

O-254-09

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO 2403167
BY NEXSTOR LIMITED TO REGISTER
A TRADE MARK IN CLASS 35**

AND

**IN THE MATTER OF OPPOSITION NO 94540 BY
NEXT RETAIL LIMITED**

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IN THE MATTER OF Application No 2403167
By NexStor Limited to register
a trade mark in Class 35

and

IN THE MATTER OF Opposition No 94540
By Next Retail Limited

BACKGROUND

1. On 23 September 2005, NexStor Limited (“NL”) applied to register the following trade mark:



for the following services:

Class 35: Retail services connected with data storage devices, software and associated hardware solutions in the field of consultancy and training.

2. On 7 August 2006, Next Retail Limited (“Next”) filed a notice of opposition to this application based on grounds under Section 5(2)(b), Section 5(3) and Section 5(4)(a) of the Trade Marks Act 1994 (“The Act”). In relation to its ground under Section 5(4)(a), Next relies on its use of the sign “NEXT” in the UK. In relation to its other grounds of opposition, Next relies on the following earlier trade marks:

Trade Mark	Relevant dates	Specification
CTM ¹ Registration 15594 for the mark: NEXT	Filed: 1/04/1996 Registered: 19/10/1998	Class 03: Soaps; cosmetics; essential oils; perfumes; non-medicated toilet preparations; preparations for the hair; deodorants for use on the person; dentifrices. Class 11: Installations for lighting; lamps; lamp bases; lampshades; light bulbs; parts and fittings for all the aforesaid goods. Class 14: Precious metals and their alloys and goods made thereof or coated therewith; jewellery; precious stones; clocks, watches and chronometric instruments; watch straps; watch bracelets; parts and fittings for all the aforesaid goods. Class 18: Leather and leather imitations and goods

¹ Community Trade Mark

		<p>made thereof; skins and hides; travelling trunks and suitcases; bags; umbrellas, parasols and walking sticks; whips, harnesses and saddlery; parts and fittings for all the aforesaid goods.</p> <p>Class 20: Furniture; beds; bed heads; sofas, sofa beds; chairs; armchairs; tables; pillows; duvets; cushions; mattresses; bedding; parts and fittings for all the aforesaid goods.</p> <p>Class 24: Textiles; plastic material as a substitute for fabric; bed and table covers; bed linen; table linen; household linen; wall hangings; blankets; quilts; duvets and duvet covers; sheets; pillow cases; bed valances; bed-covers; table cloths; table mats; napkins; linen fabrics; fabric wall coverings; curtains; curtain tie-backs; cushion covers; pelmets; blinds; covers for chairs and sofas; towels and face cloths.</p> <p>Class 25: Articles of clothing; footwear; headgear.</p> <p>Class 27: Carpets; rugs; mats and matting; non-textile wall coverings; wall papers; wall paper borders</p>
<p>UK Registration 2326404 for the mark:</p> <p>NEXT</p>	<p>Filed: 13/03/2003</p> <p>Registered: 27/07/2007</p>	<p>Class 9: Sunglasses; cases for spectacles and sunglasses; calculators; electronic organisers; cameras, cassette players, time recording devices; compact disc players, computer games; computer peripheral devices, radios; weighing machines.</p>
<p>CTM Registration 1620434 for the mark:</p> <p>NEXT</p>	<p>Filed: 19/04/2000</p> <p>Registered: 2/07/2003</p>	<p>Class 35: Retail services in the fields of clothing, headgear and footwear, jewellery, fashion accessories, household articles, towels, bedding, textiles, furniture, lighting apparatus, toys, electrical products, cosmetics, non-medicated toilet preparations, eye ware, carrying cases, handbags and all manner of bags, kitchenware, paints, wallpaper and other products for decorating the home, pictures, picture frames, electrical products, cameras; the bringing together for the benefit of others of a variety of goods including the aforesaid products; enabling customers to conveniently view and purchase these goods; services for the retail of products through high street stores, via mail order catalogues or over the Internet; providing on-line retail store services in the field of the aforesaid goods; information and advice in relation to retail services relating to the aforesaid goods; business management consultancy including giving assistance and advice in the establishment of retail stores in the field of the aforesaid goods; on-line trading services, trading services in respect of a</p>

		<p>wide range of goods; excluding modelling agency services.</p> <p>Class 42: Technical consultancy and advising in the establishment of retail stores in the field of clothing, headgear and footwear, jewellery, fashion accessories, household articles, towels, bedding, textiles, furniture, lighting apparatus, toys, electrical products, cosmetics, non medicated toilet preparations, eye ware, carrying cases, handbags and all manner of bags, kitchenware, paints, wallpaper and other products for decorating the home, pictures, picture frames, electrical products, cameras.</p>
<p>UK Registration 2371317 for the mark:</p> <p>NEXT</p>	<p>Filed: 23/08/2004</p> <p>Registered: 04/02/2005</p>	<p>Class 02: Paints, varnishes, lacquers.</p> <p>Class 03: Soaps, perfumery, essential oils, cosmetics, hair lotions, dentifrices.</p> <p>Class 04: Candles and wicks for lighting.</p> <p>Class 08: Hand tools and implements (hand-operated); cutlery and razors.</p> <p>Class 16: Paper, cardboard, stationery, adhesives for stationery, plastic materials for packaging.</p> <p>Class 21: Household kitchen utensils and containers (not of precious metal or coated therewith); combs, sponges, brushes, (except paint brushes) articles for cleaning purposes; glassware, porcelain and earthenware.</p> <p>Class 30: Coffee, tea, cocoa, artificial coffee, preparations made from cereals, bread, pastry and confectionery, salt, mustard, vinegar, sauces, spices.</p> <p>Class 33: Alcoholic beverages (except beers).</p> <p>Class 35: Advertising, business management, business administration; office functions.</p>
<p>UK Registration 2026917 for the mark:</p> <p>NEXT</p>	<p>Filed: 13/07/1995</p> <p>Registered: 22/03/1996</p>	<p>Class 25: Articles of clothing; footwear, headgear.</p>

3. NL filed a counterstatement denying the grounds of opposition. Both sides filed evidence. Neither side requested a hearing, nor were written submissions filed in lieu of a hearing. Next included submissions as part of its evidence in reply and NL

made a number of submissions in its counterstatement. I will take account of all submissions filed in reaching my decision.

Next's Evidence

4. Next's evidence is provided by Ms Sarah Louise Noble, one of its company solicitors. The following facts/key statements emerge from her (unchallenged) evidence:

- The trade mark NEXT was first used in the UK in 1982, initially in relation to clothing, fashion accessories and household goods. These goods were sold through NEXT retail outlets.
- A mail order catalogue was launched in 1998 and in the year 2000 it gained its one millionth active customer.
- In 1999 an online shopping web-site (www.next.co.uk) was launched.
- Exhibit SLN1 consists of a fact-file which sets out a similar history as set out above. Page 16 of the fact file refers to Next's non-clothing trade - a reference is made to Next's "*home collection*" which is a "*range of contemporary furniture and furnishings as well as wallcoverings, rugs, lighting and accessories*". Ms Noble states that the goods sold under the NEXT trade mark include clothing, footwear, headgear, fashion accessories and household goods, including electronic goods, calculators, typewriters, apparatus for lighting and heating.
- Exhibit SLN2 contains pages from Next's mail order catalogue (called NEXT DIRECTORY). A number are provided between 2000-2003. They show various clothing products for women, men and children. They have a contents page and I note from this the inclusion of non-clothing goods under the general designation "home" together with various sub-designations including "bedroom", "bathroom", "downstairs collection", "kitchen", "lighting", "furniture", "pets/outdoor", "rugs".
- There are a total of 450 Next stores in the UK, reference is also made to overseas sales in Next branded stores (Exhibit SLN3 supports all this).
- Exhibit SLN4 consists of a number of financial reports for the period 2001-2004. Ms Noble states that Next is listed as one of the top 100 companies on the London Stock Exchange. Annual turnover figures relating to the sale of all goods, together with the amounts spent on promotion are:

Year	Turnover	Advertising/Promotion
1997		£6,243,297
1998		£7,900,353
1999	£1,239.1 million	£4,436,156
2000	£1,425.4 million	£4,454,523
2001	£1,588.5 million	£4,781,883

2002	£1,871.7 million	£5,378,000
2003	£2,202.6 million	£4,324,577
2004	£2,516.0 million	
2005	£2,858.5 million	
2006	£3,106.2 million	

- In relation to advertising/promotion, Exhibit SLN5 contains a further breakdown per promotional method (direct mail, press inserts etc). Also provided is a list of magazines which have carried press inserts together with the circulation figures for some of them. A large number of publications are listed (around 170) including national newspapers, fashion magazines, lifestyle magazines, pregnancy magazines, home magazines and children's magazines. The circulation figures cover 8 of these publications, each have high circulation figures (in the hundreds of thousands).
- Ms Noble concludes by stating that the trade mark NEXT has been applied to goods, the stores, labels and packaging. Exhibit SLN7 contains copies of labels (for clothes), photographs of store fronts and in-store photographs.

NL's Evidence

5. This is a witness statement from Mr Troy Platts, a data systems integrator/IT reseller of NL. He states that NL's mark has been used in relation to the reselling of IT equipment and related implementation services in the UK, Europe and the US. The average cost of NL's transactions are around £40,000 each. Exhibit 1 consists of information regarding the creation of the NL's mark, including explanations as to why each element (including colours) were chosen and directions as to how it should be displayed and used. Exhibit 2 consists of extracts from NL's website, outlining what the NL business consists of. Mr Platts confirms that 80% of NL's business is acquired as a result of enquiries via the website and that there has never been any contact from any person believing NL to be Next.

6. Exhibit 3 shows copies of web directories showing NL listed under "System Integrators". Exhibit 4 consists of information regarding marketing events that NL has used to promote itself and its services. These are in the form of workshops and seminars and I note that these are dated June and October 2007(which is after the date of application here). Exhibit 6 contains examples of press coverage received by NL. The publications and relevant dates of these articles are: Computing Marketing Intelligence, February 2007; SNS Europe, March 2007; a newsfeed from a website called byteandswitch.com, dated April 2007 and a press release from a website entitled sourcewire.com, dated January 2008. Exhibit 7 consists of a copy of NL's 2007 accounts as filed at Companies House. These show the net profit for that year as £173,817.

Next's Evidence in Reply

7. This is a witness statement from Mr Shaun Sherlock, of Marks and Clerk, Next's trade mark attorney in these proceedings. Much of this witness statement contains submission, which I will not summarise here. Rather, I will make reference to the submissions as and when necessary in my decision. As regards factual evidence, Mr

Sherlock refers to Exhibit 1 of his statement which consists of an extract from a Next Mail Order Catalogue. This, in Mr Sherlock's view, shows that Next have used the mark "Next" for a number of years on "electrical peripheral devices and computer games"; the relevance of this will be discussed later.

DECISION

Proof of use regulations

8. In opposition proceedings, earlier marks for which the registration procedure was completed before the five year period ending with the date of publication of the applied for mark (NL's mark) may only be relied upon to the extent that they have been used (or that there are proper reasons for non-use)². NL's mark was published on 16 November 2007.

9. Next are relying on five earlier marks, the registration procedures for which were completed as follows: UK TM 2326404 (29/06/2007); UK TM 2371317 (4/02/2005); CTM 1620434 (2/07/2003); UK TM 2026917(22/03/1996) and CTM 15594 (19/10/1998). Therefore, only CTM 15594 and UK TM 2026917 completed their respective registration procedures before the period of five years ending with NL's date of publication. The proof of use provisions, therefore, apply only to these marks and then, only in relation to Section 5(3) (these marks are not relied on under section 5(2)). The other earlier marks (2326404, 2371317 and CTM 1620434) will be considered for their specifications as registered.

10. In relation to those marks to which the proof of use provisions apply, I note firstly that the statement of use in the notice of opposition claims use on the entire specification as registered for both relevant earlier marks. These specifications are detailed above so I will not repeat this information here. I also note from NL's counterstatement that proof of use has not been requested by NL, therefore, the earlier marks for which the proof of use provisions apply will also be considered for the specifications as registered.

Section 5(2)(b) of the Act

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

"(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."

² See section 6A of the Act (added by virtue of the Trade Marks (Proof of Use, etc.) Regulations) 2004 (SI 2004/946) which came into force on 5th May 2004.

12. When making my determination, I take into account the guidance from the case-law of the European Court of Justice (“ECJ”) on this issue, notably: *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] F.S.R. 77, *Marca Mode CV v Adidas AG & Adidas Benelux BV* [2000] E.T.M.R. 723, *Case C-334/05P Shaker di Laudato & C.Sas v OHIM (“LIMONCHELLO”)* and *Case C-120/04 Medion* [2005] ECR I 8551. 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*,

(b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v Puma AG*, 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.*,

(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*,

(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*,

(e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods and services, and vice versa; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*,

(f) the assessment of similarity can only be carried out solely on the basis of the dominant element in a mark if all of its other components are negligible (*Limonchello*, para 42)

(g) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it; *Sabel BV v Puma AG*,

(h) 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*,

(i) further, 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 and Adidas Benelux BV*,

(j) 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*,

(k) 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 (*Medion, para 30*).

Average consumer and the purchasing act

13. As the ECJ states in *Sabel BV v. Puma AG*, matters must be judged through the eyes of the average consumer. I must, therefore, assess who this is. The majority of Next's specifications comprise consumer goods and services, the average consumer therefore being the public at large. However, as will be outlined fully when I make a comparison of the goods and services, Next focus on its "retail services in the fields of electrical products" and its "computer games and computer peripheral devices" as the main thrust of its attack.

14. In relation to computer games, the average consumer would, again be the general public be it buying games for themselves or for others. In relation to computer peripheral devices, the average consumer could be the general public or could be businesses buying goods for their business operation. In relation to "retail services in the fields of electrical products" I must firstly consider what the term covers. In doing so I bear in mind the guidance provided by the following cases:

a) In *Avnet Incorporated v Isoact Limited* [1998] F.S.R. 16 where Jacob J held that:

"In my view, specifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities. They should be confined to the substance, as it were, the core of the possible meanings attributable to the rather general phrase."

b) In *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd and Another* [2000] FSR 267 the court held that words should be given their natural meaning within the context in which they are used and cannot be given an unnaturally narrow meaning.

15. To my mind, though the term "electrical products" is a fairly broad term in itself, the service in class 35 strikes me as a service provided by a general electrical product retailer. This represents the core of its meaning and the one which would be taken as being natural but contextualised. The average consumer would, again, be the general public but I cannot rule out the possibility that the average consumer could include the business user who may utilise such a service in relation to goods for his business operation.

16. The average consumer is deemed to be reasonably observant and circumspect and this certainly applies to the general public. However, there may be a higher degree of attention when considering and purchasing electrical products or utilising a retail service for them as this will involve varying degrees of expense (some being

reasonably or even very expensive) together with the fact that this is unlikely to be a casual purchase. Goods and services of this nature would, in the main, be purchased (or in the case of services, identified), from a retail store on the high street or online via a website.

17. With regards to NL's services, Mr Sherlock, on behalf of Next, argues that the average consumer should be considered as the general public as data storage devices (included as parts of NL's retail service) are commonly available to the general public in the form of MP3 players, memory chips, digital cameras and camcorders. Though he says this in the context of the overall likelihood of confusion, this point is relevant here. While I understand this line of argument, I am not persuaded by it. Though NL's specification does include retail services for data storage devices (as well as software and hardware solutions), this term is qualified as being "in the field of consultancy and training". To my mind, and again applying the principles set out earlier, this is indicative of a specific business to business service, the average consumer of which would be a business user. I would expect such a user to display a higher than average degree of attention as these services may entail a significant investment for a business. The nature of the identification of the service provider may vary, it may be via a specific retail store (although aimed at business users rather than the general public) or through the internet, trade directories or even through word of mouth.

Comparison of the goods and services

18. All relevant factors relating to the goods and services in the respective specifications should be taken into account in determining this issue. In *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* the ECJ stated at paragraph 23 of its judgment:

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

19. Other factors may also be taken into account such as, for example, the relevant channels of distribution (see paragraph 53 of the judgment of the CFI³ in Case T-164/03 *Ampafrance S.A. v OHIM – Johnson & Johnson GmbH*).

20. The notice of opposition and accompanying statement of grounds from Next indicates that all of the above earlier marks and their goods and services are relied upon. However, as I understand it from Mr Sherlock's witness statement, it is the earlier registrations in respect of "computer games; computer peripheral devices" in class 9 (earlier UK TM 2326404) and "retail services in relation to electrical products" in class 35 (earlier CTM 1620434) which are relied upon as being identical or similar goods and services for the purposes of the opposition under Section 5(2)(b). This is

³ The Court of First Instance of the European Communities

a sensible approach which focuses on those goods and services which, I agree, represent Next's best case.

21. NL argue that the respective goods and services are not similar because its company resells IT equipment to businesses, specifically those above a certain size, (which is not defined). There is no use of its products "in the home" or even to small businesses. It also argues that its distribution channels and methods of sale differ – NL does not sell to the public and has no retail outlets on the high street or internet. Furthermore, it has no intention to ever do so. In response, Next argue (in Mr Sherlock's witness statement) that the correct comparison to be made is between the specification as applied for by NL (rather than the description of NL's actual business) and those of the earlier marks.

22. To my mind, the distinction that NL is attempting to draw between the respective marketing methods which each party operates is not one which can be considered. On this, I bear in mind the guidance provided by the following the CFI, namely:

"67..... Furthermore, it is important to reiterate that the comparison between the goods in question is to be made on the basis of the description of the goods set out in the registration of the earlier mark. That description in no way limits the methods by which the goods covered by the earlier mark are likely to be marketed." (*Saint-Gobain SA v OHIM (Case T-364/05)*)

and

"104 Consideration of the objective circumstances in which the goods covered by the marks are marketed are fully justified. The examination of the likelihood of confusion which the OHIM authorities are called on to carry out is a prospective examination. Since the particular circumstances in which the goods covered by the marks are marketed may vary in time and depending on the wishes of the proprietors of the trade marks, the prospective analysis of the likelihood of confusion between two marks, which pursues an aim in the general interest, that is, the aim that the relevant public may not be exposed to the risk of being misled as to the commercial origin of the goods in question, cannot be dependent on the commercial intentions, whether carried out or not, and naturally subjective, of the trade mark proprietors." (*Devinlec Developement Innovation Leclerc SA v OHIM Case T-147/03*)

23. I will compare the respective Class 35 services first of all. I note that both are retail services of some description, Next's for electrical products at large (a fairly broad term) and NL's for data storage devices, software and associated hardware solutions in the field of consultancy and training. On behalf of Next, and as I have already outlined above, Mr Sherlock argues that data storage devices are available to the general public in the form of MP3 players etc, which are all electrical products. Whilst I do not disagree with this statement, and whilst this creates a degree of similarity, I am conscious that the specific nature of the service is not identical and is aimed at a a different type of consumer (as per my assessment of who the average consumer is). There may, however, be some form of overlap, e.g. a business user may sometimes use a general electrical product retailer rather than a specialist

business specific IT retailer. All of this creates, in my view, a reasonable degree of similarity.

24. In terms of the goods (computer games; computer peripheral devices) I can see no similarity between computer games in Class 9 and the service of NL having regard to the purpose, nature, trade channels, uses and users. The matter is different in relation to computer peripheral devices in Class 9 because these, at least, are part of what NL sells (they will sell data storage devices and hardware solutions). I note the guidance of the CFI who deliberated on this issue in case T-116/06, *Oakley Inc. v. OHIM*:

“48. With regard, second, to the distribution channels of the services and the goods in question, it is correct, as rightly pointed out by the Board of Appeal in paragraph 22 of the contested decision, that retail services can be offered in the same places as those in which the goods in question are sold, as the applicant has also recognised. The Board of Appeal’s finding that retail services are rarely offered in places other than those where the goods are retailed and that consumers need not go to different places to obtain the retail service and the product they buy, must therefore be upheld.

49. Contrary to what is claimed by the applicant, the fact that the retail services are provided at the same sales points as the goods is a relevant criterion for the purposes of the examination of the similarity between the services and goods concerned ...”

25. The CFI also felt that the goods and services in question were complementary:

“52. ... according to settled case-law, complementary goods are those which are closely connected in the sense that one is indispensable or important for the use of the other, so that consumers may think that the same undertaking is responsible for both (see, to that effect, *SISSI ROSSI*, paragraph 49 above, paragraph 60; *PAM PLUVIAL*, paragraph 49 above, paragraph 94; and *PiraNAM diseño original Juan Bolaños*, paragraph 49 above, paragraph 48).

53. In that regard, it must be pointed out that the goods covered by the earlier mark, that is, clothing, headwear, footwear, rucksacks, all purpose sports bags, travelling bags and wallets, are identical to those to which the applicant’s services relate”

26. The goods and the service are not the same as were being compared in the above case, the rationale is, however, the same. I regard the “computer peripheral devices” to be reasonably similar to NL’s service.

Comparison of the marks

27. In assessing this factor, I must consider the visual, aural and conceptual similarities between the respective trade marks, bearing in mind their distinctive and dominant components (*Sabel BV v. Puma AG*, para 23). The respective trade marks are reproduced below for ease of reference. All the earlier marks relied upon are identical to one another for the purpose of this comparison.

Next's Earlier Marks	NL's Trade Mark Application
NEXT	 The logo for NexStor, featuring the word "NexStor" in a bold, dark blue sans-serif font. To the right of the text is a circular graphic divided into four segments of different colors: green, orange, yellow, and red, resembling a clock face or a timer.

28. Considering a visual comparison first of all, I note that the first three letters of both marks are identical. The earlier marks, however, are for the complete word "Next", whereas the trade mark applied for is the word "NexStor" plus a circular (and coloured) device element that has the appearance of a clock or a timer. These additional elements have a visual impact creating a noticeable point of distinction between the marks. Having said that, the identity of the first three letters inevitably means that there is some visual similarity. In case *T-22/04 Reemark Gesellschaft für Markenkooperation mbH v. OHIM ("Westlife")*, para 34, the CFI stated:

"Visually, there is no question that there is a degree of similarity between the marks at issue because the earlier trade mark, West, is the first component of the mark applied for, Westlife".

29. It is of course necessary to assess the degree of visual similarity in light of the above observations. As a result of the differences which I have described, I conclude that the degree of visual similarity is low.

30. Aurally, the matter is a little different. To my mind, the pronunciation of "Next" will be reasonably similar to the initial sounds created when the NexStor mark is pronounced. This is because the ST part of STOR elides somewhat with NEX. However, the ending of NL's mark will have a noticeable impact on the overall pronunciation of the mark. It cannot be said, therefore, that there is a high degree of aural similarity, nor is it low. I therefore conclude the degree of similarity between the respective marks to be moderate.

31. Conceptually, I must consider whether either or both of the marks have a specific meaning. The word "Next" is an adjective and, according to the Collins Dictionary, means "immediately following or adjoining" or "closest to in degree, i.e. the next best thing". "NexStor", it seems to me, has no meaning (though there is a suggestion by Next that the ending, Stor, is an obvious abbreviation for the word Store). In terms of conceptual comparison, I note that in *Case T-292/01 Phillips-Van Heusen v OHIM – Pash Textilvertrieb und Einzelhandel (BASS) (2003) ECR* at paragraph 54, the CFI stated:

“Next, it must be held that the conceptual differences which distinguish the marks at issue are such as to counteract to a large extent the visual and aural similarities pointed out in paragraphs 49 and 51 above. For there to be such a counteraction, at least one of the marks at issue must have, from the point of view of the relevant public, a clear and specific meaning so that the public is capable of grasping it immediately....

The fact that one of the marks at issue has such a meaning is sufficient – where the other mark does not have such a meaning or only a totally different meaning - to counteract to a large extent the visual and aural similarities between the two marks.”

32. The ECJ reached the same conclusion, expressed in similar terms, in *Picasso and others v DaimlerChrysler AG Picarro/Picasso case (C- 361/04P)*.

33. Applied to this case, NEXT has a clear and specific meaning which would be immediately grasped by the average consumer whereas NexStor has none (this is so even if the word STOR is seen as an abbreviation for the word STOR). This results in a conceptual difference between the marks and means that the counteraction described in the above case-law can, therefore, be taken into account when considering whether there exists a likelihood of confusion. Taking all the factors into account, I conclude that there is some similarity between the marks, but the degree of similarity is, overall, low.

Distinctiveness of the earlier marks

34. The earlier marks are “NEXT”. This word, though an ordinary dictionary word, is not descriptive or allusive of the goods and services concerned. It seems to me to have a reasonable degree of distinctive character per se.

35. What impact does the use made of the earlier marks have on this assessment? It is clear from the evidence provided that Next have extensively used its mark on a large scale and over a significant period of time, at least in relation to clothing and related products (and their retail). The turnover and advertising figures provided are also significant and impressive. However, this evidence only shows that Next’s core business is in relation to clothing (and possibly home furnishings). There is no breakdown of figures in relation to any other goods and services and, thus, it becomes very difficult to assess with regards to enhanced distinctive character. It seems to me that when one considers the services which represented Next’s best case (as discussed above), these are not those for which use is extensively shown in its evidence.

36. I note from the evidence attached to Mr Sherlock’s witness statement that some use has been made by Next in relation to the retailing of electrical products (this exhibit shows extracts from the Next Directory catalogue, dated 2005). However, this is not enough, to my mind, to conclude that Next is entitled to claim an enhanced distinctive character for such services or for the goods themselves. As a result, I conclude that Next have a reasonable degree of inherent distinctive character in relation to the goods and services which represent its best case, but this is not enhanced through use in relation to those goods and services.

Likelihood of confusion

37. In reaching a decision on whether there is a likelihood of confusion, I must consider the possibility of both direct and indirect confusion. I begin by considering direct confusion which occurs when the average consumer mistakes one mark for the other and is confused as to the economic origin of the goods sold under the respective marks. The case-law makes it clear that there is an interdependency between the relevant factors (*Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*) and that a global assessment of the factors must be made when determining whether there is a likelihood of confusion (*Sabel BV v. Puma AG*). I must, therefore, consider the relevant factors from the viewpoint of both average consumers I identified earlier to determine whether they are likely to be confused.

38. The (best case) goods and services are reasonably similar but the marks themselves only similar to a low degree. I also bear in mind that the average consumer rarely has the opportunity to view marks side by side and must, instead, rely on an imperfect picture of them he has kept in mind (*Lloyd Schuhfabrick Meyer*). NL's mark, nevertheless, contains additional elements which are unlikely to go unnoticed. Furthermore, I bear in mind the significant conceptual difference that I have already highlighted. To my mind, these differences mitigate effectively against imperfect recollection. I also bear in mind the nature of the goods/services and, in particular, the higher degree of attention that I believe both types of average consumer identified would pay during the purchasing process. Considering all these factors, I do not believe that either type of average consumer would mistake one mark for the other. **I conclude that there is no likelihood of direct confusion.**

39. Turning now to indirect confusion, namely where the average consumer makes an association between the marks, due to some similarity between them, which leads them to believe that the goods or services come from the same or an economically linked undertaking. The question is whether the similarity identified (taken together with all the other relevant factors) is enough to make the average consumer believe that the goods or services are the responsibility of the same or an economically linked undertaking.

40. To my mind, even if the word STOR were seen as an abbreviation for the non-distinctive word STORE (although I have some doubts that this is the case upon first impression), the word "Nex" and the differences (particularly the conceptual difference) between this and the word NEXT is sufficient to avoid the average consumer from assuming an economic connection. I am not persuaded that either average consumer for these goods would view NexStor as a variation of the NEXT trade marks or otherwise believe that they came from the same or economically linked undertaking. **There is no likelihood of indirect confusion.**

41. It should be noted that NL's comments regarding lack of confusion has had no bearing on my decision. This is because the respective mark's have not actually competed to any real extent in the same market (see, for example, the Court of Appeal in *The European Ltd v. The Economist Newspaper Ltd* [1998] FSR 283). My decision that there would not be confusion is based on the factors outlined above.

Section 5(4)(a) of the Act

42. Section 5(4)(a) of the Act reads:

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

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b)

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

43. Next relies on the common law tort of passing-off. In *Reckitt & Colman Products Ltd v Borden Inc* [1990] R.P.C.341, the House of Lords set out the necessary elements that need to be demonstrated. They can be summarised as: 1) goodwill, 2) misrepresentation and 3) damage. Lord Oliver summarised the position quite succinctly when he stated:

“The law of passing off can be summarised in one short general proposition-- no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff...Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.”

44. Bearing in mind my findings under Section 5(2)(b), I cannot see how Next are in any better position under Section 5(4)(a). The marks have not been found to be similar enough (having regard to all the other relevant factors) to cause confusion in relation to goods/services which are reasonably similar. Next are, if anything, in a worse position here because the areas of trade where they are likely to have a relevant goodwill are even further away from the goods/services I considered under section 5(2). All things considered, and although shortly stated, this ground of opposition must also fail as there would not be a misrepresentation to a substantial part of the public.

Section 5(3)

45. Section 5(3) of the Act reads⁴:

“5-(3) A trade mark which-

(a) is identical with or similar to an earlier trade mark,

shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of Community trade mark, in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

46. The scope of Section 5(3) has been considered in a number of cases most notably: *General Motors Corp v Yplon SA (Chevy)* [1999] ETMR 122 and [2000] RPC 572, *Premier Brands UK Limited v Typhoon Europe Limited (Typhoon)* [2000] FSR 767, *Daimler Chrysler v Alavi (Merc)* [2001] RPC 42, *C.A. Sheimer (M) Sdn Bhd's TM Application (Visa)* [2000] RPC 484, *Mastercard International Inc and Hitachi Credit (UK) Plc* [2004] EWHC 1623 (Ch), *Davidoff & Cie SA v Gofkid Ltd (Davidoff)* [2003] ETMR 42, *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd (Adidas-Salomon)* (C-408/01) & in *Intel Corporation Inc v CPM (UK) Ltd (“Intel”)* (C-252-07). The ECJ has also now delivered its judgment in Case C-487/07, *L’Oréal SA v Bellure NV*. I have taken these decisions and judgments into account and will refer to them (where relevant) and the principles that they enshrine later in my decision.

Reputation

47. The earlier mark must have a reputation. In *Chevy* the ECJ stated:

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

48. I have already made observations regarding the use that Next has made of its mark. It is clear to me that the NEXT trade mark is extremely well known for its main business activities, namely, clothing and the retail of such goods and perhaps (although to a lesser extent) certain household goods such as home furnishings. I am content to find that Next have a reputation in this regard. However, in relation to any other goods and services, I am not persuaded, applying the test set out in *Chevy*, that a significant part of the public will know of the trade in relation to them. The evidence does not clearly show, in relation to the other goods and services, what has been sold and with what frequency.

⁴ Section 5(3) was amended by The Trade Marks (Proof of Use, etc) Regulations 2004 (SI 2004 No. 946) giving effect to the judgments of the ECJ in *Davidoff & Cie SA and Zino Davidoff SA v Gofkid Ltd* (C- 292/00) and *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd* (C-408/01)).

The “link”

49. For a ground under section 5(3) to operate I must be satisfied that a link will be made between the respective marks (and their goods). In *Adidas-Salomon*, when answering a question as to whether a finding under article 5(2) of the Directive⁵ (equivalent to section 5(3) of the Act) was conditional upon the existence of a likelihood of confusion, the ECJ stated:

“The infringements referred to in Article 5(2) of the Directive, where they occur, are the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a connection between the sign and the mark, that is to say, establishes a link between them even though it does not confuse them (see, to that effect, Case C-375/97 *General Motors* [1999] ECR I-5421, paragraph 23).

The existence of such a link must, just like a likelihood of confusion in the context of Article 5(1)(b) of the Directive, be appreciated globally, taking into account all factors relevant to the circumstances of the case (see, in respect of the likelihood of confusion, *SABEL*, paragraph 22, and *Marca Mode*, paragraph 40).”

50. In *Intel*, the ECJ provided further guidance on the factors to consider. It stated:

“41 The existence of such a link must be assessed globally, taking into account all factors relevant to the circumstances of the case (see, in respect of Article 5(2) of the Directive, *Adidas-Salomon and Adidas Benelux*, paragraph 30, and *adidas and adidas Benelux*, paragraph 42).

42 Those factors include:

- the degree of similarity between the conflicting marks;
- the nature of the goods or services for which the conflicting marks were registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public;
- the strength of the earlier mark’s reputation;
- the degree of the earlier mark’s distinctive character, whether inherent or acquired through use;
- the existence of the likelihood of confusion on the part of the public”

51. The ECJ also stated in *Intel*:

“The fact that for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark calls the earlier mark

⁵ First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (this has now been replaced as of 28 November 2008 by a codifying Directive (2008/95/EC)).

with a reputation to mind is tantamount to the existence of such a link, within the meaning of *Adidas-Salomon and Adidas Benelux*, between the conflicting marks.”

52. This suggests that the link requires more than a straightforward finding that the marks have some degree of similarity. Applying this judgment to the present case, I bear in mind first of all the differences I have already identified between the marks. There is also, to my mind, a significant gap between the service of the applied for mark and the goods and services of the earlier marks for which Next have a reputation (as set out above). Despite the reputation/distinctiveness of Next’s earlier mark in the field I have identified, I come to the view that the factors do not combine so that a consumer encountering the NexStor mark would bring to mind Next’s earlier marks and reputation. No link is therefore established. **As such, I conclude that the ground of opposition under Section 5(3) must fail.**

Conclusion

53. Given my findings under section 5(2)(b), 5(4) & 5(3), the opposition to NL’s application for registration fails.

Costs

54. The opposition has failed. NL is therefore entitled to a contribution towards its costs. Accordingly, I order Next Retail Limited to pay NexStor Limited the sum of £1450. This amount is calculated as follows:

Considering notice of opposition - £200
Filing counterstatement - £300
Preparing and Filing Evidence -£300
Considering Evidence - £650
TOTAL - £1450

55. 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 4th day of September 2009

**L White
For the Registrar
The Comptroller-General**