

O/0095/23

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. UK00003684592
IN THE NAME OF HAI SPORT LTD
FOR THE TRADE MARK**

HAI Performance

IN CLASSES 3, 5, 18, 21

AND

**THE OPPOSITION THERETO UNDER NO. 429815
BY PAI SKINCARE LIMITED**

Background and pleadings

1. On 21 August 2021, hai sport ltd (“the applicant”) applied to register the trade mark shown in the cover page of this decision in the UK.
2. The application was accepted and published in the Trade Marks Journal on 01 October 2021 in respect of goods in classes 3, 5, 18 and 21. The contested goods will be set out later in this decision.
3. On 31 December 2021, Pai Skincare Limited (“the opponent”) opposed the application under Sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). The opposition is directed against some of the goods in the application, namely those in classes 3, 18 and 21.
4. Under Sections 5(2)(b) and 5(3), the opponent relies on some of the goods and services covered by the two trade marks set out below:

UK00002590111

PAI

Filing date: 04 August 2011

Registration date: 09 December 2011

Goods and services relied upon:

Class 3: *Skin care products [cosmetic]; skincare preparations; non-medicated toilet preparations; cosmetics; toiletries; beauty products; preparations for care of the skin [cosmetic]; preparations for care of the skin [toiletries]; cleansing creams; facial scrubs; skin toners; body moisturizers; skin moisturizers; moisturizers; skin conditioners; massage creams, not medicated; massage lotions and oils; moisturising lotions and creams; facial cleansers; skin cleansers and hydrators; beauty serums; beauty masks; cleansing facial masks; face and body masks; face*

creams; body creams; body lotions; essential oils; lip balm; eye cream; eye makeup remover; make-up remover.

Class 35: *online retail sales services offered via a global communication network, mail order retail services, retail store services, all connected with the sale of personal care products namely skin care products, skincare preparations, cosmetics, toiletries, beauty products.*

UK00002628944

PAI SKINCARE

pai skincare

Filing date: 19 July 2012

Registration date: 09 November 2012

Goods and services relied upon:

Class 3: *Skin care products [cosmetic]; skincare preparations; non-medicated toilet preparations; cosmetics; toiletries; beauty products; preparations for care of the skin [cosmetic]; preparations for care of the skin [toiletries]; cleansing creams; facial scrubs; skin toners; body moisturizers; skin moisturizers; moisturizers; skin conditioners; massage creams, not medicated; massage lotions and oils; moisturising lotions and creams; facial cleansers; skin cleansers and hydrators; beauty serums; beauty masks; cleansing facial masks; face and body masks; face creams; body creams; body lotions; essential oils; lip balm; eye cream; eye makeup remover; make-up remover.*

Class 35: *online retail sales services offered via a global communication network, mail order retail services, retail store services, all connected with the sale of personal care products namely skin care products, skincare preparations, cosmetics, toiletries, beauty products.*

5. The opponent's marks have filing dates that are earlier than the filing date of the contested application and, therefore, they are earlier marks, in accordance with Section 6 of the Act. Although the opponent's marks had completed their registration process more than five years before the filing date of the contested application and are subject to the proof of use conditions as per Section 6A of the Act, when the applicant filed its Form TM8 it elected not to request proof of use. Consequently, the opponent can rely on all of the goods and services it has identified in its notice of opposition without having to prove use.

6. Under Section 5(2)(b), the opponent claims that there is a likelihood of confusion because the applicant's mark is similar to its own marks, and the respective goods and services are identical or similar.

7. Under Section 5(3) the opponent states that use of the applicant's marks would, without due cause, take unfair advantage of or be detrimental to the distinctive character or repute of the earlier marks.

8. Lastly, under Section 5(4)(a) ground, the opponent relies on the sign 'PAI' and claims to have used it throughout the UK since at least January 2007 for *skincare products* and *organic skincare products*.

9. The opponent claims to have accrued significant goodwill in the sign 'PAI' having been recognized within the beauty industry through numerous awards such as Byrdie Eco Award and Indy Best Buy (2020), Women Health Beauty Award For Sustainability, Pure Wow Indie, Natural Health Beauty, Beauty Shortlist Award (2019), Queen Award For Enterprise (2016) and EEF Export Development Award (2013), to name a few. It claims that its goodwill entitles it to prevent the use of the applicant's mark under the law of passing off.

10. The applicant filed a defence and counterstatement, denying all the grounds. In particular, the applicant claims that the opposition is based on "a *spurious mark*" and "it is an opportunistic move to lock down a part of the market that the opponent is not

in” but it may wish to enter.¹ The applicant also states that the marks are different, that the packaging and logos are different, and that the parties target different customers because the opponent’s ‘PAI’ skincare range “*is made for people with sensitive skin*” (as stated by the opponent’s website) whilst the applicant’s brand HAI’ – which is said to include ‘HAI’, ‘HAI SPORT’, ‘HAI PERFORMANCE’ - is the first brand in the sports makeup category and is about sport, fitness, sweating and performance, not about sensitive skin. In addition, the applicant states that the brand ‘PAI’ was recently bought by the French company Clarins, the allegation I sense being that big companies have resources available to bring pointless claims, and that although the applicant’s company was registered in 2016 and the opponent’s company in 2007, there had been no complaint until the present opposition was launched.

11. Both parties filed evidence during the evidence rounds. I shall refer to the evidence and submissions to the extent that I consider necessary.

12. The opponent is represented by Barker Brettell LLP and the applicant represents itself. Neither party asked to be heard but the opponent filed submissions in lieu.

EU Law

13. 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 Trade Marks 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.

The evidence

14. The opponent’s evidence consists of two witness statements by Sarah Brown, the founder and CEO of the opponent’s company. Ms Brown’s first witness statement is dated 1 June 2022 and is accompanied by 16 exhibits (SB1-SB16). Ms Brown’s

¹ Ms Liano’s witness statement paragraph 18

second witness statement was provided in reply to the applicant's evidence, it is dated 30 September 2022 and is accompanied by 8 exhibits (SB17-SB25).

15. The applicant's evidence is provided by Grace De Alvaro Liano, the founder and director of the applicant's company. Ms Liano's witness statement is dated 31 July 2022 and is accompanied by 12 exhibits (HS1-HS12).

DECISION

Section 5(2)(b)

16. Section 5(2)(b) of the Act is as follows:

“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”.

17. Section 5A of the Act is as follows:

“5A 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.”

18. The following principles are gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia*

Sales Germany & Austria GmbH, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

(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

19. When making the comparison, all relevant factors relating to the goods and services in the specifications should be taken into account. In *Canon Kabushiki Kaisha*, the Court of Justice of the European Union (CJEU) stated that:

“23. 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 complementary.”

20. Guidance on this issue was also given by Jacob J (as he then was) in *British Sugar Plc v James Robertson & Sons Limited (“Treat”)* [1996] RPC 281. At [296], he identified the following relevant factors:

(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.

21. The General Court (GC) confirmed in *Gérard Meric v OHIM*, Case T-133/05, paragraph 29, that, even if goods are not worded identically, they can still be considered identical if one term falls within the scope of another, or vice versa:

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

22. In *Kurt Hesse v OHIM*, Case C-50/15 P, the CJEU held that complementarity is an autonomous criterion capable of being the sole basis for the existence of similarity between goods or services. The GC clarified the meaning of “complementary” goods or services in *Boston Scientific Ltd v OHIM*, Case T-325/06, at paragraph 82:

“[...] there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers

may think that the responsibility for those goods lies with the same undertaking.”

23. The goods and services to be compared are as follows:

The applicant's goods	The opponent's goods and services
<p>Class 3: <i>Cosmetics; Cosmetics and cosmetic preparations; Milks [cosmetics]; Eyebrow cosmetics; Creams (Cosmetic -); Cosmetic soaps; Cosmetic soap; Cosmetic pencils; Pencils (Cosmetic -); Nail cosmetics; Functional cosmetics; Moisturisers [cosmetics]; Skincare cosmetics; Cosmetic powder; Eye cosmetics; Cosmetic preparations; Cosmetics preparations; Cosmetic creams; Multifunctional cosmetics; Dyes (Cosmetic -); Cosmetic kits; Kits (Cosmetic -); Tonics [cosmetic]; Natural cosmetics; Cosmetic rouges; Cosmetic moisturisers; Cosmetic masks; Cosmetic oils; Hair cosmetics; Mousses [cosmetics]; Decorative cosmetics; Colour cosmetics; Lip cosmetics; Organic cosmetics; Skin balms [cosmetic]; Cosmetic bath salts; Cleansing creams [cosmetic]; Non-medicated cosmetics; Cosmetic eye pencils; Suntan lotion [cosmetics]; Body paint (cosmetic); Bath powder [cosmetics]; Cosmetic massage creams; Cosmetic eye gels; Cosmetic hand</i></p>	<p>Class 3: <i>Skin care products [cosmetic]; skincare preparations; non-medicated toilet preparations; cosmetics; toiletries; beauty products; preparations for care of the skin [cosmetic]; preparations for care of the skin [toiletries]; cleansing creams; facial scrubs; skin toners; body moisturizers; skin moisturizers; moisturizers; skin conditioners; massage creams, not medicated; massage lotions and oils; moisturising lotions and creams; facial cleansers; skin cleansers and hydrators; beauty serums; beauty masks; cleansing facial masks; face and body masks; face creams; body creams; body lotions; essential oils; lip balm; eye cream; eye makeup remover; make-up remover.</i></p> <p>Class 35: <i>online retail sales services offered via a global communication network, mail order retail services, retail store services, all connected with the sale of personal care products namely skin care products, skincare preparations, cosmetics, toiletries, beauty products.</i></p>

creams; Facial washes [cosmetic];
Cosmetic facial lotions; Facial masks
[cosmetic]; Cosmetic facial packs; Body
scrubs [cosmetic]; Facial gels
[cosmetics]; Cosmetic body mud;
Cosmetic tanning preparations;
Cosmetic face powders; Sun block
[cosmetics]; Skin care cosmetics; Nail
hardeners [cosmetics]; Moisturising
concentrates [cosmetic]; Powder
compacts [cosmetics]; Skin creams
[cosmetic]; Nail primer [cosmetics];
Facial creams [cosmetics]; Facial lotions
[cosmetic]; Cosmetic sunscreen
preparations; Cosmetic facial masks;
Cosmetic nail preparations; Lip stains
[cosmetics]; Humectant preparations
[cosmetics]; Cosmetic skin enhancers;
Body creams [cosmetics]; Sun barriers
[cosmetics]; Lip protectors [cosmetic];
Facial cleansers [cosmetic]; Skin masks
[cosmetics]; Night creams [cosmetics];
Nail tips [cosmetics]; Nail paint
[cosmetics]; Toning creams [cosmetic];
Moisturising gels [cosmetic]; Cosmetic
cotton wool; Skin fresheners [cosmetics];
Cosmetic nourishing creams; Face wash
[cosmetic]; Facial scrubs [cosmetic];
Cosmetic suntan lotions; Face packs
[cosmetic]; Suntan oils [cosmetics];
Tanning oils [cosmetics]; Cosmetics
containing keratin; Smoothing emulsions
[cosmetics]; Cosmetic mud masks; Acne

cleansers, cosmetic; Mineral oils [cosmetic]; Facial moisturisers [cosmetic]; Cosmetic-impregnated tissues; Cosmetics for animals; Facial toners [cosmetic]; Lip coatings [cosmetic]; Cosmetics for suntanning; Skin cleansers [cosmetic]; Skin toners [cosmetic]; Cosmetic skin fresheners; Henna [cosmetic dye]; Body care cosmetics; Tanning milks [cosmetics]; Tanning gels [cosmetics]; Facial creams [cosmetic]; Cosmetic sun oils; Cosmetic suntan preparations; Tanning preparations [cosmetics]; Facial packs [cosmetic]; Suntanning oil [cosmetics]; Beauty care cosmetics; Cosmetic hair lotions; Cosmetic body scrubs.

Class 18: *Cosmetic purses; Cosmetic bags.*

Class 21: *Cosmetics applicators; Cosmetic utensils; Cosmetic sponges; Cosmetic brushes; Cosmetics brushes; Holders for cosmetics; Dispensers for cosmetics; Applicators for cosmetics; Cosmetic powder compacts; Racks for cosmetics; Cosmetic bags [fitted]; Containers for cosmetics.*

24. The applicant's submissions and evidence raise the point that the parties' products are different because the opponent's products claim to be organic and vegan (and the applicant's brand does not make such a claim) whilst the applicant's goods are

specifically designed for athletes and sport enthusiasts. According to the applicant, the respective goods are dissimilar because they target different segments of the market.

25. The opponent says that the applicant's approach is wrong and filed evidence to show that the opponent's brand also promotes a healthy and active lifestyle. The opponent also produces copies of articles about skincare brands that can be worn whilst exercising and points out that 'HAI' is not listed and that many of the brands listed are skincare rather than makeup brands. The opponent's evidence is also aimed at supporting the claim that skincare and makeup products are similar because many brands produce both types of goods.

26. I agree with the opponent that the applicant's evidence is not pertinent because when assessing the similarity of the goods and services I must consider not just how the parties have used their marks, but also notional and fair (hypothetical) use of the marks in relation to all of the goods or services in respect of which they are registered or applied for.² Consequently, the specific segment of the market in which the parties have so far decided to trade is irrelevant.

Class 3

27. All of the contested goods in class 3 are cosmetic products and as such, fall within the broad terms *cosmetics* and *beauty products* in the opponent's specification. These goods are identical on the principle outlined in *Meric*.

Class 21

28. The contested *Cosmetics applicators; Cosmetic utensils; Cosmetic sponges; Cosmetic brushes; Cosmetics brushes; Applicators for cosmetics; Cosmetic powder compacts* are a mixture of various products, all having a cosmetic function or being used in conjunction with cosmetics. They are similar to the opponent's *cosmetics* because although the goods are different in nature, they coincide in distribution channels and are normally found in close proximity in the same areas of shops or

² *Assos of Switzerland SA and Anor v ASOS plc and Anor* [2015] EWCA Civ 220

supermarkets. The goods also share a similar purpose with the opponent's *cosmetics* (i.e. to enhance or alter the appearance of the face or body) and are complementary in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking. These goods are similar to low degree.

29. The contested *Holders for cosmetics; Dispensers for cosmetics; Racks for cosmetics; Cosmetic bags [fitted]; Containers for cosmetics*, are in my view one step removed from the opponent's *cosmetics*. Although the goods are used to store, carry or dispense cosmetics, they have a different nature and purpose, are not adapted for particular cosmetics and are not complementary to or in competition with the opponent's *cosmetics*. These goods are considered as dissimilar.

Class 18

30. For similar reasons to those set out at paragraph 29 above, I also consider the contested *Cosmetic purses; Cosmetic bags* to be dissimilar to any of the opponent's goods and services.

31. As some similarity of the goods and services is essential,³ the opposition based upon Section 5(2)(b) against the goods which I found to be dissimilar must necessarily fail.

Average consumer

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

³ *Waterford Wedgwood plc v OHIM* – C-398/07 P (CJEU)

[2014] EWHC 439 (Ch), Birss J. (as he then was) 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.”

33. The average consumer of the parties’ goods is a member of the general public, however, I do not discount that it could also include a professional user such as a make-up artist or a beautician. The cost of the goods in question is likely to vary, however, on balance it is likely to be relatively low. The majority of the goods will be purchased relatively frequently. The average consumer will take various factors into consideration such as the cost, quality, aesthetic and suitability of the product for their specific needs. Therefore, the level of attention paid during the purchasing process will be medium.

34. The goods are likely to be obtained by self-selection from the shelves of a retail outlet, or online equivalent. Visual considerations are, therefore, likely to dominate the selection process. However, I do not discount that there may also be an aural component to the purchase through advice sought from a sales assistant or representative.

Comparison of marks

35. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The

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.”

36. 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. The respective marks are shown below:

The applicant's mark	The opponent's marks
HAI Performance	PAI (The opponent's first earlier mark) PAI SKINCARE pai skincare (The opponent's second earlier mark)

Overall impression

The applied for mark

37. The applicant's mark consists of the words 'HAI' presented in capital letters and the word 'Performance' presented in title case. Although the word 'Performance' is longer than the word 'HAI', the latter is the most distinctive element of the mark

because it is placed at the beginning of it, and it is not a dictionary word. For the reasons which I will come to in relation to the conceptual aspect of the mark, the words 'HAI Performance' will be perceived as a unit and a misspelling of the phrase 'high-performance'.

The opponent's 'PAI' mark

38. The opponent's 'PAI' mark consists of the word 'PAI' which is the only element of the mark. There being no other components, the distinctive character of the mark lies solely in the word 'PAI'.

The opponent's 'PAI SKINCARE' mark

39. The opponent's 'PAI SKINCARE' mark is a series of two marks composed of the words 'PAI' and 'SKINCARE', presented in capital letters and in lower case respectively. I consider that the two words 'PAI' and 'SKINCARE', play independent distinctive roles, with the word 'PAI' being the most dominant and distinctive element within the mark, and therefore, playing a greater role in the overall impression. I consider that the descriptive nature of the word 'SKINCARE' in relation to the registered goods in class 3 (all of which are cosmetic product for the care for the skin), means that it will play a lesser role in the overall impression of the mark.

Visual similarity

40. In its counterstatement, the applicant states that the marks are different because they start with different letters, namely a 'H' and a 'P'. The applicant also says that the fonts and colours of the marks are different, however, it must be noted that since both marks are word marks, their notional use covers use in any font, case, and colour.

41. The opponent states that the visually the elements "*HAI and PAI are highly similar because they contain 3 letters and have the identical 2 letter suffix AI*".

42. Whilst the words 'HAI' and 'PAI' contain the same number of letters and share the second and third letters, the initial letters 'H' and 'P' are markedly different. Consequently, taking into account the following:

- (a) that consumers will attach more significance to the beginning of marks and that beginnings of marks retain the consumer's attention more than the following parts of word marks;⁴
- (b) that the letter "H" and the letter "P" are clearly different letters and are not visually (or aurally) similar and
- (c) that the words 'HAI' and 'PAI' are very short and the difference of one letter in the total length of the words (with each word being only three-letter long) has a strong impact on the impression conveyed by the words;

43. I concluded that the words 'HAI' and 'PAI' are visually similar only to an above low (but not medium) degree.

44. The respective marks also contains additional word-elements, namely the word 'Performance' (in the applicant's mark) and the word 'SKINCARE/Skincare' (in the opponent's second earlier mark). Comparing the applicant's 'HAI Performance' mark with the opponent's 'PAI' mark, the word 'Performance' (which has no equivalent in the opponent's mark) makes the applicant's mark look significantly longer (14 letters *versus* 3 letters) and I find that its impact lowers the overall degree of visual similarity to low. Comparing the applicant's 'HAI Performance' mark with the opponent's 'PAI SKINCARE' mark, although the impact of the word 'SKINCARE' is reduced due to its descriptive character, it is not completely negligible, and I find that the marks are visually similar to a very low degree.

Aural similarity

45. With respect to the phonetic comparison of the signs in question, the opponent states:

⁴ Joined Cases T-183/02 and T-184/02 *El Corte Inglés v OHIM- González Cabello and Iberia Líneas Aéreas España (MUNDICOR)* [2004] ECR II-965, paragraph 81

“Phonetically the marks are similar, as HAI and PAI both consist of one syllable. The applicant has confirmed HAI is pronounced as “high” (exhibits HS4 [...]) and the opponent has confirmed PAI is pronounced as “pie” (WSSB1, paragraph 9). The length of the words and rhythm of HAI and PAI are identical”.

46. It is common ground that the elements ‘HAI’ and ‘PAI’ will be pronounced as the words ‘high’ and ‘pie’. The signs therefore coincide in the pronunciation of the letters ‘AI’ and differ in the pronunciation of their initial elements, with the letter ‘H’ being voiceless and the letter ‘P’ having a hard sound.

47. The applicant’s mark and the opponent’s second mark also contain the additional words ‘Performance’ and ‘SKINCARE’. Although the words ‘Performance’ and ‘SKINCARE’ are descriptive of the goods (as they refers to the efficacy and nature of the goods respectively), I have concluded that the applicant’s mark will be perceived as a unit and in *Purity Hemp Company Improving Life as Nature Intended*,⁵ Mr Phillip Harris, sitting as the Appointed Person, stated that descriptiveness does not of itself render an element negligible or aurally invisible. The marks in their totalities are therefore aurally similar to a low degree (in the comparison with the first earlier mark) and very low degree (in the comparison with the second earlier mark).

Conceptual similarity

48. From a conceptual point of view, the opponent states that *“it is not possible to conduct an evaluation of the marks conceptually as both marks are not words native in the English language”*. I agree that a conceptual comparison of the first part of the marks taken in isolation is not possible, because the words ‘HAI’ and ‘PAI’ are meaningless. However, this conclusion is based on an artificial dissection of the mark.

49. As I have said, it is common grounds that the words ‘HAI’ and ‘PAI’ in the respective marks will be pronounced as the words ‘high’ and ‘pie’. Given that the word ‘HAI’ in the applicant’s mark is followed by the word ‘Performance’, the mark ‘HAI Performance’ in its totality will be pronounced as the phrase ‘high-performance’ which

⁵ BL O-115-22, paragraph 31.

is defined by the Cambridge online dictionary as *'able to operate to a high standard and at high speed'*. Although the applicant did not clearly make the claim that the mark 'HAI Performance' will be perceived as a unit, it stated that it represents the purpose and function of the goods in relation to which it is used. In this connection, Ms Liano states in her witness statement (emphasis added):

"[The applicant] already owns the following trade marks "marathoner", "sweatable", "deepdive", and "sport HAI". All of which are representative of our sport-based roots and dedication to performance products. Therefore "Performance" in our application for the trade mark "HAI PERFORMANCE" is not purely descriptive as asserted by the opponent; it is a critical part of our brand, which represent both the purpose and function of our products".

50. Further, Ms Brown, on behalf of the opponent, referred in the body of her first witness statement to the opponent's goods as **"high-performance"** formulation and **"high-performance"** product innovations and produced evidence showing use of the phrase **"high-performance"** by other traders in relation to skincare products.

51. Since the pronunciation of the mark 'HAI Performance' is the exactly same as that of the phrase "high-performance" and since the meaning of the phrase "high-performance" is relevant in the context of the goods at issue - which could be described as high-performance skincare and makeup products - the relevant public will, in my view, perceive the mark 'HAI Performance' as a unit referring to the concept of high performance goods. This is because letters and words are not just recognised by the mind as visual graphics, but are automatically associated with their sound and are stored in that manner in the memory. Consequently, the fact that the mark 'HAI Performance' sounds like the phrase 'high-performance' will, in my view, facilitate the process of association of the mark with the concept of high-performance.

52. Comparing the applicant's mark with the opponent's first mark, which consists of the word 'PAI' alone, the marks are conceptually different insofar as the applicant's mark will be perceived as a misspelling of the word 'high-performance' and the opponent's 'PAI' mark will be perceived as an invented word. The same goes for the

opponent's second mark, the presence of the descriptive word 'SKINCARE', not adding any distinctive concept to the mark.

Distinctive character of earlier mark

53. 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).”

54. 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.

55. Since the dominant and distinctive element of opponent's marks is the word 'PAI' which will be perceived as invented, the earlier marks are inherently distinctive to a high degree.

56. The opponent has also filed evidence of use. The evidence shows that the opponent is a UK company incorporated in 2006. The opponent produces a range of skincare products that are certified organic and vegan, and the goods were first marketed in the UK in 2007. The word 'PAI' means 'goodness' in Maori and was chosen by Ms Brown because of her New Zealand heritage and because it reflects the sustainability, ethical values and commitments of the business.

57. Pai goods are sold online through the business website at www.paiskincare.com as well as in a number of shops in the UK, the EU, North America and Asia Pacific. Ms Brown produces a list of 12 UK stockists of PAI branded goods which include the well-known retailer, John Lewis.

58. Overall net sales revenue generated by the sale of PAI branded goods in the UK were £1,247,635 in 2018, £1,762,207 in 2019, £1,770,447 in 2020 and £1,301,421 up to 31 July 2021, for a total of over £6million, with individual retail price ranging between £10 and £50. Marketing figures are also provided, however, they appear to be global rather than UK-specific and show that between 2017 and 2019 the opponent spend nearly £900,000 in marketing with a further £2.5million spend in 2020-2021.

59. Details are also provided about accreditations achieved and industry awards won by the opponent's goods. Examples of media coverage also show that the brand is used by celebrities including Natalie Portman, and that the brand received coverage on the BBC News, and in well-known UK magazines and newspapers such as Vogue, London Evening Standard, Evening Standard and Cosmopolitan, although the documents exhibited are undated.

60. The relevant date in this opposition is 21 August 2021. Although the UK sale figures are significant - amounting to over £6million – they are not huge, especially when they are broken down in annual figures. Further, the marketing figures are not UK specific and so it is impossible to know the size of the investment made by the

opponent in promoting the marks in the UK and most of the evidence about media coverage is undated. Finally, no evidence has been provided about the market share held by the opponent's trade marks, which for the goods at issue, I expect to be vast, even if I were to consider the relevant markets to be restricted to organic skincare products rather than skincare products at large. Although the opponent produces a list of over 80 awards won between 2011 and 2021, including the Queen Award for Enterprise in International Trade, which, it claims, show the brand reputation across the UK, this is not sufficient in itself to fill the gaps in the evidence in relation to other factors against which enhanced distinctiveness would be normally assessed.

61. Taking all of the above into account, my conclusion is that although the opponent's use of the earlier marks might have fractionally increased their distinctiveness, it did not materially increase the distinctiveness of the marks above their inherent high level.

Likelihood of confusion

62. 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 marks may be offset by a greater degree of similarity between the respective goods and services 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 goods and services 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 marks and must instead rely upon the imperfect picture of them that they have retained in their mind.

63. Confusion can be direct or indirect. The difference between these two types of confusion was explained in *L.A. Sugar Trade Mark*, BL O/375/10, where 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)."

64. Earlier in this decision I found that:

- the competing goods in class 3 are identical;
- some of the contested goods in class 21 are similar to a low degree;
- some of the contested goods in class 21, plus the contested goods in class 18, are dissimilar;

- relevant consumers of the goods at issue will include members of the general public, business users and professionals, such as beauticians;
- the purchasing process will be predominantly visual although I do not discount aural considerations;
- the earlier marks and the contested marks are visually and aurally similar to a low and very low degree, respectively, and conceptually different;
- the earlier marks are inherently distinctive to a high degree and although there has been some use of the marks, it has not materially increased their distinctiveness.

65. Whilst the opponent claims that there is a likelihood of confusion between the marks because the marks are similar and the goods are identical or similar, it does not really explain how confusion would occur, for example, it does not say whether it claims that consumers seeing the later mark would mistake it for the early marks (direct confusion) or that consumers, having noticed the differences between the marks, would nonetheless think that the user of the mark 'HAI Performance' is economically connected to the user of the marks 'PAI' and 'PAI SKINCARE' (indirect confusion).

66. Having considered all of the relevant factors discussed above, my conclusion is that there is no likelihood of confusion, neither direct nor indirect. I reach this conclusion because the similarity between the marks is so low that neither the identity of the goods nor the high distinctiveness of the earlier marks can counteract it.

67. Although I found that the words 'HAI' and 'PAI' in the respective marks are similar to an above low (but not medium) degree, the opponent's focus on the similarity between these elements of the marks is based on an analytical approach, which splits the marks up artificially in a manner in which the average consumer would not view, interpret or remember the marks. In particular, I found that the relevant public will interpret the applicant's mark 'HAI Performance' as a misspelling of the phrase 'high-performance' having a unitary character, whilst the opponent's marks are dominated by the invented word 'PAI'. Consequently, any visual similarity created by the elements 'HAI' and 'PAI' in the respective marks is cancelled out by their conceptual differences, and it therefore suffices to avoid any likelihood of confusion.

68. For the sake of completeness, I should also say that even if the average consumers would perceive 'HAI' and 'Performance' as independent elements, the above low (but not medium) degree of similarity between the elements 'HAI' and 'PAI' would not be sufficient for the consumers to mistake one mark for the other. In reaching this conclusion, I consider that the differences created by the letters 'H' and 'P' at the beginning of the marks (which are very short) is quite noticeable and will result in a visual difference capable of distinguishing the signs, taking into account the principles that the beginning of word marks tends to retain the consumer's attention more than the following parts, even when imperfect recollection is factored in. In the absence of such mistake, I cannot see any reason why the average consumers would assume that the later mark is a brand extension or variant mark of the earlier 'PAI' and/or 'PAI SKINCARE' marks.

69. There is no likelihood of confusion. The opposition under Section 5(2)(b) fails accordingly.

Section 5(3)

70. Section 5(3) states:

“(3) A trade mark which-

(a) 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 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”.

71. Section 5(3A) states:

“(3A) Subsection (3) applies irrespective of whether the goods and services for which the trade mark is to be registered are identical with, similar to or not similar to those for which the earlier trade mark is protected”.

72. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, Case 252/07, *Intel*, Case C-408/01, *Adidas-Salomon*, Case C-487/07, *L’Oreal v Bellure* and Case C-323/09, *Marks and Spencer v Interflora* and Case C383/12P, *Environmental Manufacturing LLP v OHIM*. 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* and *Environmental Manufacturing, paragraph 34*.

(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*).

73. The relevant date for the assessment under Section 5(3) is the filing date of the application at issue, being 21 August 2021.

Reputation

74. In *General Motors, Case C-375/97*, the CJEU held that:

“25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.

26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.

28. Territorially, the condition is fulfilled when, in the terms of Article 5(2) of the Directive, the trade mark has a reputation ‘in the Member State’. In the absence of any definition of the Community provision in this respect, a trade mark cannot be required to have a reputation ‘throughout’ the territory of the Member State. It is sufficient for it to exist in a substantial part of it.”

75. Under its Section 5(3) ground, the opponent relies on the same registrations as it did under its Section 5(2)(b) ground and claims to have obtained a reputation in relation to the same goods and services relied upon under Section 5(2)(b).

76. I have already discussed the evidence of use above. While I do not have any evidence or submissions as to the size of the market at issue, I am of the view that it is a sizeable market with a turnover in the region of hundreds of millions of pounds per annum in the UK. The annual turnover provided by the opponent, although not insignificant, is not necessarily large in comparison to the market at issue. Further, there are not marketing figures for the UK, and the examples of press coverages are undated, but I recognise that the opponent has won a large number of awards in the ten years preceding the relevant date.

77. Taking all of the evidence into account, the best that can be said for the opponent is that the earlier marks enjoyed a small reputation in the UK for skincare products at the relevant date.

Link

78. As noted above, my assessment of whether the public will make the required mental 'link' between the marks must take account of all relevant factors. The factors identified in Intel are:

The degree of similarity between the conflicting marks. The earlier marks and the contested marks are visually and aurally similar to a low and very low degree, respectively, and conceptually different;

The nature of the goods or services for which the conflicting marks are registered, or proposed to be registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public. The goods in relation to which the earlier marks have a reputation are skincare products. These are more restricted than the registered cosmetics and beauty products, and so whilst some of the contested goods in class 3 are still identical, other goods which I would categorise as make-up products are similar to a medium to high degree. Skincare products are also similar to the contested goods in classes 21 and 18 to the same extent that I found at paragraphs 28-30 above;

The strength of the earlier mark's reputation. The opponent's registrations enjoy a small reputation in the UK.

The degree of the earlier mark's distinctive character, whether inherent or acquired through use. I have found that the earlier marks are inherently distinctive to a high degree.

Whether there is a likelihood of confusion. I have found that there is no likelihood of confusion between the parties' marks.

79. I am now required to determine whether, in this particular case, the relevant public would bring the opponent's registrations to mind when confronted with the applicant's mark, thereby creating the necessary link. Taking all of the above into account, I am of the view that the relevant public will not make a link between the parties' marks. However, if I am wrong, I am not persuaded that any link would be more than a fleeting and superficial one, and as such, it would not result in any damage to the reputation of the earlier marks.

80. The opposition under Section 5(3) also fails.

Section 5(4)(a)

81. Section 5(4)(a) states:

“(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented-

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, where the condition in subsection (4A) is met,

(aa) [...]

(b) [...]

(c)

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark.”

82. Subsection (4A) of Section 5 states:

“(4A) The condition mentioned in subsection (4)(a) is that the rights to the unregistered trade mark or other sign were acquired prior to the date of application for registration of the trade mark or date of the priority claimed for that application.”

83. In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court, conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56. In relation to deception, the court must assess whether “*a substantial number*” of the Claimants' customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

Goodwill

84. In *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL):

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

85. The relevant date for the assessment under Section 5(4)(a) is normally the filing date of the application at issue, being 21 August 2021. Although the applicant has filed evidence that it has been trading in the UK since 2016 – and earlier use might, in some circumstances, give rise to an earlier date for the purpose of the assessment of a claim for passing off - this seems to refer to use of a different brand, i.e. ‘HAI SPORTS’ or

'SPORTHAI', rather than use of the applied-for mark. As such, I will proceed on the basis that the relevant date is 21 August 2021 and that, based on the evidence already discussed, the opponent had sufficient goodwill at that date to bring an action for passing off.

86. The opponent's case is based on use of the earlier sign 'PAI' which is identical to the first earlier mark relied upon under Section 5(2)(b) and 5(3). I recognise that the test for misrepresentation is different to that for likelihood of confusion, namely, that misrepresentation *requires "a substantial number of members of the public are deceived"* rather than whether the *"average consumer are confused"*. However, as recognised by Lewinson L.J. in *Marks and Spencer PLC v Interflora*, [2012] EWCA (Civ) 1501, it is doubtful whether the difference between the legal tests will produce different outcomes. Certainly, I believe that this is the case here and I find that, because of the differences discussed in respect of the Section 5(2)(b) grounds between the opponent's sign and the applicant's mark, the relevant public will not be misled into purchasing the applicant's goods in the belief that they are the opponent's goods.

87. The opposition based upon Section 5(4)(a) also fails.

OUTCOME

88. The opposition fails, and the application will, therefore, proceed to registration.

COSTS

89. The applicant has been successful and would ordinarily be entitled to an award of costs. However, as the applicant is an unrepresented party, the tribunal wrote to the applicant and asked it complete and return a costs pro-forma if it intended to seek an award of costs. It was advised that, if the pro-forma was not returned, no award of costs would be made. The pro-forma has not been received by the Tribunal and I therefore direct that the parties bear their own costs.

Dated this 1st day of February 2023

**Teresa Perks
For the Registrar**