

O/765/22

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. UK00003583218
BY NGOAR UK LIMITED AND SUSAN SWENY
TO REGISTER:**

NKOAD

nkoAD

(SERIES OF TWO)

AS TRADE MARKS IN CLASSES 9 & 42

AND

**IN THE MATTER OF THE OPPOSITION THERETO
UNDER NO. 425791 BY
HOTTINGER BRUEL & KJAER UK LTD.**

BACKGROUND AND PLEADINGS

1. On 22 January 2021, Ngoar UK Limited and Susan Sweny (“the applicants”) applied to register the series of trade marks shown on the cover of this decision (“the application”) in the UK for the following goods and services:¹

Class 9: Computer hardware for use in computer-assisted software engineering; Electronic device software drivers that allow computer hardware and electronic devices to communicate with each other; all the aforesaid for use in relation to the design and development of enterprise-level software for third parties, the design and development of software architecture, the design and development of software platforms and the rapid prototyping of software products; none of the aforesaid relating to computer software for use in relation to structural engineering, materials science, predicting fatigue or durability of structures.

Class 42: Computer hardware and software design; Configuring computer hardware using software; Consultancy and advice on computer software and hardware; Design and development of computer hardware and software; Design of computer hardware and software; Development of computer hardware and software; Diagnosing computer hardware problems using software; Providing information about the design and development of computer hardware and software; Providing technical advice relating to computer hardware and software; Technical project studies in the field of computer hardware and software; Troubleshooting of computer hardware and software problems. None of the aforesaid relating to computer software for use in relation to structural engineering, materials science, predicting fatigue or durability of structures; Providing user authentication

¹ The goods and services applied for were amended by way of a Form TM21B filed on 5 April 2022. The Tribunal subsequently wrote to the opponent requesting confirmation as to whether it wished to withdraw its opposition in light of the amended specification. No response was received and, in the absence of such, the opposition was deemed to be maintained.

services using biometric hardware and software technology for e-commerce transactions.

2. The application was published for opposition purposes on 23 April 2021 and, on 23 July 2021, it was opposed by Hottinger Bruel & Kjaer UK Ltd. (“the opponent”).
3. The opposition is based on sections 5(2)(b) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). In respect of its section 5(2)(b) ground, the opponent relies on the following UK trade mark:

nCode

UK registration no. 902111557²

Filing date 21 February 2001; registration date 28 March 2002

Relying on all goods, namely:

Class 9: Computer software; computer software for predicting fatigue or durability of structures.

4. Under this ground, the opponent claims that a likelihood of confusion exists on the part of the public as a result of the close similarity and, in some respects, identity between the marks and the high similarity/complementarity between the goods and services.
5. Under its 5(4)(a) ground, the opponent relies on the unregistered sign ‘nCode’ that it claims to have used throughout the UK since at least 2001 for the following goods and services:

“Computer software; engineering services; materials testing; training and education services.”

² The trade mark relied upon by the opponent is a comparable trade mark. It is based on the opponent’s earlier EUTM, being registration number 002111557. On 1 January 2021, in accordance with Article 54 of the Withdrawal Agreement between the UK and the European Union, the UK IPO created comparable UK trade marks for all right holders with an existing EUTM.

6. The opponent claims that the application should be refused on the basis of the tort of passing off. This is based on the claim that the opponent, as a result of its use of the unregistered sign, has established goodwill in the sign such that the public associate it with the goods and services of the opponent. As a result of this claimed goodwill, the opponent's position is that use of the application would constitute a misrepresentation to the public that the applicants' goods and services are those offered by the opponent and that damage is likely to result therefrom, both economic and reputational. The opponent also claims that there is a high possibility of dilution which would cause damage to the opponent's brand.
7. The applicants filed a counterstatement denying the claims made and requesting that the opponent provide proof of use of the mark relied upon. The counterstatement did include concessions of similarity in relation to some goods. However, the applicants' subsequent amendment to their specification means that these concessions are no longer applicable.
8. The opponent is represented by Mathys & Squire LLP. The applicants are represented by Keltie LLP. Both parties filed evidence in chief. No hearing was requested and only the applicants filed written submissions in lieu of the hearing. This decision is taken following a careful perusal of the papers.
9. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Act relied on in these proceedings are derived from an EU Directive. This is why this decision continues to make reference to the trade mark case-law of EU courts.

EVIDENCE

10. The opponent's evidence came in the form of the witness statement of Mr Paul Beardsworth dated 12 January 2022. Mr Beardsworth is the director of the opponent, a position he has held since 2020 and his statement is accompanied by five exhibits, being those labelled 'Exhibit 01' to 'Exhibit 05'.

11. The applicants' evidence came in the form of the witness statement of Mr Benjamin Britter. Mr Britter is a Chartered Trade Mark Attorney and Partner of the applicants' representative and is, therefore, duly authorised to make the statement on behalf of the applicants. Mr Britter's statement is accompanied by two annexes.

12. I do not intend to summarise the evidence of the parties in full here, however, I will refer to them below where necessary.

DECISION

Proof of use

13. 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,

(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.”

14. The relevant statutory provisions are as follows:

“Section 6A

(1) This section applies where

(a) an application for registration of a trade mark has been published,

(b) there is an earlier trade mark of a kind falling within section 6(1)(a), (aa) or (ba) in relation to which the conditions set out in section 5(1), (2) or (3) obtain, and

(c) the registration procedure for the earlier trade mark was completed before the start of the relevant period.

(1A) In this section “the relevant period” means the period of 5 years ending with the date of the application for registration mentioned in subsection (1)(a) or (where applicable) the date of the priority claimed for that application.

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

(3) The use conditions are met if –

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

(b) the earlier trade mark has not been so used, but there are proper reasons for non- use.

(4) For these purposes -

(a) use of a trade mark includes use in a form (the “variant form”) differing in elements which do not alter the distinctive character of the mark in the form in which it was registered (regardless of whether or not the trade mark in the variant form is also registered in the name of the proprietor), and

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

(5)-(5A) [Repealed]

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

15. As the opponent’s mark is a comparable mark, paragraph 7 of Part 1, Schedule 2A of the Act is also relevant. It reads:

“7.— (1) Section 6A applies where an earlier trade mark is a comparable trade mark (EU), subject to the modifications set out below.

(2) Where the relevant period referred to in section 6A(3)(a) (the "five-year period") has expired before IP Completion Day—

(a) the references in section 6A(3) and (6) to the earlier trade mark are to be treated as references to the corresponding EUTM; and

(b) the references in section 6A(3) and (4) to the United Kingdom include the European Union.

(3) Where [IP Completion Day] falls within the five-year period, in respect of that part of the five-year period which falls before IP completion day —

(a) the references in section 6A(3) and (6) to the earlier trade mark are to be treated as references to the corresponding EUTM; and

(b) the references in section 6A to the United Kingdom include the European Union”.

16. Section 100 of the Act is also relevant, which reads:

“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.”

17. Given its filing date, the opponent’s mark qualifies as an earlier trade mark under the above provisions. On the basis that the opponent’s mark completed its registration process over five years prior to the date of the application at issue, it was open for the applicants to request proof of use evidence. As above, the applicants made such a request in their counterstatement and, as a result, the opponent’s mark is subject to a proof of use assessment in respect of all of the goods relied upon.

18. In *Walton International Ltd & Anor v Verweij Fashion BV* [2018] EWHC 1608 (Ch) Arnold J (as he then was) summarised the law relating to genuine use as follows:

“114.....The CJEU has considered what amounts to “genuine use” of a trade mark in a series of cases: Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439, *La Mer* (cited above), Case C-416/04 P *Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I-4237, Case C-442/07 *Verein Radetsky-Order v Bunderversvereinigung Kamaradschaft ‘Feldmarschall Radetsky’* [2008] ECR I-9223, Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759, Case C-149/11 *Leno Merken BV v Hagelkruis Beheer BV* [EU:C:2012:816], [2013] ETMR 16, Case C-609/11 P *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR, Case C-141/13 P *Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089] and Case C-689/15 *W.F. Gözze Frottierweberei GmbH v Verein Bremer Baumwollbörse* [EU:C:2017:434], [2017] Bus LR 1795.

115. The principles established by these cases may be summarised 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]; *Leno* at [29]; *Centrotherm* at [71]; *Reber* 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]; *Leno* at [29]; *Centrotherm* at [71]. Accordingly, affixing of a trade mark on goods as a label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods are manufactured and which is responsible for their quality: *Gözze* at [43]-[51].

(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] and [22]. 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]; *Reber* at [29].

(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]; *Leno* at [29]-[30], [56]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34].

(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] and [76]-[77]; *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].”

19. Pursuant to Section 6A of the Act, the relevant period for assessing whether there has been genuine use of the opponent’s mark is the 5-year period ending with the date of the application at issue, being 22 January 2021. Therefore, the relevant period for this assessment is 23 January 2016 to 22 January 2021. In the present proceedings, the opponent relies on a UK comparable mark which is based on an earlier EUTM filed at the EUIPO. In accordance with paragraph 7(3) of Part 1 of Schedule 2A of the Act, the assessment of use shall take into account any use of the corresponding EUTM prior to IP Completion Day, being 31 December 2020.

As a result, I will consider use in the EUTM in the EU (of which the UK was a part) between 23 January 2016 and 31 December 2020.

20. Proven use of a mark which fails to establish that “the commercial exploitation of the mark is real”³ because the use would not be “viewed as warranted in the economic sector concerned to maintain or create a share in the mark for the goods or services protected by the mark”⁴ is, therefore, not genuine use.

Form of the Mark

21. 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 (“the CJEU”) 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

³ *Jumpman* BL O/222/16


⁴ *Ibid* n.3

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)





22. The opponent's evidence shows use of the opponent's mark as registered. Further, the evidence shows use of the mark in different cases and colours, namely the following:

'NCODE' and 

23. As the opponent's mark is registered as a black and white word only mark, being 'nCode', it is covered for use in any colour in any standard typeface, including use of upper case, lower case or any customary combination of the two. The use of the marks displayed above are, therefore, in line with notional and fair use of the opponent's mark. I also note that the evidence shows use of the following:

a.  
...an HBM brand

b. nCodeDS;

- c. nCode Glyphworks / 
- d. nCode Designlife / 
- e. nCode VibeSys / 
- f. nCode Automation /  ; and
- g. nCode Premium Materials Database.

24. In my view, all of the above examples are composite marks wherein the word 'nCode' will continue to be perceived as indicative of the origin of the goods at issue. In accordance with the case of *Colloseum* (cited above), use of a mark generally covers its independent use and use as part of another mark so long as it continues to be perceived as indicative of the origin of the goods at issue. I consider that this is the case with the above examples and, therefore, find that them all to be uses of the mark as registered.

Sufficient Use

25. An assessment of genuine use is a global assessment, which includes looking at the evidential picture as a whole, not whether each individual piece of evidence shows use by itself.⁵

26. I note that the applicants have filed detailed submissions in respect of the issue of proof of use. While I do not intend to reproduce those in full here, I note that their primary position is that the evidence does not satisfy the requirements to demonstrate genuine use of the opponent's mark during the relevant period for any of the goods. The applicants state that, at best, the opponent's mark has been used in relation to the licensing and maintenance of specific types of computer software and, as those services are not relied upon in these proceedings, there can be no genuine use. Further, the applicants have given a fall-back position where they state that if they are incorrect on this point, they submit that the opponent has only demonstrated use in relation to the specific goods "computer

⁵ *New York SHK Jeans GmbH & Co KG v OHIM*, T-415/09

software for predicting fatigue or durability structures”. These submissions are noted and if it is the case that I consider there to be genuine use, I will return to consider the applicants’ submission in respect of the specific goods that the evidence shows when assessing a fair specification.

27. The evidence sets out that the opponent has a long history and expertise in test and measurement products including software. It claims to be amongst the world’s leading providers of integrated test, measurement, control and simulation for product performance evaluation. The opponent operates in over 80 countries. The opponent previously operated under the names ‘HBM United Kingdom Limited’ between 22 December 2008 and 30 September 2020 and, before that, operated under ‘nCode International Limited’ since 15 February 1983.⁶

28. The opponent claims that ‘nCode’ software has been consistently sold in the UK since its introduction and that it is provided to businesses across different industries. While noted, it does not clarify to which industries its goods are sold to. In terms of turnover under the mark, I note that the opponent, as a whole, has posted annual turnover figures of £12,050,000 in 2016 and £15,140,000 in 2017.⁷ While 2015 figures are also included in these reports, they are not relevant to the proof of use issue as they fall prior to the relevant period. While the turnover figures relate to all of the opponent’s offerings on an international scale, more specific (but separate) figures have been provided in relation to “software packages” (that the narrative evidence confirms are attributed to ‘nCode’⁸) and the UK and EU markets. Of these I note the following:

- a. £2,271,000 from 2016 and £3,672,000 from 2017 of the total turnover figures relate to the sale of software packages;
- b. £4,012,000 from 2016 and £6,301,000 from 2017 of the total turnover figures relate to sales of all goods/services in the UK; and

⁶ Page 5 Exhibit 01

⁷ Page 15 of the 2017 Annual Report, being page 102, Exhibit 04

⁸ Paragraph 10 of the witness statement of Paul Beardsworth sets out that this information is found on page 17 of 2017 Annual Report, however, page 17 of this report relates to the reconciliation of the total tax charge for 2017 and, instead, the information referred to by the opponent is at page 15. I consider this to be a typographical error on behalf of the opponent and not fatal to the claim that the figures regarding software packages are attributable to ‘nCode’.

c. £3,009,000 from 2016 and £3,275,000 from 2017 of the total turnover figures relate to sales of all goods/services in Europe.

29. I note from the annual report provided that the UK appears to be the opponent's largest market with North America second and Europe third. While there is nothing specific to allow me to determine the precise turnover of software packages in the UK and Europe during this time, I consider it reasonable to conclude that the figures for 2016 and 2017 cover a reasonable amount of sales of 'nCode' branded goods in both the UK and Europe during this time.

30. A wide range of sample invoices have been provided from between 5 January 2016 and 11 January 2021 to a number of customers, most of which are based within the UK with some invoices also addressed to Hungary and Sweden. I do not intend to summarise the invoices in full but note that they all include the code "000010 P-NCODE" and relate to a wide range of goods and services such as 'nCode Post Graduate Kit', 'nCode Fundamentals', 'nCode Training', 'nCode Glyphworks contract renewals', maintenance services, emergency services, licences and servers, amongst others. I note that a significant parts of each invoice have been redacted (including the total figures involved) and it is, therefore, not possible for me to determine how much turnover is attributable to them. However, given that the opponent has set out that these are sample invoices, I do not consider it necessarily fatal to the opponent's case that specific figures aren't included.

31. While there are no turnover figures from 2018, 2019 or 2020, I note the presence of print-outs from 'ncode.com' via the internet archive facility, 'The Wayback Machine'.⁹ I note that the print-outs from 25 August 2018, 4 January 2019, 13 October 2019, 16 May 2020, 3 August 2020 and 18 January 2021 discuss software and solutions and 'products' under the 'nCode' banner. I also note that these print-outs include an image of a website dated 16 January 2018 that includes download links for products called 'nCode 13.1', 'nCode Viewer' and the Premium Materials Database. Despite not providing any turnover for these years, this evidence shows ongoing use of the 'nCode' brand for products between 2018 and 2020. It is, in my

⁹ Exhibit 03

view, reasonable to infer from this that the opponent continued to seek to create a market for its 'nCode' branding during this time.

32. The opponent has not provided any evidence as to marketing or advertising expenditure across either the EU or the UK. While I acknowledge the presence of what the opponent refers to as 'promotional product brochures' from 2016 to 2020,¹⁰ there is no evidence or explanation as to the reach of these materials or how they were distributed to consumers. While the evidence is noted, it does not assist in shedding light on the amount of promotional/advertising spend the opponent has incurred. In respect of market share, the opponent has not provided any evidence as to its market share in relation to its 'nCode' products and neither has it given any indication as to the size of the market at issue. While the specific nature of the market in which the opponent operates is likely to be somewhat specialist, I still consider that it will be a fairly sizable market.

33. The only turnover provided relevant to the proof of use assessment is 2016 and 2017, being the first two years of the relevant period. However, evidence has been provided that indicates an ongoing attempt to create a market for the 'nCode' brand by way of print-outs from the opponent's website between 2018 and 2020. I also note the presence of the promotional materials discussed at paragraph 32 above which the narrative evidence confirms as being for the years 2016 to 2020.

34. Taking the evidence as a whole, I am satisfied that the opponent has provided sufficient evidence demonstrating that it has put its mark to genuine use in the UK and EU during the relevant period. While I have my issues with the imprecise turnover figures and how they specifically relate to 'nCode' products in the UK and EU during the relevant period, I am satisfied that the turnover for these years is quantitatively significant. Even if I am wrong to find that the turnover attributable to 'nCode' products in the relevant territories was quantitatively significant, it is not fatal to the opponent's position. I note the case law set out above that minimal use may qualify as genuine 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. In the present case, I am satisfied that the evidence provided is indicative

¹⁰ Exhibit 02

of a genuine attempt by the opponent to create or preserve an outlet for the goods or services that bear the opponent's mark.

Fair Specification

35. I must now consider whether, or the extent to which, the evidence shows use of the opponent's marks in relation to all of the goods and services relied upon.

36. In *Property Renaissance Ltd (t/a Titanic Spa) v Stanley Dock Hotel Ltd (t/a Titanic Hotel Liverpool) & Ors* [2016] EWHC 3103 (Ch), Mr Justice Carr summed up the law relating to partial revocation as follows.

“iii) Where the trade mark proprietor has made genuine use of the mark in respect of some goods or services covered by the general wording of the specification, and not others, it is necessary for the court to arrive at a fair specification in the circumstance, which may require amendment; *Thomas Pink Ltd v Victoria's Secret UK Ltd* [2014] EWHC 2631 (Ch) ("Thomas Pink") at [52].

iv) In cases of partial revocation, pursuant to section 46(5) of the Trade Marks Act 1994, the question is how would the average consumer fairly describe the services in relation to which the trade mark has been used; *Thomas Pink* at [53].

v) It is not the task of the court to describe the use made by the trade mark proprietor in the narrowest possible terms unless that is what the average consumer would do. For example, in *Pan World Brands v Tripp Ltd* (Extreme Trade Mark) [2008] RPC 2 it was held that use in relation to holdalls justified a registration for luggage generally; *Thomas Pink* at [53].

vi) A trade mark proprietor should not be allowed to monopolise the use of a trade mark in relation to a general category of goods or services simply because he has used it in relation to a few. Conversely, a proprietor cannot reasonably be expected to use a mark in relation to all possible variations of the particular

goods or services covered by the registration. *Maier v Asos Plc* [2015] EWCA Civ 220 ("Asos") at [56] and [60].

vii) In some cases, it may be possible to identify subcategories of goods or services within a general term which are capable of being viewed independently. In such cases, use in relation to only one subcategory will not constitute use in relation to all other subcategories. On the other hand, protection must not be cut down to those precise goods or services in relation to which the mark has been used. This would be to strip the proprietor of protection for all goods or services which the average consumer would consider to belong to the same group or category as those for which the mark has been used and which are not in substance different from them; *Mundipharma AG v OHIM* (Case T-256/04) ECR II-449; EU:T:2007:46."

37. I remind myself that the goods subject to proof of use are:

Class 9: Computer software; computer software for predicting fatigue or durability of structures.

38. I note that the opponent's evidence includes a number of references to different types of services. Given that the opponent relies on software goods in class 9 only, I will not concern myself with the evidence that points towards services at this stage.

39. I note that the applicants' issue with the opponent's evidence in respect of use is that it points to maintenance and licencing services in relation to computer software. While this is noted, I note that the evidence does point towards sales of 'software products' and, as above, the narrative evidence sets out that these products are under the 'nCode' branding. While I note that the applicants have taken issue with the use of the opponent's mark on actual software goods, I have no reason to disbelieve that evidence given by the opponent and, while it was open for the applicants to challenge this point in its own evidence or by requesting cross-examination, I note that they did not do so. I am, therefore, satisfied that the opponent's evidence points to use of software goods, however, it is still necessary

to conduct an assessment of what is a fair specification in relation to the opponent's goods.

40. "Computer software" is a very broad term. Put simply, the evidence provided by the opponent does not show use for all types of computer software. While I am conscious of the case law provided above that states that the opponent cannot reasonably be expected to use its mark for all possible variations of software, it should not be granted such a wide protection for "computer software" in general when it has only demonstrated use of specific, specialist types of software. I must also bear in mind the fact that the opponent's protection should not be cut down to such precise types of software that would strip it of protection for all goods which the average consumer would consider to belong to the same group or category of those for which the mark has been used.

41. Taking all of the evidence into account and bearing in mind the above factors, I am not satisfied that the opponent should be granted a monopoly over all types of computer software. This is on the basis that, the average consumer, upon being confronted with the types of software that the opponent provides, would not categorise it as "computer software" in general but would, instead, describe it as covering a specific type of software. As to what specific label the average consumer would attribute to the use shown, I must look toward the evidence and determine what it shows.

42. My issue with the opponent's evidence is its technical nature. On this point, I note that the evidence wherein the nature of the software is described, it makes mention of a number of technical terms such as 'modal damping', 'cantilever beams', 'waterfalls of FRF', 'rainflow counting', 'super glyph' and 'creep analysis', amongst others. There is nothing in the evidence to enable me to ascertain what any of these terms mean or how they are implemented in the scope of the software being offered. I am of the view that, in the present case, written submissions from the opponent would have been of some assistance in helping to understand what the evidence shows. In the absence of such, I am required to assess what category of goods the evidence shows based on my own understanding.

43. I note that the evidence provided sets out that the opponent offers different types of software under different names, all of which under the 'nCode' banner.¹¹ Under the form of the mark section above, I have assessed and accepted that the use of these marks is to be considered use of the mark as registered. My reasons are set out above and will not be reproduced here. All of the uses shown relate to software used for the purpose of engineering. Of this evidence, I note the following types of software:

- a. nCodeDS, being a type of software designed for scalable deployment;
- b. nCode Glyphworks, being a data processing system for signal processing and durability analysis;
- c. nCode Designlife, being a CAE-based durability analysis system for fatigue life;
- d. nCode VibeSys, being a data processing system for vibration analysis;
- e. nCode Automation, which is referred to a software for processing and generating engineering data and also referred to as an off the shelf software solution for accessing, viewing and analysing stored test data;
- f. nCode Premium Materials Database, being a database of premium materials, a copy of which is provided for in the evidence.

44. Firstly, I accept that software described at point c. above is use of the term "computer software for predicting fatigue or durability of structures". Secondly, in respect of the goods described at point f. above, it is my view that the provision of a database is not the same as providing software. While I appreciate that an electronic database is likely to be operated via computer software, the provision of the database is not the same as the provision of software. Further, I acknowledge various types of software that specifically relate to the creation of databases, however, this is not the case here as the evidence provided seems to suggest that the opponent provides the database for its users to access, not software in order to create them. Therefore, I do not consider it appropriate to grant use for "database" related goods on the basis that it is not a sub-category of "computer software".

¹¹ Pages 31, 32, 35, 41 and 53 to 61 of Exhibit 02

45. I note the applicants' submissions, as I have referred to above, set out that, at best, the opponent's evidence shows use of "computer software for predicting fatigue or durability structures" only. While I have accepted use of this term, I am of the view that restricting the opponent to this term only would strip it of protection for goods which the average consumer would consider as belonging to the same group or category for which the mark has been used, being those demonstrated at paragraph 43 above.

46. I have considered limiting the opponent's "computer software" term to being namely for the purpose of engineering, however, I consider that such a level of protection is too broad and one that the average consumer would not use when describing the opponent's use. I have also given consideration to limiting the term to software relating to data processing but consider that the same issues as discussed above apply here also, namely that it is too broad. I have also given consideration to limiting the opponent to those specific types of software described at paragraph 43 above but this is, in my view, too narrow and is too specifically worded to the point that the average consumer would not ordinarily describe the use as such. On balance, I consider that the average consumer would describe the use shown as covering "computer software for the processing, generating, analysing and visualisation of engineering data". Together with the opponent's remaining term which I have accepted use for above, I conclude that a fair specification for the opponent's mark is as follows:

"Computer software for the processing, generating, analysing, visualisation and storage of engineering data; computer software for predicting fatigue or durability structures."

47. I will now proceed to consider the opponent's 5(2)(b) ground.

Section 5(2)(b): legislation and case law

48. Section 5(2) of the Act reads as follows:

"(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 or association with the earlier trade mark.”

49. Section 5A of the Act states as follows:

“Where grounds for refusal of an application for registration of a trade mark exist in respect of only some of the goods or services in respect of which the trade mark is applied for, the application is to be refused in relation to those goods and services only.”

50. 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 Office for Harmonization in the Internal Market (Trade Marks and Designs) (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 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.

Comparison of goods and services

51. The applicants' goods and services are listed at **paragraph one** above. Further to my findings in respect of genuine use, the goods of the opponent's marks are listed at **paragraph 46** above.

52. When making the comparison, all relevant factors relating to the goods in the specifications should be taken into account. In the judgment of the CJEU in *Canon*, Case C-39/97, the court stated at paragraph 23 that:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary”.

53. The relevant factors identified by Jacob J. (as he then was) in the *Treat* case, [1996] R.P.C. 281, for assessing similarity were:

- (a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;

- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be, found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

54. In filing its notice of opposition, the opponent provided comment on the similarity of the applicants' goods and services to the goods in the opponent's mark's specification. While noted, these comments were given prior to the limiting of the applicants' specification via the Form TM21B. Given that the opposition was maintained following the filing of the Form TM21B, I will take these submissions as still forming the basis of the opponent's claim, namely that the applicants' goods are identical or highly similar to the opponent's and that the services are highly similar and/or complimentary to the opponent's goods. While that may be the case, I do not consider that the comparison is necessarily applicable due to the amendments provided by the applicants and the limiting of the opponents' specification under the fair specification section above.

55. The applicants filed written submissions wherein they discussed the similarity of the goods and services. I note that there is an admission of identity in respect of goods on the basis that the opponent's specification includes "computer software", however, such submissions were made subject to the proof of use request. On this point, the applicants reiterated their position that the opponent's goods should include, at best, "computer software for predicting fatigue or durability of structures" and, on this basis, any similarity of goods and services is denied. Given that my fair specification assessment above resulted in the limitation to the opponent's "computer software" goods, I consider that applicants' admission no longer applies.

Class 9

56. I note that the applicants' list of class 9 goods consists of two terms, both of which are followed by two limitations. The first is that they are both for use in relation to the design and development of enterprise-level software for third parties, the design and development of software architecture, the design and development of software platforms and the rapid prototyping of software products. The second limitation is that none of the goods relate to computer software for use in relation to structural engineering, materials science, predicting fatigue or durability of structures. While this may be the case, this does not mean that the applicants' goods cannot be similar to those of the opponent. I will, therefore, conduct a full assessment of the goods, all whilst bearing in mind the limitations of the applicants.

Computer hardware for use in computer-assisted software engineering.

57. The above term covers computer hardware that is to be used for the purpose of assisting software engineering. As it covers hardware, it cannot be said to overlap in nature or method of use with the opponent's goods on the basis that they are both software terms. The intended purpose of the applicants' term is, in my view, to provide additional hardware support to the operation of software engineering which can include goods such as external devices that provide additional processing power or memory to assist the completion of the task. This is different from the purpose of any of the opponent's goods, which are to process, generate, analyse, visualise or store engineering data or to predict fatigue or durability structures. Further, I do not consider that the user of the applicants' goods will also look to use computer software for the specific purpose of those goods in the opponent's specification. As for trade channels, I do not consider that there will be any overlap here either on the basis that the nature of the parties' respective terms are very specific and specialist meaning that they are likely to be provided by separate and specialised undertakings and available via different distribution channels. Lastly, I do not consider that they are competitive or complementary in nature. Overall, I consider that these goods are dissimilar.

Electronic device software drivers that allow computer hardware and electronic devices to communicate with each other.

58. The above term is an item of software and, therefore, it can be said to overlap in nature with the opponent's goods on the basis that they too are items of software. As for their methods of use, the applicants' good covers software drivers which are specific items of software that allow for various types of electronic devices to communicate with the software that is used to operate them so while there may be some overlap in method of use in that both are used on a computer, I am of the view that any overlap is limited. This is on the basis that the way in which a user actually operates each item of software will be somewhat different, namely that the applicants' goods will be run and installed once with the processing running in the background of the operation of the software/hardware with the opponent's being used in the ordinary way, i.e. the user will engage with the software and operate it via its interface. As for the purpose of the parties' goods, I consider that these differ also in that the applicants' good is focused solely on allowing devices to communicate with the operation of the software whereas the opponent's terms are more involved engineering data for different purposes, none of which overlap with the purpose of the applicants' term. I also consider that the specific nature of the parties' goods means that there is no overlap in user or trade channels and neither do I consider that there is any competitive or complementary relationship between them. As a result of the overlap in nature and limited overlap in method of use, I am of the view that these goods are similar to a low degree.

Class 42

Computer hardware and software design; Configuring computer hardware using software; Consultancy and advice on computer software and hardware; Design and development of computer hardware and software; Design of computer hardware and software; Development of computer hardware and software; Diagnosing computer hardware problems using software; Providing information about the design and development of computer hardware and software; Providing technical advice relating to computer hardware and software; Technical project studies in the field of computer

hardware and software; Troubleshooting of computer hardware and software problems.

59. All of the above services are limited to the fact that they do not relate to computer software for use in relation to structural engineering, materials science, predicting fatigue or durability of structures. As the opponent's specification consists of goods only, I do not consider that there is any overlap in nature with the applicants' services listed above. The methods of use for all of the above terms are also clearly different from the uses of the opponent's software goods, so too are the purposes in that none of the above services are for the same purpose as those covered by the opponent's specific terms. As for trade channels and user, I am of the view that as a result of the limitation in the applicants' specification and the specific type of software that the opponent's goods relate to, these factors differ also. I appreciate that it may be argued that the broader nature of the applicants' terms means that the userbase and trade channels for those services are sufficiently broad enough to overlap into the userbase and trade channels for the opponent's goods. However, even accepting such a position, I consider that any overlap would be limited due to the broad nature of the applicants' userbase/trade channels meaning that they will inevitably cross over into many different specialist areas. In my view, the limited overlap of these factors is not sufficient to warrant a finding that there is any material degree of similarity between these services and the goods of the opponent. They are, therefore, dissimilar.

Providing user authentication services using biometric hardware and software technology for e-commerce transactions.

60. Unlike the services above, this term is not subject to the limitation described in that paragraph. While that may be the case, this service relates to e-commerce only and, therefore, I consider it to be dissimilar to the opponent's goods. This is on the basis that, for the same reasons discussed at paragraph 59 above, there is no overlap between the nature, method of use or purpose. As for trade channels and user, I consider that the specific nature of the applicants' service here is further removed from the opponent's, meaning that the undertakings providing the

service/software will be different, so too will the users. As a result, these services are dissimilar to the opponent's goods.

61. As some degree of similarity between goods and services is necessary to engage the test for likelihood of confusion, my findings above mean that the opposition aimed against those goods and services I have found to be dissimilar will fail.¹² For ease of reference, the opposition may only proceed against the following goods:

Class 9: Electronic device software drivers that allow computer hardware and electronic devices to communicate with each other; all the aforesaid for use in relation to the design and development of enterprise-level software for third parties, the design and development of software architecture, the design and development of software platforms and the rapid prototyping of software products; none of the aforesaid relating to computer software for use in relation to structural engineering, materials science, predicting fatigue or durability of structures.

The average consumer and the nature of the purchasing act

62. As the case law set out above indicates, it is necessary for me to determine who the average consumer is for the respective parties' goods. I must then decide the manner in which these goods are likely to be selected by the average consumer in the course of trade. In *Hearst Holdings Inc, Fleischer Studios Insc 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

¹² *eSure Insurance v Direct Line Insurance*, [2008] ETMR 77 CA

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.”

63. Given the specialist nature of both parties’ goods, I am of the view that the average consumer for the goods at issue will be business users. The goods will be available via specialist retailers who will offer the goods either in physical stores or online. The selection process is likely to be dominated by the visual aspect but I do not discount the aural aspect playing a role on the basis that the average consumer may discuss the goods at issue with a sales person or select the goods after hearing word of mouth recommendations. However, in either of these scenarios, the consumer will still inspect the goods visually before purchasing them. In terms of the price of the goods at issue, I am of the view that this will vary. In my view, the opponent’s goods are likely to be more expensive than the applicants’ on the basis that the opponent’s goods are likely to be complex pieces of software whereas the applicants’ goods are software drivers, which tend to be inexpensive. I do not consider that the purchase of either parties’ goods will be particularly frequent as, it is my understanding, that software drivers tend to be used once when installing a new device and are not usually required again, but will continue to operate in the background. As for the opponent’s goods, these are important types of software that assist businesses and, given their price and complexity, I do not consider that they will be bought very frequently.

64. Turning now to the level of attention paid, I am of the view that some goods, namely the applicants’, will be selected by a consumer paying a medium degree of attention whereas the opponent’s goods are likely to be selected by a consumer paying a reasonably high degree of attention. I make this finding because, as above, the applicants’ goods are software drivers and the consumer is likely to consider its compatibility with the device needed to operate, ease of use and reliability. As for the opponent’s goods, these are items of software that are likely to be important to the user’s business and the consumer is, therefore, likely to pay particular attention to the features offered, the accuracy and reliability of the operation of the software, the software’s compatibility with peripheral devices and potentially any after-sales support offered by the provider.

Comparison of the marks

65. It is clear from *Sabel v Puma AG* (particularly paragraph 23) that the average consumer normally perceives a trade 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 trade marks must be assessed by reference to the overall impressions created by the trade marks, bearing in mind their distinctive and dominant components.

66. 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.”

67. 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.

68. The respective trade marks are shown below:

The opponent's mark	The application
nCode	NKOAD nkoad (series of two)

69. I have detailed submissions from the applicants in respect of the comparison of the marks. However, I do not intend to reproduce these here but have taken them into

account in making my following comparisons. While the opponent has not filed submissions, I note that it did suggest in its notice of opposition that the marks are highly similar from a visual perspective and that they were phonetically and conceptually identical.

Overall Impression

70. The application consists of two marks, the first being 'NKOAD' and the second being 'nkoad'. The opponent's mark is the word 'nCode'. There are no other elements present in any of the marks. Therefore, the overall impressions of all of the marks at issue lie in the words themselves.

Visual Comparison

71. While the application consists of two marks, the only difference between them is the use of upper case in the first mark and lower case in the second. Given that marks registered/applied for as word only marks are capable of being used in upper case, lower case or any customary combination of the two, I will assess the marks in the application as one.

72. Visually, the parties' marks are five letters in length and share the same first and third letters, being the letters 'N' and 'O'. While the marks also share use of the letter 'D', I do not consider that the shared use of a letter at different places of marks to be a particularly compelling point of similarity. The marks differ further in the presence of the letters 'K' and 'A' in the application and 'C' and 'E' in the opponent's mark. I bear in mind that average consumers tend to focus on the beginnings of marks, being a point of similarity between these marks, however, I do not consider that, as wholes, the marks are similar any more than a low degree.

Aural Comparison

73. I am of the view that the opponent's mark consists of two syllables that will be articulated as the word 'encode', being pronounced in the ordinary way. I make this finding due to the presence of a lower case 'n' followed by the word 'Code' in title

case. As I have set out above, the opponent considers the marks identical, therefore implying that the application will also be pronounced as 'encode'. While I accept that some average consumers will pronounce it this way, I do not consider that this applies to all of them. Alternatively, I consider that it may be pronounced as either 'EN-KO-ADD', being three syllables, or as an initialism, being five syllables. It is my view that each pronunciation will be made by separate but still significant proportions of average consumers.

74. As a result of the above, I consider that there are three aural comparisons to make. Firstly, if pronounced as 'encode' then it follows there is aural identity between the marks. Second, if pronounced as 'EN-KO-ADD' then I consider the marks to be aurally similar to a medium degree on the basis that, while the application's third syllable is different, the first syllables are identical with the second syllables being similar. Lastly, if pronounced as an initialism, the marks are aurally similar to a very low degree on the basis that the application is somewhat longer than the opponent's, with the only point of similarity lying in the first syllable.

Conceptual Comparison

75. I am of the view that the opponent's mark will be viewed as a play on the word 'encode' and this concept will dominate the mark. As for the application, I am of the view that if it is pronounced as 'encode' then it will be seen as a deliberate misspelling of that word, meaning that the concept conveyed by the application will be identical to that of the opponent's mark. As for circumstances wherein the application is pronounced as 'EN-KO-ADD', I am of the view that it will be seen as a made up word with no obvious meaning. When comparing a mark with an understood concept against one without, they are conceptually dissimilar. I consider that this finding also applies where the application is viewed as an initialism on the basis that it, too, has no obvious meaning.

Distinctive character of the opponent's mark

76. 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).”

77. Registered trade marks possess various degrees of inherent distinctive character, ranging from the very low, because they are suggestive or allusive of a characteristic of the goods or services, to those with high inherent distinctive character, such as invented words which have no allusive qualities. The distinctiveness of a mark can be enhanced by virtue of the use made of it. In the present case, the opponent did not expressly plead that its mark enjoys an enhanced distinctive character. However, it did file evidence that may be capable of pointing to its mark being enhanced through use and, as per the case law cited above, when assessing distinctiveness of an earlier mark, account should be taken of various factors, some of which being those only evidence can point toward. Before assessing whether the distinctiveness of the mark has been enhanced through use, I will consider the inherent position.

78. As I have set out above, the word 'nCode' will be understood as a play on the word 'encode'. I note that the applicants submit that the word 'encode' has a low degree of distinctiveness in relation to the goods and services of both parties' mark on the basis that it describes the nature and method of use of the relevant goods and services. On this point, I note that the applicants' evidence included a number of dictionary definitions of the word 'encode'. This evidence is in the form of print-outs from various online dictionaries, being the Cambridge Dictionary, the Merriam-Webster Dictionary, Collins Dictionary, Lexico and Macmillan Dictionary and show 18 different definitions across them all (albeit some of them having the same definition but worded differently).¹³ In my view, in the context of the opponent's goods at issue, 'encode' will be understood as '*to convert (a message) from plain text into code*' or '*to convert (characters and symbols) into a digital form as a series of impulses*'.¹⁴ While I understand that there are types of software that perform the specific function of encoding, I do not consider that it is necessarily the case for the opponent's goods, particularly given that their specific purposes are for engineering, predicting fatigue or durability structures. Therefore, I do not consider that 'nCode' is necessarily descriptive of the nature or method of use of the opponent's goods. Having said that, I do consider that there may be allusive qualities on the basis that the average consumer will understand that the processing of the engineering data to allow it to be visualised (for example) is likely to include some form of encoding function. Taking all of this into account, I am of the view that the opponent's mark enjoys a less than medium (but not low) degree of inherent distinctive character.

79. I turn now to consider the position in respect of the distinctiveness of the mark being enhanced through use. I have summarised the majority of the evidence when considering proof of use above. The bulk of that evidence applies here save for the evidence relating to the EU on the basis that the assessment of enhanced distinctive character through use is based on the understanding of the UK consumer. I note that the evidence summarised above relates only to the relevant period, being 23 January 2016 to 22 January 2021 and I note that there is additional evidence that has been provided from prior to the relevant period. This evidence is

¹³ Annex 1

¹⁴ Both of which are found in the Collins Dictionary definition provided in Annex 1

mainly in the form of the turnover figures from 2015. Of this, I note that the opponent's overall turnover for 2015 was £12,057,000. However, this relates to the total global turnover for all goods and services offered by the opponent. I note that £5,601,000 of the total turnover relates to use in the UK. Of the total global sales, £2,697,000 relates to software packages that the evidence sets out is under the 'nCode' banner. The issue with this evidence is the same as that which I have echoed above, namely that the figures are not broken down into sales of software packages meaning that, of the £2,697,000 worth of sales for software packages bearing the opponent's mark, some will have been to non-UK consumers. I have no way to determine the exact level of use that is relevant to my present assessment.

80. Taking this evidence into account and the evidence summarised at paragraphs 27 to 33 above, I note that while there is clearly use across the UK prior to the relevant date, there is no specific breakdown as to the exact figures relevant to my assessment. No evidence of market share has been provided. Further, I note that while the evidence includes promotional product brochures, no evidence or explanation has been provided as to the reach of these documents or who they were sent to. Lastly, while there may be sufficient geographical spread of the mark across the UK, I do not consider that the use shown is particularly long standing or intensive, particularly given that it shows turnover between 2015 and 2017 only.

81. Taking the evidence as a whole, I am not satisfied that the opponent has provided sufficient evidence to demonstrate that a proportion of the relevant section of the public which, because of the mark, identifies the goods offered as originating from the opponent. Therefore, I do not consider that the use shown is capable of enhancing the distinctiveness of the mark beyond the inherent position which, as above, is less than medium (but not low).

Likelihood of confusion

82. Confusion can be direct or indirect. Direct confusion involves the average consumer mistaking one mark for the other, while indirect confusion is where the average consumer realises the marks are not the same but puts the similarity that

exists between the marks and the goods down to the responsible undertakings being the same or related. There is no scientific formula to apply in determining whether there is a likelihood of confusion; rather, it is a global assessment where a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and vice versa. As I mentioned above, it is necessary for me to keep in mind the distinctive character of the earlier mark, the average consumer for the goods and the nature of the purchasing process. In doing so, I must be alive to the fact that the average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them that he has retained in his mind.

83. I have found the applicants' goods to be similar to a low degree with the opponent's goods. I have found the average consumer for the goods to be business users who will select the goods through primarily visual means, although I do not discount an aural component. I have concluded that, depending on what goods are being selected, the average consumer will pay either a medium or reasonably high degree of attention when selecting the goods at issue. I have found that the opponent's mark is inherently distinctive to a less than medium degree, although I do not consider that this extends to low.

84. I have found that three different (but still significant) proportions of average consumers will have different understandings of the application's aural and conceptual impact. This results in the existence of three different comparisons of the marks that are applicable here. In all scenarios, the marks are visually similar to a low degree. However, my findings in respect of the aural and conceptual similarities differ. Firstly, in the event that the application is understood as a deliberate misspelling of 'encode', the marks are aurally and conceptually identical. However, if the application is viewed as a made-up word with no connection to 'encode', the marks are aurally similar to a medium degree and conceptually dissimilar. Lastly, if the application is viewed as an initialism, the marks are aurally similar to a very low degree and conceptually dissimilar.

85. In respect of a likelihood of confusion, I am guided by the case of *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation* [2016] EWCA Civ 41, wherein Kitchin LJ concluded that if a significant proportion of the relevant public is likely to be confused such as to warrant the intervention of the court, then it may properly find infringement. While this case was an infringement case, the principles apply equally to oppositions under section 5(2) of the Act. As a result, I will focus my assessment of a likelihood of confusion on the significant proportion of consumers who understand the application to be a deliberate misspelling of the word 'encode'. It follows that if there is a likelihood of confusion amongst this significant proportion of consumers, it is sufficient for the opposition against the application to succeed.

86. Before making my assessment of a likelihood of confusion, I am reminded of the case of *New Look Limited v OHIM*¹⁵ wherein the General Court found that the visual, aural or conceptual aspects of opposing marks do not always have the same weight and that where the visual component dominates the purchasing process, the visual aspect plays a greater role in the global assessment of likelihood of confusion. While this case related to clothing products that are displayed on shelves, I consider that such an approach applies in the present case. I make this finding on the basis that, even where the goods are selected after word of mouth recommendations or following a discussion with a salesperson, the purchasing process will still include a visual inspection of the goods, either physically inspecting them in stores or reviewing them in a catalogue or online.

87. Following on from what I have said above, the visual comparison of the marks will carry the greatest weight in making my assessment on a likelihood of confusion. That is not to say that the aural and conceptual identity between the marks are to be overlooked but simply that they are to be balanced against the strength of the visual comparison, being of only a low degree. In my view, even where the application is understood as a deliberate misspelling of 'encode', such an understanding would not be immediately graspable and will require some thought process on the part of the consumer to get to this understanding. This will result in the application leaving an unusual impact in the mind of the average consumer. This is further supported

¹⁵ Joined cases T-117/03 to T-119/03 and T-171/03

by the way the application is spelt, being 'NKOAD', which the average consumer would consider unusual. As a result of this unusual imprint, the way in which the word is spelt will not be forgotten or misremembered. I consider that this applies even if the consumer is also confronted with the opponent's mark. Consequently, I do not consider the fact that the marks will be pronounced identically or that they share the same conceptual hook will overcome the significant visual differences.

88. Further, the level of attention paid in respect of the parties' goods also supports the above position. I have found that the parties' goods attract different levels of attention and this will either be medium or reasonably high. In either scenario, the level of attention, coupled with the visual differences and lower than medium degree of distinctiveness of the opponent's mark all contribute to a finding that the marks will not be misremembered or inaccurately recalled for one another. Taking all of the above factors and even bearing in mind the principle of imperfect recollection, I consider that the visual differences between the marks at issue are sufficient to ensure that they will not be misremembered or mistakenly recalled as each other. Consequently, I do not consider that there is a likelihood of direct confusion between the marks.

89. For the avoidance of doubt, I consider that the above finding of a likelihood of confusion applies even if I had found the parties' goods (or services, for that matter) to enjoy a higher degree of similarity. However, I consider that it is particularly the case in the present circumstances on the basis that the goods at issue are only similar to a low degree. Bearing in mind the interdependency principle, the aural and conceptual identity between the marks are not compelling enough to overcome the distance between the goods at issue. I make this finding particularly in light of the visual differences (being the aspect of the comparison that is attributed the most weight), the lower than medium level of distinctiveness of the opponent's mark and the level of attention paid during the purchasing process. It now falls to me to consider whether there is a likelihood of indirect confusion.

90. In *L.A. Sugar Limited v By Back Beat Inc*, Case BL O/375/10, Mr Iain Purvis Q.C., as the Appointed Person, explained 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)”.

91. In *Liverpool Gin Distillery Ltd & Ors v Sazerac Brands, LLC & Ors* [2021] EWCA Civ 1207, Arnold LJ referred to the comments of James Mellor QC (as he then

was), sitting as the Appointed Person in *Cheeky Italian Ltd v Sutaria* (O/219/16), where he said at [16] that “a finding of a likelihood of indirect confusion is not a consolation prize for those who fail to establish a likelihood of direct confusion”. Arnold LJ agreed, pointing out that there must be a “proper basis” for concluding that there is a likelihood of indirect confusion where there is no likelihood of direct confusion.

92. Even taking into account the aural and conceptual identity between the marks, I see no reason why the average consumer would believe that the marks originate from the same or economically connected undertakings. I see no likely scenario wherein the average consumer would consider the significantly different spellings across the marks to be indicative of a brand extension, a sub-brand or a rebranding. Further, I refer to the case of *Duebros Limited v Heirler Cenovis GmbH*,¹⁶ wherein Mr James Mellor Q.C., sitting as the Appointed Person, stated that it was not sufficient that a mark merely calls to mind another mark. This is mere association not indirect confusion. Therefore, even if the consumer was confronted by the application and understood it as a play on the word ‘encode’, thereby bringing to mind the opponent’s mark, which is also a play on the word ‘encode’ (or vice versa), this is not sufficient to find indirect confusion. Consequently, I do not consider there to be a likelihood of indirect confusion. Again, this finding is particularly supported by the fact that the goods at issue are similar to a low degree.

93. I will now proceed to consider the remaining ground of the opposition.

Section 5(4)(a)

94. I acknowledge that the test for misrepresentation under section 5(4)(a) of the Act is different from that for likelihood of confusion in that it involves a “deception of a substantial number of members of the public” rather than “confusion of the average consumer”. However, I am reminded of the case of *Marks and Spencer PLC v Interflora*,¹⁷ wherein Lewison L.J. cast doubt on whether the difference between the legal tests would produce different outcomes (a finding that was affirmed by

¹⁶ Case BL O/547/17

¹⁷ [2012] EWCA (Civ) 1501

the later decision of Kitchin L.J. in *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation*).¹⁸ I believe that to be the case here.

95. As it did under the 5(2)(b) ground, the opponent's 5(4)(a) ground also relies on "computer software". The same issues that I discussed under the 5(2)(b) ground in relation to the opponent's evidence in respect of "computer software" also apply here, namely that the evidence only points to use of specific types of software. Insofar as the opponent owns any goodwill in its business resulting from those same trading activities, it will have accrued in relation to those specific types of software as identified at paragraph 46 above. The difference in the fields of activity undertaken by the parties is sufficient to avoid a substantial number of the relevant public from being misled into believing that the applicants' goods and services are the goods of the opponent or an entity linked to it.

96. I note that the opponent also relies on "engineering services", "materials testing" and "training and education services". These services were not subject to the proof of use assessment I undertook under the 5(2)(b) ground. However, I do not consider that the reliance upon these services is of any assistance to the opponent. I make this finding on the basis that, even if a protectable level of goodwill is established as resulting from the trading activities involving these services, they are so far removed from the applicants' goods and services and operate in such different fields of activity that the distance between them is sufficient to avoid a substantial number of the relevant public from being misled.

97. Consequently, I find that this ground of opposition does not take the opponent any further than that of the opponent's 5(2)(b) ground.

CONCLUSION

98. The opposition fails under all of the grounds relied upon. As a result, the application may proceed to registration for all goods and services applied for.

¹⁸ [2016] EWCA Civ 41

COSTS

99. As the applicants have been successful, they are entitled to a contribution towards their costs based upon the scale published in Tribunal Practice Notice 2/2016. While I appreciate that the applicants' evidence was not of any real assistance to their defense in the present case, I note that the applicants did incur the costs of reviewing the opponent's evidence, being a factor to be considered in accordance with the published scale.

100. In the circumstances, I award the applicants the sum of **£1,000** as a contribution towards their costs. While costs are to be paid to two applicants in this case, the costs are to be paid jointly and the amount awarded reflects the total amount to be paid by the opponent. The sum is calculated as follows:

Considering the notice of opposition and preparing a counterstatement:	£200
Preparing and reviewing evidence:	£500
Preparing submissions in lieu of a hearing:	£300
Total	£1,000

101. I therefore order Hottinger Bruel & Kjaer UK Ltd to pay Ngoar UK Limited and Susan Sweny the sum of **£1,000** in total. This sum should be paid within 21 days of the expiry of the appeal period or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings.

Dated this 6th day of September 2022

A COOPER
For the Registrar