

(a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right (“26 RED TESCO” would no doubt be such a case).

(b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as “LITE”, “EXPRESS”, “WORLDWIDE”, “MINI” etc.).

(c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension (“FAT FACE” to “BRAT FACE” for example).”

44. It is considered that the situation in these proceedings falls within category a) as described above. Though GHIA is likely to be seen as distinctive, KARMANN is common to both trade marks and is highly distinctive. The later trade mark is likely to be seen as a “new” mark or as a sub brand of the earlier right. As such, it is concluded that there is clearly a likelihood of indirect confusion here. The application for invalidity therefore succeeds in its entirety.

COSTS

45. The applicant has been successful and is entitled to a contribution towards its costs. In the circumstances I award the applicant the sum of £2000 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

Application and accompanying statement plus official fee - £500

Preparing and filing evidence - £750

Preparation for and attendance at Hearing - £750

TOTAL - £2000

46. I therefore order Kex Limited to pay Volkswagen Aktiengesellschaft the sum of £2000. The above sum should be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 25th day of October 2017

Louise White

For the Registrar,