

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION No 2190404  
BY CDNOW INC  
TO REGISTER THE TRADE MARK:**

**CDNOW**

**IN CLASSES 9 AND 16**

**AND**

**IN THE MATTER OF OPPOSITION THERETO  
UNDER No 50665  
BY EMI RECORDS LIMITED AND VIRGIN RECORDS LIMITED  
BASED UPON THE EARLIER TRADE MARK:**

**NOW**

## TRADE MARKS ACT 1994

**IN THE MATTER OF Application No 2190404  
by CDnow, Inc  
to register the trade mark:  
CDNOW  
in classes 9 and 16 and  
IN THE MATTER OF Opposition thereto under No 50665  
by EMI Records Limited and Virgin Records Limited**

### **Background**

1) On 1 March 1999 CDnow, Inc applied to registered the trade mark **CDNOW**. The application was published on 3 November 1999 with the following specifications:

*consumer electronic products; audio and video recordings, tapes, compact discs, records, video cassettes and discs*

*printed matter, printed publications, books, magazines, newsletters*

The specifications are in classes 9 and 16 respectively.

2) On 1 February 2000 EMI Records Limited and Virgin Records Limited jointly filed notice of opposition to this application.

3) The opponents are the joint owners of United Kingdom trade mark registration no 1557496 for the trade mark **NOW**. This registration is registered in respect of the following goods:

*discs and tapes, all bearing sound and/or video images; all included in class 9*

The registration was filed on 24 December 1993 and registered on 9 August 1996.

4) The opponents claim that the respective trade marks are similar and encompass identical or similar goods; consequently registration of the application in suit would be contrary to Section 5(2)(b) of the Act. The opponents seek an award of costs.

5) The applicant filed a counterstatement. He denies that the respective trade marks are similar and so states that there is no likelihood of confusion. He also seeks an award of costs.

6) The parties filed evidence.

7) The matter came to be heard on 7 May 2002 when the opponents were represented by Ms McFarland of counsel, instructed by Mathisen and Macara and the applicant was represented by Ms Heal of counsel, instructed by David Keltie Associates.

### **Evidence of the parties**

8) The applicant filed evidence in chief and the opponents evidence in reply. I have

considered this evidence carefully, it was referred to and discussed at the hearing. I do not consider that the evidence which has been furnished has a bearing upon my deliberations. The evidence of the applicant tried to establish the case that the parties had co-existed in the market place. However, his evidence showed use of his trade mark as an on-line retail service; not use on the goods of the application in suit. The evidence of the applicant also showed use of the trade mark of the opponents in a limited manner and sphere, not across the whole gamut of potential fair use. Other evidence of the applicant went to the matter that the examiner of the application had not cited the registration of the opponents. I do not consider that the search choices and decisions of the examiner have a bearing upon my considerations in these proceedings. I have to consider the matters afresh and with an open mind. Consequently, I do not consider that I need say anything further about the evidence which was adduced into these proceedings.

## Decision

9) The ground of opposition pursued by the opponents is under sections 5(2)(b) of the Trade Marks Act 1994. The relevant provision reads as follows:

Section 5:

“(2) A trade mark shall not be registered if because -

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

The term ‘earlier trade mark’ is defined in section 6 of the Act as follows:

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

(a) a registered trade mark, international trade mark (UK) or Community trade mark 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.”

10) In determining the question under section 5(2), I take into account the guidance provided by the European Court of Justice (ECJ) in *Sabel BV v. Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V.* [2000] FSR 77 and *Marca Mode CV v. Adidas AG* [2000] ETMR 723. It is clear from these cases that:-

(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v. Puma AG* page 224;

(b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v. Puma AG* page 224, 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; *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V.* page 84, paragraph 27.

- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v. Puma AG* page 224;
- (d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV v. Puma AG* page 224;
- (e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* page 132, paragraph 17;
- (f) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v. Puma AG* page 224;
- (g) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* page 133 paragraph 29.

### **Comparison of goods**

11) The European Court of Justice held in *Canon* in relation to the assessment of the similarity of goods and/or services that the following factors, inter alia, should be taken into account: their nature, their end users and their method of use and whether they are in competition with each other or are complementary.

12) The goods of the application in suit are: *consumer electronic products; audio and video recordings, tapes, compact discs, records, video cassettes and discs and printed matter, printed publications, books, magazines, newsletters.* The goods of the earlier registration are: *discs and tapes, all bearing sound and/or video images; all included in class 9.*

13) The goods of the earlier registration include *audio and video recordings, tapes, compact discs, video cassettes and discs;* the respective goods are, therefore, identical. *Records* of the application in suit are identical to the goods of the earlier registration in all respects except for the medium of the recording. I, therefore, consider *records* to be highly similar to the goods of the earlier registration. In relation to the class 9 specification I am left with *consumer electronic products* to consider. The term is somewhat imprecise, and not one that I have been able to find in a standard dictionary. Counsel did not give any elucidation as to what is meant by this phrase. Therefore, I have to arrive at the meaning of this phrase from my own experience and knowledge. It appears to me that it is used to describe a range of electronic goods for entertainment and/or communication e.g. compact disc players, tape decks, computers. (In this case the particular goods are also limited by being in class 9). The term is used to describe such apparatus as tape decks or DVD players rather than the tapes or the

DVDs which the apparatus plays. As the applicant has not particularised the goods encompassed by *consumer electronic products* I must consider it in its full potential meaning and reach a conclusion as to the similarity of goods based upon this. It seems to me that the goods encompassed by this term which are closest to those of the earlier registration are such things as tape decks, CD players and recorders, DVD players and recorders, video recorders. A CD player needs a CD in order to serve its purpose, equally a CD without a CD player is of as much use as tin of sardines without the key. There is a symbiotic and mutually dependant relationship. The respective goods are, therefore, complementary. The use and end users of the respective goods are, in my examples, the same: to give e.g. musical entertainment and the user is the person who desires such entertainment. I cannot see that one would substitute one set of goods for the other, this would be contradictory to their complementary nature. Therefore, I do not consider that the respective goods are in competition. One set of goods can be described as the entertainment hardware, the other as the entertainment “software” – in a figurative sense. I consider, therefore, that their natures are different. I would finally note that in my experience such goods as CD or DVD players are either sold in different shops to CDs and DVDs or if sold in a large shop are sold in separate areas of the shop. Taking all these factors, of similarity and dissimilarity, into account I consider that *consumer electronic products* of the application in suit are similar to the goods of the earlier registration.

14) I now turn to the goods of class 16 of the application in suit. Ms McFarland submitted that there was a “nexus” between the class 16 goods and those of the earlier registration. She stated that high street retailers such as W H Smith habitually sell compact discs, videos and the like alongside printed publications, magazines, newspapers etc. There may be a connection between the goods under consideration. However, I consider it necessary to consider whether, within the parameters of *Canon*, the respective goods are similar. The goods of the application in suit *printed matter, printed publications, books, magazines, newsletters* cover a large spectrum of goods. *Printed matter* in itself includes all the goods that follow it. The specification of the earlier registration includes “talking book” type publications. *Printed matter, printed publications* include novels, plays and poetry. The sort of matter that is published in a “talking book” format. A print book and a “talking book” are both used to give literary entertainment; they serve the same purpose. Potentially the user, being defined by the use, is the same. One could consider buying a print version of a book or a recorded version; consequently there is some competition between the goods. The goods have a different nature and I cannot envisage that they are complimentary; as they are in competition they are more likely to be mutually exclusive. Considering all the various factors I consider that *printed matter, printed publications, books* of the application in suit are similar to the goods of the earlier registration.

15) I am left with *magazines* and *newsletters* to consider. In my experience such goods are not normally supplied in disc or tape format; with the exception of the specialist services of the RNIB. Counsel did not address me on this specific matter. Again I need to rely upon my own experience. In that experience record companies furnish magazines and newsletters in order to promote their wares; especially in the area of new releases and re-issues. Consequently *magazines* and *newsletters* could be considered complementary to the goods of the earlier registration. They will have the same user, someone interested e.g. in music. However, I cannot see that in any other aspects the respective goods coincide in relation to the *Canon* criteria. Taking these matters into account I consider that *magazines* and *newsletters* enjoy a degree of similarity with the goods of the earlier registration; although not a high degree of similarity.

## Comparison of signs

16) The trade marks to be compared are as follows:

Earlier registration:

Trade mark in suit:

**NOW**

**CDNOW**

17) Ms Heal argued that because of the presence of CD at the beginning of the trade mark in suit, and the low inherent distinctiveness of the earlier registration, that the respective signs are not similar.

18) The CD element of the application in suit is not subsumed into a greater whole. Phonetically it is isolated from the rest of the trade mark. In relation to CDs and CD related goods I consider that CD is an element of very low inherent distinctiveness. The distinctive and dominant component of the trade mark is the NOW element. The argument that NOW is lacking in distinctiveness does not affect the issue of similarity, even if it is true. NOW is a valid registration and so enjoys the rights of a registered trade mark. It has not been brought to my attention that the validity of the registration has been challenged by way of an application for invalidity. In relation to CDs and CD related goods I cannot see how the public would not find the respective signs similar; all they have to discriminate between them is the description of the goods – CD. So I do not see that anything turns upon the distinctiveness of NOW, owing to the extreme similarity of the two trade marks. Ms Heal appeared to argue that I should consider the trade mark in suit in a vacuum in relation to the issue of similarity; that I should not consider the goods for which it has been applied. I consider that in comparing the trade marks I must bear in mind the relevant goods as this will affect the perception of distinctive and dominant elements.

19) For the sake of completeness I will deal with the degree of distinctiveness of the earlier registration. As the earlier trade mark is a registration I must start with the presumption of its validity and that it enjoys at least a minimum level of distinctiveness. (I note that the registration was advertised before acceptance under the 1938 Act). The European Court of Justice in *Lloyd* held that:

“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, judgement 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).”

Ms Heal argued that NOW simply indicates immediacy. No doubt it does indicate immediacy, however, this does not stop it also acting as an indicator of origin for the goods for which it is registered. In my opinion, in relation to a record label or similar undertaking, I believe that NOW has a reasonable capacity to identify the goods as emanating from one undertaking. (Just as CD conjoined with NOW can prima facie act as an indicator of origin for CDs.)

20) In use, in relation to CDs and CD related goods, where CD is effectively a descriptor, I

consider that there is an obvious visual, phonetic and conceptual similarity. In relation to goods that are not CDs or CD related, I still consider that NOW is the distinctive and dominant component of the trade mark in suit and so again there will be a visual, phonetic and conceptual similarity.

**21) Taking the above into account I find that the respective signs are similar. Indeed that they are similar to a very high degree**

### **Conclusion**

22) In considering the likelihood of confusion I must make a global assessment. I have to consider the proximity of the signs. I have to take into account that the public seldom compare trade marks directly but rely upon imperfect recollection. In the instant case I consider the respective signs are highly similar. I, of course, bear in mind that whilst taking into account the dominant elements of the trade marks I must still consider them in their entirety. Certain of the goods are either identical or highly similar; in considering the likelihood of confusion I need to take into account the proximity of the respective goods. In such a context, high degree of similarity of signs, identical or very similar goods, it is inevitable that I find that there is a likelihood of confusion. In relation to certain of the goods, e.g. *magazines* and *newsletters* there is a lesser degree of similarity but still similarity. In reaching a decision in relation to the likelihood of confusion in relation to such goods I have particularly borne in mind the following comments of the European Court of Justice in *Canon*:

“Accordingly, the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion within the meaning of Article 4(1)(b) of the Directive (see *SABEL*, paragraphs 16 to 18).”

*Magazines* and *newsletters* whose subject matter is CDs, sold under CDNOW, will I believe lead the public to believe that the goods emanate from the opponents or undertakings which are economically linked to the opponents. The consumer would reach a similar conclusion, I believe, if confronted with a CD player bearing the trade mark CDNOW and a CD bearing the trade mark NOW.

**23) I, therefore, find that there is a likelihood of confusion in respect of all the goods of the application in suit.**

**24) The opponents are entitled to a contribution towards their costs and I therefore order the applicant to pay them the sum of £835. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.**

**Dated this 7<sup>th</sup> day of June 2002**

**D.W. Landau  
For the Registrar  
the Comptroller-General**