

**O-431-18**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF CONSOLIDATED PROCEEDINGS INVOLVING:**

**A TRADE MARK APPLICATION (No 3198785) FOR THE MARK:**

**loch**

**BY CLOCH SOLICITORS LIMITED**

**AND**

**NINE TRADE MARK APPLICATIONS FOR MARKS WHICH COMPRISE OF, OR**

**CONTAIN, THE WORD LOCH**

**BY LOCH ASSOCIATES GROUP LIMITED**

## **Background and pleadings**

1. These consolidated proceedings concern, on the one hand, an application to register the word **loch** as a trade mark by Cloch Solicitors Limited (“CS”), and, on the other, nine applications to register various trade marks which consist of, or contain, the same word, by Loch Associates Group Limited (“LG”).

2. All of the applications have been opposed. They are not, strictly speaking, cross oppositions because the legal entities behind the applications and oppositions are not the same, but, as will be seen, they have a corporate link between them. The proceedings were therefore consolidated. Given that CS’s application is the first in time, and, furthermore, that that application is used (partly) as a basis to oppose some of LG’s applications, I will start with that opposition case.

3. Both sides filed evidence. A hearing took place before me on 18 May 2018 at which CS was represented by Mr Philip Hannay (who also represents himself in his personal capacity), of that firm, and at which LG, and its claimed related company Loch Employment Law Limited (“LL”), were represented by Ms Victoria Jones, of Counsel, instructed by MBM Commercial LLP.

### **CS’s application for the trade mark “loch”**

4. Although the application now stands in the name of CS, it was actually filed by Mr Hannay on 25 November 2016. Mr Hannay assigned it to CS on 23 April 2018, with an effective date of assignment of 5 April 2018. Nothing turns on the assignment in terms of the substantive matters that need to be determined. However, for the record, I record that at the hearing Mr Hannay confirmed that CS stood by the defence and evidence that had been filed and any costs liability (jointly with Mr Hannay, the opponent against LG’s marks) that may arise from these proceedings.

5. The mark is sought to be registered in relation to the following services:

**Class 45:** Solicitors services; legal services; legal advice; legal research; preparation of reports; provision of legal consultancy services; legal advice in

the form of online databases (information) containing data, text, information, documents, bibles (being bundles of information), precedents (being prior examples of documents); certification of legal documents; arbitration, mediation, conciliation and other dispute resolution services; legal information and research services; professional consultation and advisory services in relation to, namely, law, legal rights, legal procedure, legal compliance, legal fees; licensing of software; licensing of computer software [legal services]; provision of consultancy, information and advisory services relating to the aforesaid, including such services provided online from a computer network and/or via the internet and/or extranets; none of the aforesaid relating exclusively to English law.

6. The exclusion “none of the aforesaid relating exclusively to English law” was voluntarily added to the specification by Mr Hannay (at that time still the applicant) on 10 October 2017. Whilst Ms Jones had some reservations about the intention behind this addition, I must nevertheless consider, in due course, what, if anything, this achieves in the context of these proceedings.

7. The opposition against the mark was lodged by LL. The grounds of opposition, which were denied when Mr Hannay filed a counterstatement, are under sections 3(6) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). I turn first to the ground under section 3(6).

### **Section 3(6) of the Act**

8. Section 3(6) of the Act provides for a refusal of a trade mark “...if or to the extent that the application is made in bad faith”. There is no real dispute as to the relevant law, a summary of which was provided by Arnold J in the *Red Bull*<sup>1</sup> case, as follows:

“130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many

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<sup>1</sup> *Red Bull GmbH v Sun Mark Ltd & Anr* [2013] ETMR 53

of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C- 529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but also "some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade

mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C- 456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)".

9. The basic claim is that when Mr Hannay filed the application, he had no intention to use the mark himself and that it was filed as some form of spoiling mechanism. It was highlighted in the statement of case that Mr Hannay's firm has traded under the name Cloch Solicitors [not Loch]. In his counterstatement, Mr Hannay denies the allegation and states that Cloch Solicitors is not the only name under which his firm had traded, or intends to trade; he also highlighted that despite the opponent's claim that it has traded (under Loch) since 2007, it never registered the mark, so his registration cannot be regarded as a spoiling tactic.

10. It is at this point that I turn to the evidence. The witnesses are Mr Hannay and Ms Pamela Loch, the latter being a director of LL. Both provided witness statements. Neither side sought to cross-examine each other's witness.

11. I bear in mind when considering the evidence that the application was filed by Mr Hannay personally, so it is his knowledge and conduct at the relevant date (25 November 2016) that must be considered. Whilst I will come back to the evidence in more detail, there are some aspects of it which are, in my view, uncontrovertibly clear

(and should be to the parties). I record them as basic facts below. This will help set the context to some of the issues in dispute.

- Mr Hannay is a solicitor at the legal firm Cloch Solicitors, a firm which operates principally in Scotland.
- LL and LG are, essentially, part of a group of companies that operate a business in England<sup>2</sup>. The business started in Tunbridge Wells, but Ms Loch claims that the business has a wider reach, for example, she states that it has clients in Scotland. The word LOCH is the primary name of the business, which offers services including employment law services and, also, services relating to human resources and employee wellness.
- There is evidence showing that the Loch business was to be expanded to Scotland. Exhibit PAL10 of Ms Loch's evidence contains an article from the publication *Daily Business* dated 5 October 2016 about the setting up of the first Loch office in Scotland, an office that was to be run by a solicitor called Chris Phillips (I note that one of the applications subsequently filed by LG is for the mark Loch Phillips). There is also an article dated 5 October 2016 from the publication *Scottish Legal* about the new Scottish "Loch" office that had been launched (PAL14).
- The trade mark application was filed for the word "loch" by Mr Hannay on 25 November 2016.

12. In terms of knowledge, it is helpful to begin by considering a letter (in exhibit PAL14) sent by Mr Hannay (on behalf of CS) to LL on 5 November 2016 in which he explains that he has seen news (in a Scottish legal news article) of Loch's expansion to Scotland; he expresses concern about this. In this letter, Mr Hannay highlighted that CS trades under the name CLOCH.

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<sup>2</sup> Whilst Mr Hannay was critical of Ms Loch's evidence in terms of explaining the corporate relationships between the companies, for the purpose of the section 3(6) ground, this does not in my view matter.

13. What then followed was a series of email exchanges between the parties. Some of the exchanges have been excluded, at the request of Mr Hannay, as without prejudice. But from those that remain, I note that on 23 November 2016 Mr Hannay sent an email to LL in which he stated that he was not willing for it to free-ride on the investment he had made in his Cloch brand, but would nevertheless accept a co-existence agreement for the payment of £5k (PAL15). On the same day, he wrote again saying that one mechanism to resolve the issue would be for an application to be made (by LL) to the IPO for the Loch mark and that if Cloch was cited by the examiner then LL would need to make a payment for any co-existence, the amount being decided by an independent expert (PAL16). Ms Loch states that both these suggestions were turned down.

14. The above emails were sent before the application was filed. There are also some post-relevant-date exchanges. On 2 December 2016, Mr Hannay wrote saying that he had filed an application [for loch] “in any event” (PAL17), which Ms Loch states was responded to with a letter from her solicitors informing Mr Hannay that that application would be opposed. Mr Hannay responded saying that the opposition would be defended and that preparations for use of the loch mark have now begun (PAL18). Mr Hannay highlighted in subsequent submissions that the post-relevant date of these emails meant that they were inadmissible, but I disagree, as they add to the picture of what has gone on.

15. Mr Hannay made a number of points in submission at the hearing, including highlighting that the mark was free (from the perspective of marks on the companies register – exhibit PAH-25R) to file and that it was not bad faith to have applied to register loch given that it was a dominant part of his other mark CLOCH (my emphasis). He also highlighted that LL had had 10 years since its claimed first use to apply for the mark but it had not done so. He submitted that whilst none of the communications above revealed his intentions with regard to the use of the LOCH mark (which could include licensing that mark), he was under no obligation to reveal his intentions to what was one of his competitors.

16. The facts clearly show that when Mr Hannay filed the application for the “loch” mark he knew about LL’s expansion under the LOCH name to Scotland. He had



already communicated with Ms Loch (via her solicitors) in relation to this, from which it is clear that he wanted to stop such expansion or to at least only permit it via some form of paid-for co-existence. There is no evidence whatsoever that Mr Hannay had, or has, any legitimate interest in the loch trade mark. His mark/name (or at least that of his firm) is CLOCH. The fact that LOCH is subsumed within CLOCH does not matter. The fact that he did not reveal his actual intentions is one thing, but it is not as though he has filed any evidence to show that he had a pre-existing plan to use loch. Whilst I note that in one post-relevant-date letter reference is made to preparations for the use of the mark having begun, this strikes me, absent any supporting evidence, as nothing more than bravado.

17. I come to the clear view that when Mr Hannay filed the mark he had no intention of using it in trade and that it was filed to give him the upper hand in the dispute, acting as a spoiling mechanism against LL. The trade mark system is there to protect the legitimate business interests of traders. In my view, the registering of a competitor's primary trading name, in circumstances where you are already in dispute with that competitor, to provide some form of tactical advantage, would be viewed by experienced members of the trade as a form of conduct that falls short of the standard of acceptable commercial behaviour. The claim under section 3(6) succeeds. I should add that even if Mr Hannay considered that the mark was free to register, this does not matter. I agree with Ms Jones' submission that it is the conduct against the factual matrix that must be considered.

18. I should also add that the fact that the specification has been amended, and that its breadth covers a broader range of services than employment law, does not assist. None of this changes the motivation for the application which, for all its services, would still fall short of the standards to be observed.

19. Given the above finding, the opposition against the mark succeeds. Given this success, it is not necessary or proportionate to consider whether the opponent would also have succeeded on the other ground of opposition. Subject to appeal, CS's application to register loch is to be refused.

**The oppositions to LG's applications for nine trade marks containing the word LOCH**

20. The basic details of the nine applications are as follows:

Application 3199497 for the mark **Loch Phillips** in class 45

Application 3199489 for the mark **Loch Associates Group** in classes 16, 35, 41, 44 and 45

Application 3199495 for the mark **Loch Law** in classes 16, 35, 41, 44 and 45

Application 3199496 for the mark **Loch** in classes 16, 35, 41, 44 and 45

Application 3199500 for the mark **Loch Employment Law** in class 45

Application 3199502 for the mark **Loch Mediation** in class 45

LOCH 

Application 3199490 for the mark **Loch Associates Group** in classes 16, 35, 41, 44 and 45

LOCH 

Application 3199494 for the mark **Loch Associates Group** People are our business in classes 16, 35, 41, 44 and 45

Application 3199501 for the mark **Loch Health** in class 44

21. Given the refusal of CS's loch mark, the only marks that can now be relied on consist of the words CLOCH and cloch (UK registration 2605563 and EUTM 12482873). These are owned by Mr Hannay rather than CS, but nothing turns on this – Mr Hannay is the opponent. Both marks cover a variety of services which include legal services in class 45. Mr Hannay relies on grounds under sections 5(2)(b), 5(3)

and 5(4)(a), although for some of its oppositions it relies only on the first of these grounds.

22. I will begin my assessment by considering the earlier **cloch** mark against the applied for **loch** mark. I will focus, for the time being, on the conflict between identical services in class 45, both covering legal services. I begin with section 5(2)(b).

### **Section 5(2)(b)**

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

“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.”

24. The following principles are gleaned from the judgments 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:

(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 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 creates a risk that the public will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

25. In terms of the average consumer, I note that they are 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. 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.”

26. The average consumer of legal services could be a member of the public or a person in business. Ms Jones submitted that the degree of care and attention used by the average consumer when selecting legal services was reasonably high. Mr Hannay submitted the opposite, suggesting that for some consumers only a low degree of attention may be used. I do not agree that a low or casual approach will be deployed. The choice is normally a fairly important one and, so, there will be at least a reasonable degree of consideration when selecting an appropriate service provider. However, I do not agree with Ms Jones' submission that the degree of consideration will be materially above the norm; this is putting matters too highly. The marks will likely be encountered via advertisements, websites, signage etc, which suggests that the visual impact of the marks is important. However, the aural impacts of the marks still have a role to play as they may be used over the telephone and by word of mouth recommendations.

27. In terms of the marks, 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 them, bearing in mind their distinctive and dominant components. The CJEU 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.”

28. The marks to be compared are: **loch** and **cloch**.

29. Both marks constitute a single element, which represent the only things in which their overall impressions rest.

30. The marks are visually similar to the extent that they both contain the letters l-o-c-h, in the same order, although they differ due to the addition of the “c” at the beginning of the word cloch, which also makes that mark longer. Aurally, they both end with the same -loch sound, but they differ due to the hard K sound at the beginning of cloch. I consider there to be a reasonable level of visual and aural similarity.

31. Conceptually, the word loch has a known meaning, one that will be appreciated by the average consumer: a loch is a Scottish lake, its meaning being more apparent due to the infamous Loch Ness monster. The word cloch has no apparent meaning. Mr Hannay submitted that the average consumer will approximate the word to the meaning of loch because that is the closest word to it. I do not agree. There is no reason for this to happen. The marks have a conceptual difference.

32. The degree of distinctiveness of the earlier mark must be assessed. This is because the more distinctive the earlier mark, based either on inherent qualities or because of use made, the greater the likelihood of confusion (see *Sabel BV v. Puma AG*, paragraph 24). 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).”

33. As stated above, cloch is an invented word. I consider that it has a high level of inherent distinctiveness. Some evidence has been filed showing use of the name cloch solicitors. However, given that the mark is already highly distinctive, any claim to further enhancement of distinctive character is unlikely to put Mr Hannay in a materially better position.

34. The factors assessed so far have a degree of interdependency (*Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 17), a global assessment of them

must be made when determining whether there exists a likelihood of confusion (*Sabel BV v. Puma AG*, paragraph 22). However, there is no scientific formula to apply. It is a matter of considering the relevant factors from the viewpoint of the average consumer and determining whether they are likely to be confused. Confusion can be direct (which effectively occurs when the average consumer mistakes one mark for the other) or indirect (where the average consumer realises the marks are not the same, but puts the similarity that exists between the marks/services down to the responsible undertakings being the same or related). In terms of indirect confusion, this was dealt with by Mr Iain Purvis QC, sitting as the Appointed Person, in *L.A. Sugar Limited v By Back Beat Inc*, Case BL-O/375/10 where he 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”.

35. In terms of direct confusion, whilst there is a reasonable level of visual and aural similarity, there is a conceptual difference. Whilst I accept that conceptual differences do not always counteract visual and aural similarities<sup>3</sup>, in this case I consider that they do. This is particularly so given the at least reasonable degree of care and consideration that will be deployed when selecting the services and, further, whilst imperfect recollection has a role to play, in this instance it is unlikely that *loch* will be misrecalled as *loch* or vice versa. In reaching this finding I reject Mr Hannay’s argument that if the applied-for *Loch* mark were to be used in close proximity to the

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<sup>3</sup> Case T-460/07, *Nokia Oyj v. OHIM* [2010] ECR II-0089



letter C (such as the use of this letter in a copyright notice), the average consumer may read them through to form cloch. This is an artificial prism through which to view matters, not representing the notional and fair manner in which potential use is to be regarded. There is no likelihood of direct confusion.

36. In terms of indirect confusion, if the average consumer recalls the difference between the marks (which I have held they will), I see no reason why they would assume that the similarities that exist between them are indicative of a same stable offering. I see no logical reason why such an assumption would be made. There is no likelihood of indirect confusion.

37. I extend this finding, for similar reasons, to all of the goods and services covered by the application. If there is no reason for confusion to arise in respect of the identical legal services, there is no reason why a different finding would apply to the other goods/services. The opposition fails under section 5(2)(b).

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

38. Mr Hannay also relies on section 5(4)(a), relying on the law of passing off. The claim is made on the basis of its use of the name cloch, albeit within a variety of signs. However, having concluded that there is no likelihood of confusion between loch and Cloch for legal services, I see no reason why there would be a relevant misrepresentation between the applied-for mark and the signs relied upon. Although I accept that the legal tests differ, Mr Hannay is in no better position. The ground under section 5(4)(a) is dismissed.

#### **Section 5(3)**

39. Mr Hannay also relies on section 5(3), although he made little by way of submission at the hearing in relation to this ground. Section 5(3) prevents registration of a trade mark which:

“is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United

Kingdom (or, in the case of a European Union trade mark or international trade mark (EC), in the European Union) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

40. The relevant case-law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel*, [2009] ETMR 13, Case C-408/01, *Addidas-Salomon*, [2004] ETMR 10 and C-487/07, *L’Oreal v Bellure* [2009] ETMR 55 and Case C-323/09, *Marks and Spencer v Interflora*. The law appears to be as follows.

a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors*, paragraph 24.

(b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors*, paragraph 26.

(c) It is necessary for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind; *Adidas Saloman*, paragraph 29 and *Intel*, paragraph 63.

(d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks and between the goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark’s reputation and distinctiveness; *Intel*, paragraph 42

(e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the future; *Intel*, paragraph 68; whether this is the case must also be assessed globally, taking account of all relevant factors; *Intel*, paragraph 79.

(f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious risk that this will happen in future; *Intel, paragraphs 76 and 77*.

(g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel, paragraph 74*.

(h) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality which is liable to have a negative impact of the earlier mark; *L'Oreal v Bellure NV, paragraph 40*.

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (*Marks and Spencer v Interflora, paragraph 74 and the court's answer to question 1 in L'Oreal v Bellure*).

41. In Mr Hannay's evidence, some use is shown of the mark cloch [solicitors] in relation to certain legal services. This includes use on some invoices and the annual accounts of CS, together with other pieces of literature. Whilst I accept that this shows that the mark has been used, it does not follow that a reputation has been established.

However, for reasons that will become apparent, I am prepared to accept that the earlier mark may have a reputation (in Scotland), although I cannot hold that it has a particularly strong one as the evidence is not particularly detailed nor, on the face of it, particularly significant.

42. I consider that I can deal with this ground briefly. Whilst accepting that there is no requirement for a likelihood of confusion, I am doubtful whether a link will be made between the respective marks. I do not consider it likely that a member of the relevant public encountering the known word Loch will bring to mind the earlier invented word Cloch, even in respect of the identical services in play. Even if they did, I do not see why LG will gain any form of advantage (let alone an unfair one) as the consumer will simply see these as different marks/names of legal firms which happen to share the same ending. There is therefore no unfair advantage. There is no reason why there would be any form of tarnishing, something which is normally based upon an intrinsic negative association between the respective services, which in this case are identical (or similar). In relation to dilution, I see no reason why the capacity of Mr Hannay's mark is in any way reduced in terms of its ability to signify trade origin. The ground under section 5(3) is dismissed. This applies not just to the applied-for legal services, but the other goods/services also.

### **Other marks**

43. There are eight other applications to consider. However, none put Mr Hannay in any better position, indeed, some of the marks are further away (LOCH PHILLIPS and the figurative marks) which make the grounds of opposition even less likely to have succeeded. I therefore dismiss all of the grounds of opposition against all of LG's applications.

### **Conclusion**

44. The opposition against application 3198785 succeeds; that mark is to be refused registration.

45. The oppositions against applications 3199497, 3199489, 3199495, 3199496, 3199500, 3199502, 3199490, 3199494, 3199501 fail; those marks may proceed to registration.

### **Costs**

46. I have determined these proceedings in favour of LL/LG. They are, therefore, entitled to an award of costs. Ms Jones sought costs off the published scale, for reasons including the conduct of Mr Hannay in requesting strike out on the basis of inadequate particularisation of pleadings (which led to a case-management conference (“CMC”)), excessively long skeleton arguments, and his conduct in various emails and requests to exclude certain evidence.

47. None of the above suggest to me that off scale costs are needed. Whilst I will make an award in LG/LL’s favour for the CMC (where I held that the pleadings were adequately particularised), the rest of that CMC was useful to allow me to make further directions as to the conduct of the proceedings that were largely followed by the parties and which helped to keep the proceedings proportionate. The other matters are not of the sort that I would consider unreasonable behaviour for which LG/LL should receive a higher award than the scale indicates. My award is as follows:

Official fee for opposing CS’s application - £200

Filing 1 notice of opposition and 9 counterstatements (and considering the other side’s notices) - £2000

Filing and considering evidence - £1000

Preparing for and attending the CMC - £400

Preparing for and attending the main hearing - £800

Total - £4400

48. I therefore order Mr Philip Hannay and Cloch Solicitors Limited, being jointly and severally liable, to pay Loch Employment Law Limited and Loch Associates Group Limited the sum of £4400. The above sum should be paid within 14 days of the expiry of the appeal period or, if there is an appeal, within 14 days of the conclusion of the appeal proceedings.

**Dated this 16th day of July 2018**

**Oliver Morris**  
**For the Registrar,**  
**the Comptroller-General**