

O-223-08

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 2363401 IN THE NAME OF
SKYWORTH TV HOLDINGS LTD**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER NO. 94077 BY
BRITISH SKY BROADCASTING GROUP PLC**

TRADE MARKS ACT 1994

**IN THE MATTER OF application
No. 2363401 in the name of Skyworth
TV Holdings Ltd and in the matter of
opposition thereto under No. 94077 by
British Sky Broadcasting Group Plc**

BACKGROUND

1. On 15 May 2004 Skyworth TV Holdings Limited applied to register the following mark:

SKYWORTH

for the following specification of goods:

Class 9

Apparatus for recording, transmission or reproduction of sound or images or data or information; televisions, laser discs players, digital video disc players, DVD recordable, portable digital video disc players, compact disc players, set-top boxes, electric cable boxes, wide band modems, video recorders, video players, cassette players, amplifiers, loud speakers, audio and video receivers, radios, tape recorders, microphones, video cameras; parts and fittings for all the aforesaid goods; all in Class 9.

2. On 23 January 2006 British Sky Broadcasting Group Plc filed notice of opposition to this application citing grounds under sections 5(2)(b), 5(3) and 5(4)(a) of the Act. The opponent relies on the following two earlier trade marks:

Mark	Registration No.	Registration Date	Specification
SKY	2302176B	31.12.2004 (filing date of 5. 6. 2002)	Class 9: Photographic, cinematographic, weighing, measuring, radio, television, sound recording, sound reproducing, telecommunications, signalling, checking (supervision), teaching apparatus and instruments; apparatus for recording television programmes; apparatus

			<p>for recording, transmission, reproduction or reception of sound or images; electrical and electronic apparatus for use in the reception of satellite, terrestrial or cable broadcasts; television receivers including a decoder; set-top boxes for use in decoding and reception of satellite, terrestrial and cable broadcasts; apparatus for decoding encoded signals including set top boxes for television reception; set top box apparatus including a decoder and an interactive viewing guide; set top box apparatus including a decoder and a recorder for recording television and audio programmes; set top box apparatus including a decoder and a recorder programmable to transfer stored recordings to storage and also to delete the older recordings; recorded television and radio programmes; recorded programmes for broadcasting on television and on radio; video recordings; computers; computer programmes; electronic computer games; electronic interactive computer games; computer software and computer programs for distribution to, and for use by, viewers of a digital television channel for the viewing and purchase of goods; computer games software and computer quiz software; computer video games and/or quizzes adapted for use with television receivers and screens or with video monitors or with computer screens; computer programmes for interactive television and for interactive games and/or quizzes; electronic publications, computer software, computer games, computers video games, all relating to betting, gaming, gambling, lottery or book making services; video screens; video projectors; tapes, discs and wires, all being magnetic;</p>
--	--	--	---

			<p>cassettes and cartridges, all adapted for use with the aforesaid tapes; blank and pre-recorded audio and video cassettes, tapes and cartridges; compact discs; dvd discs; phonographic records; laser readable discs for recording sound or video; ROM cartridges, CD Roms, cards and discs, integrated circuit cards, memory carriers, recording media, all pre-recorded with computer video games and/quizzes; encoded cards; radio and television signal antennae; parts and fittings for all the aforesaid goods; sunglasses.</p> <p>Class 28: Toys, games and playthings, electronic games; hand-held electronic video games; parts and fittings therefor, gymnastic and sporting articles; ordinary playing cards.</p> <p>Class 36: Insurance, financial affairs; monetary affairs; financial services; credit services; finance services; financial services, all relating to betting, gaming, gambling, lotteries or book making; provision of financial information relating to betting, gaming, gambling, lotteries or book making services; information, advice and assistance relating to the aforementioned services.</p> <p>Class 41: Education and entertainment services; provision of training; education and entertainment services by means of radio, television, the Internet and on-line databases; hiring, rental and leasing of cine-films, video cassettes, sound recordings, sound recording apparatus, sports apparatus, television sets and video recorders;</p>
--	--	--	--

			<p>production of films for television and cinema; provision of information relating to television and radio programmes, to entertainment, music and to sport; providing on-line electronic publications (not downloadable); publication of magazines, books, texts and printed matter; publication of electronic books or journals on-line; provision of recording studio facilities; live show production services; organising of sporting activities and competitions; information and advisory services relating to education, recreation, sport and to entertainment; information relating to education, entertainment, recreation or sport, provided on-line from a computer database or the Internet; organisation of competitions; box office services; credit betting, gaming, gambling, lottery or book making services; credit card betting, gaming, gambling, lottery or book making services; production and presentation of programmes transmitted by television, the Internet or other telecommunication channels for the conduct of the interactive viewing, selection and purchase of goods; ticket reservation services relating to entertainment; production and presentation of radio and television programmes, interactive television, interactive games, interactive entertainment and interactive competitions; production and presentation of competitions, contests, games, quizzes, studio entertainment and audience participation events; interactive services for television viewers; viewing guide services; sporting and cultural activities; betting, gaming and gambling services; organising and conducting lotteries; electronic betting, gaming, gambling and</p>
--	--	--	---

			<p>lottery services provided by means of the Internet, or via a global computer network, or on-line from a computer network database, or via telephony including mobile telephones, or via a television channel including a television channel distributed by satellite, terrestrial or cable television broadcast; credit betting, gaming, gambling, lottery or book making services; credit card betting, gaming, gambling, lottery or book making services; electronic publishing services; information and advisory services relating to the aforesaid services; news, current affairs and educational information services; video taping and filming services, factual information services relating to television programmes, and to sport.</p> <p>Class 42: Design and development of computer hardware and software; design, drawing and commissioned writing all for the compilation of web pages on the Internet; information provided on-line from a computer database or via the Internet; creating and maintaining websites; installation, rental and maintenance of computer software; leasing access time to an information database; providing access to a database storing information relating to a variety of goods; weather forecasting; home computer services.</p> <p>Class 43: Services for providing food and drink; arranging, booking and reservation of accommodation; temporary accommodation services; restaurant services; bar services; cafeteria and snack bar services; hotel services, hotel reservations services; restaurant information</p>
--	--	--	--

			<p>services.</p> <p>Class 45: Provision of horoscopes.</p>
SKY +	2271255	23.11.2001 (filing date of 29. 5. 2001)	<p>Class 9: Electrical and electronic apparatus and instruments; all relating to communications and broadcasting; scientific, nautical, surveying, optical, weighing, checking (supervision), telecommunications apparatus and instruments; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers; radio, television, sound recording, sound reproducing apparatus and instruments; recorded programs for television and for radio; recorded television programmes, recorded radio programmes, recordings of broadcast data; computer programs; tapes, discs and wires, all being magnetic media; cassettes and cartridges, all adapted for use with the aforesaid tapes; encoded cards; blank and pre-recorded audio and video cassettes, tapes, discs and cartridges; compact discs; dvd discs; phonographic records; laser readable discs for recording sound or video; apparatus for decoding encoded signals including set-top boxes for television reception; decoders for television reception; video projectors, video screens; sunglasses; electronic computer games; electronic interactive computer games; parts and fittings for all the aforesaid goods.</p> <p>Class 16: Printed matter; periodical publications; newspapers; magazines and comics; journals and books; photographs; instructional and teaching material; posters; postcards and greeting</p>

			<p>cards; calendars; diaries; cards and stickers for collecting and collating in albums; ordinary playing cards.</p> <p>Class 35: Advertising and promotional services; rental of advertising space; television advertising commercials; preparation and presentation of audio and visual display for advertising purposes; dissemination of advertising matter; arranging and conducting of trade shows and exhibitions; marketing studies; business planning, inspection, surveys and appraisal services; provision of business information; receipt, storage and provision of computerised business information data; compilation of business statistics and commercial information; all relating to television, radio and satellite broadcasting.</p> <p>Class 38: Television and radio broadcasting services; broadcasting and transmission of radio or television programmes; transmission of sound and/or pictures; computer aided transmission of messages and images; communications services by satellite, television and/or radio; hiring, rental and leasing of communications apparatus; telecommunications information.</p> <p>Class 41: Television and radio entertainment and educational services; interactive services for television viewers; television, radio and film production; video tape, cine film and video film hire; provision of information relating to television and radio programmes; entertainment, music, sport and recreation; organisation of competitions; box office services; publishing services.</p>
--	--	--	--

			<p>Class 42: Restaurant services; bar services; cafeteria and snack bar services; hotel services, hotel reservation services; restaurant information services; video taping and filing services; leasing access time to information databases; information provided on-line from a computer database or the Internet; design, drawing and commissioned writing, all for the compilation of web pages on the Internet; creating and maintaining web sites; weather forecasting; horoscopes; professional consultancy services relating to broadcasting; rental of computer software; home computer services; installation and maintenance of computer software; news and current affairs; factual information services relating to television broadcasting and programmes, and to sport.</p>
--	--	--	--

3. The applicant filed a counter-statement in which it denied all the grounds of opposition. The counter-statement also included a claim that the applicant has an established reputation for various electronic products, gave worldwide annual sales figures for its products for the years 2002 to 2004, a list of its trade marks registrations throughout the world and attached an extract from its parent company's 2005 brochure. None of this information was in the form of evidence and I do not propose to summarise it more fully.

4. Both parties filed evidence and the matter came to be heard before me on 18 July 2008. At the hearing, the applicant was represented by Mr M Needleman of Stevens, Hewlett & Perkins and the opponent by Mr P Roberts of Counsel instructed by Olswang.

The evidence

5. The opponent filed evidence in the form of witness statements from:

Simon Robert MacLennan (with exhibits 1-61): Mr MacLennan is a solicitor employed by the opponent since June 2001. He has been their Head of Intellectual Property since March 2006.

Nigel Walley:

Mr Walley is the managing director of Decipher Consultancy Ltd, said to be the leading expert consultancy in the area of digital media strategy in the UK. He has been actively involved in analysing the market and business trends in the converging industries of television, telephony and computing since 1997.

Joel Anthony Barry (with exhibits JAB1-20):

Mr Barry is a partner in Olswang, the opponent's legal representatives with responsibility for handling the proceedings on behalf of the opponent.

6. Mr Barry also filed a witness statement in reply to the applicant's evidence along with a further exhibit.

The applicant filed evidence in the form of witness statements by:

Frederick Leung (with exhibits FL1-18):

Mr Leung is a director of the applicant company

Martin John Warren (with exhibit MJW1)

Mr Warren has been Professor of Applied English Linguistics at Hong Kong Polytechnic University since 1994.

History of the opponent

7. It is not in dispute that the evidence shows the opponent to operate a pay television satellite broadcasting service in the UK and Republic of Ireland. It broadcasts a range of television channels including those dedicated to news, sports, music and movies. British Sky Broadcasting Group PLC is now the proprietor of the earlier trade marks relied on in these proceedings with British Sky Broadcasting Ltd being an exclusive licensee of them. The following points in the development of the opponent's business emerge from the evidence.

24 September 1980 Sky Television PLC incorporated.

26 April 1982

Sky Television plc started broadcasting under the name Satellite TV. It used low powered satellites to broadcast across Europe. The service used large satellite dishes

which received the signals and because of their size the service was principally broadcast via a cable network or those in multi-occupation building such as hotels.

- June 1983 News International acquired 65% of Sky Television plc
- January 1984 First use of the SKY brand by adoption of the name SKY CHANNEL
- December 1988 The higher powered "Astra" satellite launched. Service provided three channels-SKY CHANNEL, SKY MOVIES, SKY NEWS
- 5 February 1989 SKY Television PLC launched its "direct to home" satellite TV service. Through the use of the Astra satellite coupled with smaller satellite dishes, the television signal was available directly at the home of the viewer.
- April 1990 Rival British Satellite Broadcasting Ltd launched
- November 1990 Sky Television plc and British Satellite Broadcasting Ltd merged, with the former becoming a wholly owned subsidiary of the latter.
- 19 December 1990 British Satellite Broadcasting Ltd changed its name to British Sky Broadcasting Ltd.
- 1991-1994 Launch of Sky Sports, Sky Movies Gold, Sky Sports 2. Sky Soap and Sky Travel encrypted television channels.
- 30 June 1994 Assets of both British Sky Broadcasting Ltd and its subsidiary Sky Television plc were assigned to Precis (1265) Ltd (which later changed name to British Sky Broadcasting Ltd.)
- 1 July 1994 British Sky Broadcasting Ltd changed its name to British Sky Broadcasting Group plc.
- 1995-1997 Launch of Sky Sports Gold, Sky Sports 3, Sky Scottish, Sky Premier, Sky Moviemax, Sky Cinema and Sky Box Office channels.
- June 1998 Sky Digital launched offering 140 channels.
- 24 October 2003 British Sky Broadcasting Ltd assigned its UK and Community trade marks containing the word SKY to British Sky Broadcasting Group plc.

Subscribers

8. The number of households subscribing to SKY channels, through the direct to home service and via cable, is provided as follows:

As at 30 th June	Households (millions)
1992	1.76
1993	2.47
1994	3.48
1995	4.16
1996	5.02
1997	5.86
1998	6.35
1999	6.76
2000	8.29
2001	9.25
2002	9.35
2003	11.34
2004	13.44

9. The above figures include households receiving SKY branded channels either as pay TV channels on payment of a subscription or as free to air channels. The term "household" includes not only domestic residences but commercial premises such as pubs, clubs and hotels. The opponent has supplied to commercial premises since 1993. In addition, as at 30 June 1994, more than 900,000 viewers whose services were provided by rival cable companies also received one or more SKY channels through that service.

10. The Broadcasters' Audience Research Board (BARB) is the body responsible for providing estimates of the number of people watching television. Its figures for the above periods show a relatively consistent figure of between 22 and 24 million UK homes owning a television set (which equates to approximately 97% of all UK homes). BARB figures are also provided to show the cumulative reach (actual viewers) of SKY channels in the UK as a percentage of the total UK viewing audience as follows: (See exhibits 7, 8 and 12).

As at March	Cumulative reach (%)
1998	28.4
1999	29.7
2000	32.1
2001	34.9
2002	40.8
2003	44.6
2004	46.8

11. In November 1998, the UK's first digital terrestrial television service (Ondigital) was launched. SKY branded channels were supplied to it by the

opponent and as at March 2000 approximately 647,000 subscribers were receiving such channels via this route. Ondigital (later ITV Digital) collapsed in 2002.

Trading information

12. Annual turnover figures for business under trade marks consisting of or incorporating the word SKY and primarily, but not limited to turnover generated in the UK and Ireland are given as follows (see exhibit 12):

1 July to 30 June	1998	1999	2000	2001	2002	2003	2004
Group Turnover (£million)	1,434	1,545	1,847	2,306	2,776	3,186	3,656

13. Annual expenditure on marketing under trade marks consisting of or incorporating the word SKY in the UK are given as follows:

Year (1 July -30 June)	Expenditure (£m)
1998-1999	275
1999-2000	381
2000-2001	378
2001-2002	416
2002-2003	401
2003-2004	396

14. Information collated by Nielsen Media Research, (see exhibit 14) an independent researcher and information provider, show that between 1998 and 2003 the opponent was ranked either the second (2002) or top (all other years) advertising spender in the entertainment and media sector. In terms of all market sectors, the opponent was ranked between 41st (2002) and 9th (2000) in terms of advertising spend in the UK. Advertising has been carried out via national and local newspapers, specialist publications and magazines, radio, cinema and television commercials, outdoor posters and building wraps (See exhibits 4, 15, 16, 17, 19 and 26). A survey conducted by McCann-Erickson (reported in The Times 15 April 1989) showed an 87% awareness of satellite television with an 84% awareness of SKY. A 70% awareness was shown of the SKY service being launched that month.

15. In addition, the opponent developed and runs large numbers of internet sites including www.sky.co.uk (introduced in October 1996), www.sky.com (April 2000), www.sky.tv (April 2001), www.skyplus.co.uk (August 2003) and www.skyplus.tv (July 2003).(Exhibit 22) which between them received a daily hit rate of visitors of around 200,000 in January 2002 rising to around 400,000 by June 2004 (exhibit 24).

Use on other goods and services

16. In addition to the core satellite broadcasting business described above the opponent uses its SKY marks on or in relation to a range of goods and services including the following:

Set top boxes and remote control devices

17. SKY Digibox and SKY+ set top boxes are used in conjunction with a Smart card. They decrypt and decode satellite signals. All new subscribers to SKY digital services purchase a set top box in order to receive and view the television services (exhibit 48). SKY branded set top boxes have also been available to non-subscribers to enable them to receive free-to-air programming. As at September 2001, there were 5,498,000 households subscribing to the digital services who each owned a SKY set top box. Figures for all SKY subscribers (i.e. including non digital viewers) are given above. Each subscriber also purchases a remote control device. All set top boxes and remote control devices bear the SKY mark.(Exhibit 10).

SKY+ Personal Video Recorders

18. The opponent launched the SKY+ service in July 2001 with the first products supplied to customers in September that year. The service requires subscribers to purchase an integrated personal video recorder ("PVR"). The equipment uses a hard disk recorder to record programmes. As at 31 March 2004, there were 322,000 subscribers to the SKY+ services who each had had to purchase a PVR.

19. The SKY+ PVR was ranked No.1 gadget in both The Guardian and The Independent newspapers in 2004 (Exhibit 50).

Magazine

20. The opponent launched a monthly magazine which was first published in 1994 under the title SKY TV Guide. Its current name, SKY magazine, was adopted in October 2002. The magazine is distributed exclusively to the great majority of SKY digital viewers.

Interactive Services

21. Interactive services allow subscribers to access what are essentially SKY+ internet sites and those of third party providers. The services allow viewers to purchase goods and services from a variety of providers such as High Street banks, travel agents, social, gaming and leisure companies, general retailers and fast food providers. Interactive games have also been available through the SKY digital service since December 2002 with some of them available to download to a mobile phone.

Internet and Telephone services

22. The SKY telephone service was launched in late 1997/early 1998 (and was replaced by SKY Talk in 1999). The service provides home telephone packages (Exhibit 33). Since June 1999 the opponent has been an internet service provider through its SKY NOW service

23. Short messaging services and multimedia interactive services using a combination of Internet and broadcast resources were introduced in 1999 and 2001 respectively (Exhibit 38). These provide a variety of information (e.g. sports results and entertainment news). Mobile wireless application protocol services were introduced in July 2000 and, as at June 2002, had 2 million page impressions (exhibit 24).

More recent developments

24. The opponent has introduced the following products and services since the material date in these proceedings - August 2005: launch of the SKY Gnome, portable wireless audio device. November 2005: Mobile TV services (Exhibit 39). May 2006: HDTV Service. July 2006: SKY Broadband services. These are only relevant in so far as they confirm that the opponent has continued its practice of extending the range of goods and services it offers.

The applicant's evidence

25. So far as the applicant's position is concerned Mr Leung has provided evidence which sets out fully its position within Skyworth Digital Holdings Limited, a Hong Kong Stock Exchange listed company. It is not necessary to record the full details as they serve as background only to the issues before me.

26. Mr Leung goes on to deal with the history and use of the Skyworth marks including numerous registrations of the mark worldwide. In terms of the UK market Exhibit FL-9 contains a bundle of invoices, forwarders' receipts, packing lists and test reports for products imported to this country. The inspection documents and invoices bear dates in October and November 2004 which is after the relevant date. Also exhibited, as Exhibits FL-10 and 11 are bundles of brochures and pamphlets showing use of the mark in issue along with application forms and invoices relating to trade fair attendance. None of these documents relate (or at least not obviously so) to the UK market.

27. The remainder of his evidence consists largely of submissions in response to issues raised in the opponent's evidence. Rather than dealing with them here I will pick up on the issues (to the extent I consider them relevant) in the body of my decision below. I also deal below with expert evidence filed on behalf of the applicant dealing with the meaning of the respective marks.

DECISION

Section 5(2)

28. The relevant part of Section 5(2) of the Act is 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 of association with the earlier trade mark.”

29. On 27 April 2006, the European Court of Justice (ECJ) handed down a reasoned Order disposing of the appeal in Case C-235/05P *L’Oreal SA v. OHIM*. The relevant legal principles, drawn from the Court’s earlier judgments in *Sabel* [1998] RPC 199, *Lloyd Schuhfabrik Meyer* [2000] FSR 77 and *Canon* [1999] RPC 117 are set out in the summary in that Order, the relevant part of which is re-produced below (references omitted):

“34 It is settled case-law that likelihood of confusion on the part of the public must be assessed globally, taking into account all factors relevant to the circumstances of the case.

35 That global assessment implies some interdependence between the relevant factors, and in particular a similarity between the trade marks and between the goods or services covered. Thus, a lesser degree of similarity between those goods or services may be offset by a greater degree of similarity between the marks, and vice versa. Accordingly, it is necessary to give an interpretation of the concept of similarity in relation to the likelihood of confusion, the assessment of which depends, in particular, on the recognition of the trade mark on the market and the degree of similarity between the mark and the sign and between the goods or services covered.

36 In that regard, as the more distinctive the earlier mark, the greater the risk of confusion, marks with a highly distinctive character, either *per se* or because of the reputation they possess on the market, enjoy broader protection than marks with a less distinctive character.

37 -

38 -

39 –

40 In the first place it is settled case-law that in order to assess the degree of similarity between the marks concerned, it is necessary to determine the degree of visual, aural or conceptual similarity between them and, where appropriate, to determine the importance to be attached to those different elements, taking account of the category of goods or services in question and the circumstances in which they are marketed.

41 In addition, the global assessment of the likelihood of confusion must, as regards the visual, aural or conceptual similarity of the marks in question, be based on the overall impression created by them, bearing in mind, in particular, their distinctive and dominant components. The perception of the marks in the mind of the average consumer of the goods or services in question plays a decisive role in the global assessment of the likelihood of confusion.”

Comparison of goods and services

30. The opponent was not required to show proof of use of its earlier trade marks. It follows that the full notional scope of the specifications of the two earlier trade marks relied on can be brought to bear.

31. The leading authorities on how to go about determining similarity between goods and services are accepted to be the *Canon* case (supra) and *British Sugar Plc v James Robertson & Sons Ltd (Treat)* [1996] R.P.C. 281. In the first of these cases the ECJ accepted that all relevant factors should be taken into account including the nature of the goods/services, their intended purpose, their method of use and whether they are in competition with each other or are complementary. The criteria identified in the *Treat* case 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.

32. Sky's earlier trade mark registrations cover a wide range of goods and services in a number of classes. It will be sufficient for current purposes to note that No. 2302176B includes a wide range of audio visual/broadcast entertainment goods in Class 9 and an equally wide range of broadcast entertainment services in Class 41. No. 2271255 has a similar breadth of goods and services in Classes 9 and 41 as well as broadcasting and transmission services in Class 38.

33. More specifically, it is to be noted that both the applied for mark and the earlier trade marks have in their specifications "apparatus for recording, transmission and reproduction of sound or images" along with parts and fittings thereof. There can be no question, therefore, that identical goods are in play. The remaining items in the applied for specification are, in the main, simply specific examples of goods that fall within the above-mentioned broad terms. To the extent that this is not the case (it may be said that a set-top box is for receiving and decoding signals rather than recording, transmitting or reproducing), the goods would fall within the broader terms making up the opponent's specifications (for instance, apparatus for reception of sound and images; electrical and electronic apparatus for use in the reception of satellite, terrestrial and cable broadcasts, etc).

34. The opponent's broadcasting and entertainment services can clearly not be identical to the applicant's goods being different in nature and method of use. Nevertheless, the users are the same and apparatus for recording, transmission or reproduction of sound or images is closely connected with the broadcast services that such apparatus is intended to receive and reproduce. In *Alecansan v OHIM*, Case T-202/03, the CFI noted (without disapproving) the practice adapted in the OHIM Opposition guidelines to the effect that "... goods and services are complementary if 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 the production of those goods or for the provision of those services lies with the same undertaking".

35. It is true that providers of broadcast entertainment services or telecommunication services do not always supply related hardware but it is also the case, that, for instance, broadband service providers will supply the modems and hubs that are integral to the operation of such services. In this particular case it has been shown that Sky is a provider of a range of hardware items (televisions, controllers, digital receivers/decoders, etc). In some cases e.g personal video recorders (PVRs), it is not possible to subscribe to SKY+ without also purchasing a SKY+ PVR. There is thus complementarity and some overlap in terms of channels of trade. Taking these factors into account I find that there is a moderate degree of similarity between the services I have identified and the applied for goods as well as identity between the goods themselves (or, strictly speaking, relevant parts of the opponent's goods specification).

The average consumer

36. The goods and services considered above are predominantly aimed at the general public but also extend to commercial venues such as pubs and clubs etc. The purchase of such goods and services will tend to involve not insignificant capital outlays or a commitment to subscribe to a service on a regular (usually monthly) basis. That suggests consumers will pay a reasonable degree of attention to such purchases, though, in the case of items of hardware they are likely to be occasional purchases only, such goods having a reasonable life expectancy.

The evidence as to the meanings conveyed by the marks

37. Before coming onto a comparison of the similarities and differences between the marks I need to say a few words about the evidence that has been filed addressing the question of how I should approach the respective marks.

38. The opponent's SKY marks require little in the way of elucidation. SKY is the only element of one of the marks and SKY+ is likely to be seen as an enhanced or improved version of goods or services supplied under the base mark. The evidence shows that, in use, SKY is often accompanied by a further (mainly) descriptive element such as NEWS, SPORT, TRAVEL, DIGITAL etc. The supporting element is also, on occasions, allusive or less directly descriptive. Examples are ACTIVE, GOLD, TALK, NOW etc.

39. The applied for mark is the single word SKYWORTH. Mr MacLennan's evidence for the opponent exhibits an extract from Collins' 21st Century English Dictionary showing that WORTH means "high quality, excellence" or "value, price". Used in combination with SKY he suggests that this would lead consumers to believe that SKYWORTH equipment is a high quality range of equipment offered by the opponent.

40. In response, the applicant has filed a lengthy witness statement by Martin John Warren, Professor of Applied English Linguistics at The Hong Kong Polytechnic University. He firstly notes that SKYWORTH is a neologism formed by the bringing together of two words to form a compound. Unlike a prefix or suffix SKY and WORTH have the potential to be words independent of each other. As to the meaning of the compound word he suggests that this can be found in the applicant's corporate slogan "Wide sky, infinite worth" (to be found in Exhibit JAB-14). He concludes that the word SKYWORTH is used as a metaphor conveying the message "boundless opportunities for limitless value".

41. That composite meaning is, in his view, distinguishable from the opponent's usage where the first element of, for example, SKY NEWS or SKY SPORTS is used to identify the source of the news and sports respectively (that is to say the second element simply describes the subject matter). In other words SKY in this latter context does not have a meaning derived from the literal or metaphorical meanings of SKY. This is in contrast to what

Professor Warren refers to as the applicant's emphatic use of SKY (as used, for instance, in an expression such as 'sky-high prices'). Thus, in Professor Warren's view SKYWORTH would be understood to mean 'exceptionally high value'.

42. Next, Professor Warren suggests that the spelling conventions employed by the parties in constructing their marks further distinguishes the brands. SKYWORTH employs what is described as a 'solid' spelling convention. He draws an analogy in the difference between black bird (a bird that is black in colour) and blackbird (a particular species of bird). The opponent's marks on the other hand employ an 'open' convention, SKY NEWS, for example. The latter supports the meaning that SKY NEWS denotes the sources of the news services rather than a distinct type of news.

43. Professor Warren then addresses co-occurrences of SKY and WORTH. A Google search found no instances of SKY and WORTH forming part of the same linguistic element in the text. Where the two words did appear in the same context it was merely in expressions such as 'SKY BROADBAND – is it worth it?' Professor Warren concludes that there is nothing to suggest that SKY and WORTH are likely to be used in compound form other than by the applicant and its related companies. The instances where the words might typically co-occur are not such as to lead to confusion between the parties' respective goods and services.

44. The final part of Professor Warren's evidence deals with the likelihood of SKYWORTH being shortened to SKY. I will deal with this separately below.

45. Mr Barry has replied to Professor Warren's evidence. He firstly notes that Professor Warren is an expert witness but notes that he (Professor Warren) does not address all the factors required by the global appreciation test. In particular, he has not addressed the matter from the correct perspective, ie that of the average consumer and has failed to factor in the reputation attaching to the opponent's mark.

46. Mr Barry also rejects Professor Warren's claim as to the emphatic nature of the element SKY in the mark SKYWORTH. Whilst he accepts that SKY may have a descriptive or emphatic function in combinations such as "sky blue" or "sky high", SKYWORTH does not lend itself to being construed in this way because the sky does not have an intrinsic 'worth'. Hence SKY in the context of the applied for mark would, in his view, be seen as a reference to the opponent.

47. Before giving my own views on the issues thus identified by the parties I should comment on Professor Warren's position. He is clearly an expert witness, his area of expertise being linguistics. The role of an expert witness was explained in *The European Limited v The Economist Newspaper Ltd* [1998] FSR 283 where Millett LJ stated:

"The function of an expert witness is to instruct the judge of those matters which he would not otherwise know but which it is material for

him to know in order to give an informed decision on the question which he is called on to determine. It is legitimate to call evidence from persons skilled in a particular market to explain any special features of that market of which the judge may otherwise be ignorant and which may be relevant to the likelihood of confusion. It is not legitimate to call such witnesses merely in order to give their opinions whether the two signs are confusingly similar. They are experts in the market, not on confusing similarity.”

48. It is not, therefore, a legitimate criticism to say that Professor Warren has failed to consider all the factors that go to determining whether there is a likelihood of confusion. On the contrary he would have been exceeding his remit had he done so. Where his evidence has strayed into the area of expressing a view on issues to do with confusion I have not given it any weight. A more recent reaffirmation of the position and function of expert witnesses can be found in the Court of Appeal’s judgment in *esure Insurance Limited and Direct Line Insurance Plc* [2008] EWCA Civ 842.

49. It follows that, whilst I take note of Professor Warren’s comments on the word SKYWORTH, there are factors outside the scope of his evidence that I must also address, notably the consumer perspective and the reputation attaching to the opponent’s mark.

50. Turning to the evidence and submissions in relation to the composition of the mark SKYWORTH, I accept Professor Warren’s evidence to the effect that SKYWORTH is a compound neologism, the constituent elements of which are clearly apparent and with both elements being words with clear meanings in their own right. I am far from convinced that the average consumer will interpret the mark to mean “boundless opportunities for limitless value” (paragraphs 8 and 13 of Professor Warren’s witness statement). It is true that in an expression such as ‘sky-high prices’, the word SKY is used in an emphatic sense but that is a known expression. There is, to the best of my knowledge, no use of SKY in combination with WORTH such as is likely to produce the meaning ascribed to the combination by Professor Warren. Furthermore, consumers do not pause to unpick or interpret marks in this way. They will take the word(s) at face value and not seek to ascribe a meaning, even subliminally, in a context (trade mark usage) where no such exercise is called for unless, of course, the descriptive or allusive message is readily apparent.

51. As regards the ‘solid’ spelling of SKYWORTH there is force to Professor Warren’s point that there can be a subtle but meaningful distinction between ‘solid’ and ‘open’ spelling of words. His example is ‘blackbird’ and ‘black bird’. Likewise, ‘Mayfair’ (a fashionable district of central London) is to be distinguished from ‘May Fair’ (albeit that the district was named after an annual fair that took place in that area in the seventeenth century).

52. But I do not understand Professor Warren to be suggesting that it is always or even generally the case that ‘solid’ or ‘open’ presentation affects

meaning. (Trade mark, for instance, is normally written as two words in this country but as one word in US usage but without affecting meaning.)

Comparison of the marks

53. There are a number of key principles that can be taken from cases that have come before the European Courts. Relevant to my consideration of the marks in this case are the following points. In Case C-3/03P *Matrazen Concord v OHIM* it was held that:

“.....the assessment of the similarity between two marks does not amount to taking into consideration only one component of a complex trade mark and comparing it with another mark. On the contrary, such a comparison must be made by examining the marks in question, each considered as a whole. It [the CFI] also held that that does not mean that the overall impression created in the mind of the relevant public by a complex trade mark may not, in certain circumstances, be dominated by one or more of its components.”
(paragraph 32)

54. In Case C-120/04, *Medion AG v Thomson multimedia Sales Germany & Austria GmbH*, the Court recognised (albeit in the context of a composite mark consisting of two separate words) that:

“However, beyond the usual case where the average consumer perceives a mark as a whole, and notwithstanding that the overall impression may be dominated by one or more components of a composite mark, it is quite possible that in a particular case an earlier mark used by a third party in a composite sign including the name of the company of the third party still has an independent distinctive role in the composite sign, without necessarily constituting the dominant element.

In such a case the overall impression produced by the composite sign may lead the public to believe that the goods or services at issue derive, at the very least, from companies which are linked economically, in which case the likelihood of confusion must be held to be established.

The finding that there is a likelihood of confusion should not be subject to the condition that the overall impression produced by the composite sign be dominated by the part of it which is represented by the earlier mark.” (paragraphs 30 to 32)

Medion was a case where the earlier mark was incorporated in a later mark which included the company name of a third party. However, the reasoning has been held to apply to other types of composite marks (*Rousselon Freres et Cie v Horwood Homewares Ltd* [2008] EWHC 881 (Ch) at paragraph 89).

55. In Case C-334/05P, *Shaker di L. Laudato & C. Sas v OHIM*, the Court referred, without disapproving, to the observation of the Advocate General that:

“.....it is only if all the other components of the mark are negligible that the assessment of the similarity can be carried out solely on the basis of the dominant element.” (paragraph 42)

56. Finally, it has usually been held that it is the beginnings of marks that are generally more important (see to that effect Case T-9/05 *Hoya Kabushiki Kaisha v OHIM* at paragraph 37). It was also reaffirmed in Case T- 22/04, *Reemark Gesellschaft für Markenkooperation mbH v OHIM*, that:

“It must also be borne in mind that the Court of First Instance has already held that, on an initial analysis, where one of the two words which alone constitute a word mark is identical, both visually and aurally, to the single word which constitutes an earlier word mark, and where those words, taken together or in isolation, have no conceptual meaning for the public concerned, the marks at issue, each considered as a whole, are normally to be regarded as similar (Case T-286/02 *Oriental Kitchen v OHIM – Mou Dybfrost (KIAP MOU)* [2003] ECR II-0000, paragraph 39).”

57. The position may be different where an element within a mark has a descriptive connotation. Thus, in Case T-325/04 *Citigroup, Inc v OHIM* the Court of First Instance considered the weight and conceptual effect of the two elements of the mark **WORLDBANK** and found that the second element of the mark carried more weight for the following reasons:

“82 Visually and phonetically, the weight of the two elements cited above in the perception of the relevant public is comparable, since the impact of the element ‘world’ is slightly more pronounced on account of its position at the beginning of the mark applied for. Conceptually, however, in accordance with the rules of English grammar, the element ‘world’ will be perceived by the relevant consumers, on account of its position at the beginning, as an adjective meaning ‘global’ and qualifying that element ‘link’. Thus, the conceptual weight of the element ‘world’ will be less than that of the element ‘link’, since the first element is subordinate to the second one. Moreover, on account of its meaning, the element ‘world’ will be perceived as being descriptive of one aspect of the services covered, since financial services are often provided at a global level, whilst the element ‘link’ is at most allusive in relation to those services, as was found at paragraph 68 above. It follows that, conceptually, the element ‘link’ is significantly more important in the overall impression given by the mark applied for. However, its distinctive character is not sufficient to render the other element negligible, which means that it cannot be regarded as the dominant element of that mark.”

58. Mr Roberts submitted that SKY is in one case the sole element and in the other the distinctive and dominant element of the opponent's marks; that it is entirely subsumed within the applicant's mark; that WORTH is laudatory and as such unlikely to be regarded as the distinctive and dominant component of the mark SKYWORDH; that it creates no synergy with SKY; and that both marks converge on the element SKY.

59. Mr Needleman, for the applicant, submitted that the element WORTH would not convey the laudatory meaning of value when seen in the context of the mark as a whole; that it was not accepted that SKY was the dominant component; that WORTH could be said to be visually dominant being a longer element within the mark; and that the whole of the applied for mark would simply be seen as an invented word.

60. Before applying the standard test of visual, aural and conceptual similarity, it will be convenient to set out my own view on the construction of the applied for mark and how consumers will approach it. It is of some advantage to the applicant that its mark is SKYWORDH and not SKY WORTH. But the compound word readily yields its component parts. In other words there is minimal disguise in the formulation of the compound but, for the reasons given above, it is unlikely to create the distinct meaning that is suggested by Professor Warren. Equally, I am not convinced that the WORTH element will be regarded as a distinct laudatory element as contended for by Mr Roberts. The public does not analyse marks looking for meaningful elements in this way.

61. I, therefore, approach the marks on the basis that conjoining the elements creates a neologism; that the neologism is subtly different to SKY WORTH (two words) and should not be construed as if it were simply a single word; nevertheless the constituent elements are clear; and the compound word is unlikely to suggest any obvious meaning to the average consumer who does not indulge in wordplay.

62. Visually, it is clear that SKY is the first and an important element in the mark SKYWORDH but the latter is a longer word so the visual similarity is limited in scope. Aurally, the applied for mark is a two syllable word but with the syllable break clearly resulting in the word being broken down into its constituent elements of SKY and WORTH. The stress would appear to fall on the first syllable thus giving it some additional emphasis. Conceptually, I take the view that SKYWORDH has no discernible meaning as a totality even though the average consumer would be subliminally aware of the meaning of the component elements. On the other hand, it does not have a clear meaning of its own (such as 'skyscraper' or 'skylark') that would put further distance between it and SKY *solus*. In overall terms there is a low to moderate degree of similarity between the competing marks.

Distinctive character of the SKY marks

63. It is well established that both inherent and acquired distinctiveness must be considered. In terms of inherent qualities SKY has a meaning in the English language that requires no explanation. There is an attempt in Professor Warren's evidence to suggest that the word has some meaning in the context of broadcasting services. He says "it is possible that some customers might infer that 'SKY' has descriptive relevance in relation to the satellite television services that it provides in that it could be taken to be denoting the signal travelling via the satellite in the sky to the customers' television sets" (paragraph 9). I find that suggestion to be somewhat fanciful and far removed from consumers' thought processes. The word SKY has no descriptive or even allusive reference to the goods and services in issue. It enjoys a reasonably high degree of distinctiveness even considered as an unused mark.

64. However, this is a case where acquired distinctiveness plays a crucial role. There is no dispute that the opponent has a huge reputation in its SKY marks. What is challenged by the applicant is the extent of that reputation. Mr Needleman cited the wide range of goods and services covered by the earlier trade marks and indicated that it was not accepted that the reputation extended to all of them. Mr Roberts' position, taken from his skeleton argument, was that the SKY marks enjoyed "this enhanced distinctive character in relation to television broadcasting, electronic audiovisual equipment and accessories, and a whole host of other areas. The goods specified in Class 9 in the application are not merely at the periphery of Sky's reputation; they are an integral part of the goods and services at the heart of Sky's core fields of activity."

65. Sky's reputation is first and foremost as a provider of broadcast entertainment services. I use entertainment in the broadest sense to cover its offerings in news, sport, film, travel, etc. The household subscription figures given earlier in this decision are impressive in their own right and even more so when allowance is made for the number of commercial premises (pubs, clubs, hotels, etc.) that also take the service. The effect of the latter has been to expand the range of people who are aware of SKY beyond those who are themselves subscribers. Information from an authoritative source (BARB) has been provided showing cumulative reach of the SKY channels to be at about 45% of the UK viewing audience by the relevant date. The only thing I need to add in relation to the broadcast services is that the evidence shows incremental technical and content additions and developments have been consistently introduced over the years to maintain the service's leading position in the marketplace.

66. In terms of the Class 9 goods there is force to Mr Needleman's submission that the opponent's reputation is not co-extensive with the scope of its earlier trade marks' specifications. A cursory glance at the first few lines of the specifications of the earlier trade marks is sufficient to reveal an extremely wide range of goods. In reality the goods trade has been much narrower.

67. Sky's digital service was launched in 1999 though the project had been in gestation since 1994. In order to receive this digital service subscribers need a set top box (STB). The STBs are manufactured by third parties but are branded SKY (it is in principle irrelevant that the products may be manufactured by others). It seems that the number of such boxes in use at any given time can actually exceed the number of pay television subscribers because individuals who cease to take the service can continue to use the STB for free to air programmes.

68. In July 2001, the opponent launched its SKY+ integrated personal video recorder (PVR). The unchallenged evidence is that it is not possible to subscribe to SKY+ without also purchasing a SKY+ branded PVR.

69. There are other examples of SKY branded goods that are closely associated with the broadcast entertainment service notably a remote control and a games controller. Remote controllers commonly accompany the associated goods and service and in those circumstances would be branded accordingly.

70. There is also evidence of SKY branded televisions and so-called home cinema systems being offered for sale - see Exhibit 42. That particular exhibit is after the relevant date but the launch of these products is referred to in the Sky magazines in exhibit 40. The date on the front cover of the first (?) of the magazines to display these goods (the front cover features Hugh Grant) is difficult to decipher but I note that one of the offers in the publication has a closing date of 30 November 2003. As the magazine itself is said to be distributed to "the great majority of SKY DIGITAL subscribers" (9.4.1 of Mr MacLennan's evidence) awareness of these Sky branded goods would have been achieved quite quickly. The sale of televisions, although having considerable affinity with the broadcast services and other related SKY branded products, is not so intimately bound up with the core services as the STBs and PVRs but is evidence of an expanding range of SKY branded goods.

71. On the basis of the above the opponent's reputation does not by any means cover the range of goods for which its marks are registered in Class 9 but the opponent is entitled to claim an enhanced degree of distinctive character for the sort of home entertainment products described above. In coming to this view I bear in mind that some (but certainly not all) of those products are not just compatible with, and complementary to, the broadcast services but provide a necessary means of accessing and controlling those services. The enhanced distinctive character associated with use of the SKY marks in relation to these goods is, of course, buttressed by the huge reputation in the broadcast services.

72. There are a number of other issues covered in the evidence and argued before me that are said to have a bearing on the ultimate question of whether there is a likelihood of confusion. I will set out my views on these issues before drawing the threads together.

Shortening of the SKYWORTH mark

73. Mr Barry has filed evidence showing instances of abbreviation of SKYWORTH to SKY by the applicant, its associated companies, distributors or retailers. He invites me to infer two things – firstly that people naturally contract the mark and secondly that SKY is thus shown to be the distinctive and dominant element. The exhibits he produces in support of this are:-

JAB-8 - a review of a SKYWORTH product on the website www.keohi.com. The two page article comparing a SKYWORTH product to a Panasonic equivalent contains no less than five (Mr Barry refers to four) references to the shortened form SKY.

JAB-9 - a further page from the same website containing a further reference in a similar vein.

JAB-10 - a page from the website of a sister company. However, I can see no reference to a shortened form of the word.

JAB-11 - a page from a website called itrademark.com in which a sales representative of Skyworth Auto introduces herself in the following terms:

“Hello, I’m Ms Snow
I’m the Sales at Sky”

The page itself is headed SKY. Mr Barry also points out that the logo form of the word that is used is very similar to one of its own registered marks, a copy of which is exhibited at JAB-12.

JAB-13 - a copy of an article published in a magazine called Hong Kong Electronics in 2002 which carried the headline ‘The Sky’s The Limit’ when describing the applicant’s growth potential.

JAB-14 - a copy of press release published on the Skyworth.com website referring to the new corporate slogan ‘WideSky, Infinite Worth’.

74. Mr Leung and Professor Warren have responded to this on behalf of the applicant. Mr Leung claims that there has never been a scheme or campaign to contract SKYWORTH to SKY and exhibits at FL-14 copies of his company’s manuals setting out guidelines on how the SKYWORTH mark is to be used. His own searches on Google suggest that the use on www.keohi.com was an isolated example (see Exhibits FL-15 and FL-16).

75. Professor Warren observes that the examples contained in Mr Barry's evidence show ellipsis in the sense that they occur in contexts where the reader has already been exposed to the full name. There are in his view no examples of a writer using the short form without having previously set out the full form of the name.

76. Having considered the evidence and submissions outlined above I am far from being persuaded that there is a material level of use of SKY as an abbreviated version of SKYWORTH. I accept that the applicant has not sought to promote or encourage such usage. The corporate marketing guidelines suggest quite the opposite. The Exhibit JAB-11 material is the only example of a member of staff employing the abbreviation. It may be an isolated instance of an individual acting outside normal company guidelines on corporate identification.

77. Exhibits JAB-8 and JAB-9 are external websites and must, as Mr Warren suggests, be seen within the context that the writer has already introduced the full name SKYWORTH. They are in any case a very small number of instances of such usage.

78. Exhibits JAB-13 and JAB-14 use SKY as wordplays in contexts in which in other respects the full name is consistently used – 'The Sky's The Limit' and 'Wide Sky, Infinite Worth'. The first of these is a well known expression. Its usage as a wordplay in the context of the applicant company and its products appears to me to be innocently intended and innocuous. The second usage, as a corporate slogan, would be of slightly more concern if it became disassociated from the full name but the example given is taken from an announcement in Hong Kong. In the context in which it is used as part of overall corporate branding it does not seem to me to further the opponent's claim in relation to contraction of the mark.

79. Taking the evidence as a whole it provides some slight support for the claim that the SKY element of SKYWORTH is the more memorable component of the mark and the element which more easily lends itself to wordplay. But it does not enable any wider conclusions to be drawn on the propensity to contract the mark SKYWORTH.

The state of the register and the state of the marketplace

80. Mr Leung has exhibited at FL-18 a schedule showing a large number of marks registered in this country (or CTMs having effect here) that consist of or incorporate the element SKY. Similar lists are provided covering New Zealand and Australia - I assume because these are also English speaking countries.

81. There are a number of reasons why this material is of little or no relevance. Firstly, although from the brief details supplied it is apparent that the registrations in question are for, or include, Class 9 goods, no further information is given that would shed light on whether they would be likely to clash in any way with the opponent's area of trade.

82. Secondly, it is well established that mere state of the register evidence is rarely to be given any weight. The following well known passage from *British Sugar Plc v James Robertson & Son Ltd*, [1996] RPC 281, gives the reasons why this should be so:

“Both sides invited me to have regard to the state of the register. Some traders have registered marks consisting of or incorporating the word "Treat". I do not think this assists the factual inquiry one way or the other, save perhaps to confirm that this is the sort of word in which traders would like a monopoly. In particular the state of the register does not tell you what is actually happening out in the market and in any event one has no idea what the circumstances were which led the registrar to put the marks concerned on the register. It has long been held under the old Act that comparison with other marks on the register is in principle irrelevant when considering a particular mark tendered for registration, see e.g. [MADAME Trade Mark](#) [FN26] and the same must be true under the 1994 Act. I disregard the state of the register evidence.”

83. Thirdly, there is in this case evidence, albeit limited in scope, as to the position in the marketplace. A report commissioned from the commercial investigation firm, Farncombe International, and exhibited at JAB-7 to Mr Barry's witness statements, failed to identify any brand name in the audio-visual goods field containing SKY on its own (or as a prefix or suffix) save for the opponent's own goods. Those enquiries were directed at 10 of the UK's largest electrical retailers. Whilst it must be recognised that the investigator's enquiries did not extend to all areas of the electrical/electronic goods market, the evidence as to the position in the marketplace tends, if anything, to favour the opponent rather than the applicant.

Decisions in disputes involving SKY marks

84. Reference has been made to a number of decisions in this and other jurisdictions involving SKY marks. Exhibit 45 to Mr MacLennan's evidence is a copy of a decision by a Registry hearing officer finding against the applicant for the mark SKYSTORM in the face of various SKY marks. Mr Barry also refers to a decision of the Swiss Registry involving the parties (or related companies) where the mark SKYWORD was successfully opposed (Exhibit JAB-4).

85. Mr Needleman, for his part, referred me to a decision of the First Board of Appeal where British Sky Broadcasting Group Plc was the applicant for the mark SKY and faced opposition by Vortex. Annuling the Opposition Division's decision, the Board found no likelihood of confusion with the mark SKYROCK (there was evidence of an agreement between the parties but the decision did not turn on the existence of the agreement). Mr Needleman suggested that this showed the opponent took inconsistent positions depending on whether it was applicant or opponent. There are, I understand, other cases where decisions have gone against the current opponent.

86. Mr Roberts was right in my view to suggest that the matter cannot be determined by reference to these other decisions. They involve different tribunals (for the most part), different facts, different material dates, different evidence, etc. If there is anything at all to be taken from these decisions, it is that there is scope for argument and that the actual outcome in any particular case will depend on the usual global appreciation of a variety of factors including the parties' trading circumstances in any given market.

The absence of instances of confusion

87. The applicant's trading activity in this country fell after the material date and was very limited in scope. Mr Needleman suggested that there was co-existence in one or more overseas markets. However, there is no evidence that can be used to reliably test that claim. In any case the absence of instances of confusion is rarely telling.

88. In *Compass Publishing BV v. Compass Logistics Ltd* [2004] RPC 41 at paragraph 26, Laddie J said:

"The reason why the rule of thumb referred to above does not give a safe indication of whether there is infringement in this case is because of the nature of the parties' respective presences in the market. They are not in competition with each other. The business consultancy field is enormous. Indeed, on the basis of the evidence before me, the logistics section of the business consultancy field is enormous. The claimant's core activities are not in the logistics field, the defendant's are. Furthermore, even within that field, the defendant is a very small player, as will be explained below. In those circumstances it is not surprising that there has been no confusion in the market-place. To date the claimant and the defendant are in different parts of the market. This does not come close to imitating the notional world used for determining likelihood of confusion under Art.9.1(b)."

89. This is a principle that was confirmed by Warren J in *Rousselon Freres et Cie v Horwood Homewares Limited* [2008] EWHC 881 (Ch):

"99. There is a dispute between Mr Arnold and Mr Vanhegan whether the question of a likelihood of confusion is an abstract question rather than whether anyone has been confused in practice. Mr Vanhegan relies on what was said by Laddie J in *Compass Publishing BV v Compass Logistics Ltd* [2004] RPC 41 at paragraphs 22 to 26, especially paragraph 23. Mr Arnold says that that cannot any longer be regarded as a correct statement of the law in the light of *O2 Holdings Ltd v Hutchison 3G Ltd* [2007] RPC 16. For my part, I do not see any reason to doubt what Laddie J says. *O2 v H3G* was a case considering infringement, not invalidity, and although there is of course some commonality between matters relevant to each, it is correct, in the context of infringement, to look only at the particular circumstances of the alleged infringement. In contrast, in cases of validity, it is necessary

to look across the whole range of goods covered by the registration. The Court of Appeal was unimpressed by the suggestion that the abstract test applicable to validity applies in the case of infringement, but it did not give even a hint that the validity test as understood was incorrect: see paragraph 34 of the judgment of Jacob LJ.”

90. This was also the position of the Court of Appeal in *The European Ltd v. The Economist Newspaper Ltd* [1998] FSR 283 at p 291 and *Phones 4U Ltd v. Phone 4u. co. uk Internet Ltd* [2007] RPC 5 at paragraphs 42 to 45.) The matter was succinctly summed up by Millet LJ in the former case:

“Absence of evidence of actual confusion is rarely significant, especially in a trade mark case where it may be due to differences extraneous to the plaintiff’s registered trade mark.”

91. On a separate matter, Professor Warren has also commented on co-occurrences of SKY and WORTH. The examples he gives (paragraph 26 of his witness statement) show that such co-occurrences normally only occur in contexts where it is clear that ‘worth’ is being used in an entirely descriptive context to indicate the value associated with something. That is to say circumstances that do not give rise to issues of confusion. However, I do not share the view implicit in Professor Warren’s evidence that, because there are no other identifiable instances of SKY and WORTH being used in compound form, this necessarily addresses the question of whether confusion with the opponent’s mark is likely to occur.

Conclusions on likelihood of confusion

92. As the *L’Oreal* case reaffirms, the likelihood of confusion must be assessed globally taking into account all factors relevant to the circumstances of the case. The interdependency principle is important whereby a lesser degree of similarity between goods and services may be offset by a greater degree of similarity between the marks and vice versa. In this case identical goods and similar services are in play but the marks have a low to moderate degree of similarity.

93. The enhanced distinctive character of the opponent’s SKY marks must also be factored into the equation. I have little doubt that the reputation attaching to the SKY marks is such that consumers faced with the mark SKYWORTH in relation to home entertainment/audio visual entertainment goods could not fail to make an association with the opponent. But it is settled law that 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 (*Marca Mode CV v Adidas AG*, [2000] E.T.M.R. 723 at paragraph 41). On the other hand if the association is such as to cause 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 this section (*Canon Kabushiki Kaisha v MGM*, [1999] R.P.C. 117 at paragraph 29).

94. Confusion may be direct or indirect. This is not a case where one mark will be mistaken for the other. For that to happen it would require the average consumer (who is deemed to be reasonably circumspect and observant) to either ignore the second element of the mark SKYWORTH or to discount its impact on the basis that it is laudatory or imparts a value statement. For the reasons I have given above in considering the marks I rule out such an approach.

95. On the other hand the prominence of the SKY element within the applied for mark will lead to consumers being more than simply reminded of the brand leader. Such is the reputation of the SKY marks in this area of trade that, in my view, they will assume that goods offered under the mark SKYWORTH represent either an extension of trade or a development of the SKY brand with which they are already familiar. On that basis the opposition succeeds under Section 5(2)(b).

Other grounds of objection

96. My finding under Section 5(2)(b) decides the outcome of the opposition. There is strictly no need, therefore, to go on to consider the grounds under Section 5(3) and 5(4)(a). There are just a couple of points that I need to make. Firstly in relation to Section 5(3), it is now well established that confusion is not a necessary ingredient for a party to succeed (*DaimlerChrysler v Alavi (Merc)* [2001] R.P.C. 42). However, in the recent appeal decision in *esure Insurance Limited and Direct Line Insurance Plc*, [2008] EWCA Civ 842, Jacob LJ held, by reference to the equivalent provisions in First Council Directive 89/104 (and in doing so reinstating the hearing officer's decision on indirect confusion):

“That, as it seems to me, is an end of the case. For if an Art. 4(1)(b) case is made out, an Art.4(3) case is bound to succeed. Where there is confusion there is both unfair advantage and detriment to the distinctive character of the registered mark.”

97. The circumstances of this case are similar in as much as I have held that there would be indirect confusion. I see no need to consider whether the Section 5(3) objection could be sustained separately if I was held to be wrong in relation to the confusion point.

98. In relation to Section 5(4)(a), there is no dispute as to the requirements for such an objection. They are conveniently set out in *Wild Child Trade Mark* [1998] R.P.C. 455 and require a plaintiff or opponent to demonstrate the classic trinity of goodwill, misrepresentation and damage.

99. The opponent's pleaded case referred under the heading 'Representation of the earlier mark, sign or right' on the Form TM7 to the marks SKY and SKY+. That appeared to place the opponent's case under passing off on the same footing as its case based on registered trade marks at least so far as the marks/signs themselves are concerned. Nevertheless, there appeared to be a suggestion in Mr Roberts' submissions that the pleaded case was

sufficient to bring in other marks used by the opponent incorporating the element SKY. In my view if the opponent wished to rely on a wider range of signs these should have been clearly identified in the statement of grounds so that the applicant had an opportunity to challenge the position in relation to particular ones if it saw fit. I mention this point in case it arises in the event of an appeal.

100. In practice the opponent's case under Section 5(4)(a) is not significantly different to that under Section 5(2)(b) though it is important to bear in mind that it is the goodwill of the business as a whole under the signs that must be taken into account. Furthermore, the opponent is not constrained when considering passing off to a 'similar goods' test, there being no limitation in respect of the parties' fields of activity (*Lego System A/S v Lego M. Lemelstrich Ltd* [1983] F.S.R. 155). The full breadth of the opponent's reputation can, therefore, be brought to bear. The opponent would, accordingly, succeed under this head.

Costs

101. The opponent has been successful and is entitled to a contribution towards its costs. Although Mr Roberts referred to what he considered to be the applicant's grudging acceptance of his client's reputation there is no suggestion that my award should depart from the standard scale of costs. I order the applicant to pay the opponent the sum of **£3000**. 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 5th day of August 2008

**M REYNOLDS
For the Registrar
The Comptroller-General**