

O-026-15

TRADE MARKS ACT 1994

IN THE MATTER OF THE FOLLOWING CONSOLIDATED OPPOSITIONS:

401422 BY HTC CORPORATION AGAINST  
APPLICATION NO 3020773 IN THE NAME OF ONE MAX LTD

401423 BY HTC CORPORATION AGAINST  
APPLICATION NO 3022976 IN THE NAME OF ONE MAX LTD

600000034 BY ONE MAX LTD AGAINST  
APPLICATION NO 3024061 IN THE NAME OF HTC CORPORATION

1. This decision involves the following:

1: An application under No 3020773 for the following trade mark:



It is not limited as to colour. It stands in the name of One Max Ltd, has a filing date of 4 September 2013 and was published in the *Trade Marks Journal* on 27 September 2013 for:

**Class 9**

Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; Apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; Apparatus for recording, transmission or reproduction of sound or images; Magnetic data carriers, recording discs; Compact discs, DVDs and other digital recording media; Mechanisms for coin-operated apparatus; Cash registers, calculating machines, data processing equipment, computers.

**Class 42**

Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software; computer programming; installation, maintenance and repair of computer software; computer consultancy services; design, drawing and commissioned writing for the compilation of web sites; creating, maintaining and hosting the web sites of others; design services.

The application has been opposed by HTC Corporation on grounds under sections 3(1)(b) and (c) and 3(6) of the Trade Marks Act 1994 (“the Act”).

2: An application under No 3022976 for the following series of three marks:



It is not limited as to colour. It stands in the name of One Max Ltd, has a filing date of 20 September 2013 and was published in the *Trade Marks Journal* on 11 October 2013 for:

Class 9

Mobile phones; Mobile telephones; Tablet computer; Mobile telecommunications apparatus; Telecommunications devices.

Class 36

Electronic funds transfer by telecommunications.

Class 38

Consultancy in the field of telecommunications; Delivery of digital music by telecommunications; Information services relating to telecommunications; Providing telecommunications connections to a global computer network or databases; Telecommunications by computer terminals, via telematics, satellites, radios, telegraphs, telephones; Telecommunications gateway services; Telephone telecommunications services provided via prepaid telephone calling cards; Provision of telecommunications access to databases and the internet; Telecommunications portal services; Telecommunications services; Telecommunications; Cellular telecommunications services; Data transmission services over telecommunications networks; Digital network telecommunications services; Professional consultancy relating to telecommunications; Remote transmission of data by means of telecommunications; Telecommunications services between computer networks; Telecommunications services for the distribution of data; Telecommunications services using cellular radio networks; Providing telecommunications connections to the internet or databases; Providing telecommunications connections to a global computer network.

Class 42

Design and development of computer hardware and software; computer programming; installation, maintenance and repair of computer software; computer consultancy services; design, drawing and commissioned writing for the compilation of web sites; creating, maintaining and hosting the web sites of others; design services.

The application is opposed by HTC Corporation on grounds under sections 3(1)(b) and (c) and 3(6) of the Act.

3: An application under No 3024061 for the following trade mark:

HTC ONE MAX

It stands in the name of HTC Corporation, has a filing date of 30 September 2013 and was published in the *Trade Marks Journal* on 1 November 2013 for the following goods:

Class 9

Mobile phones; smartphones; wireless phones; wireless devices; portable Computers and personal digital assistants; computer hardware and software for mobile, portable and wireless devices; user interface software; computer

hardware and software for user interfacing, telecommunications and telecommunications services; computer hardware and software for transmitting and receiving voice, image, data, audio, video and multimedia content; wireless modems; headsets; headsets with wireless transmission function; connection cables; cradles; mounts; face plates for mobile phones, face plates for personal digital assistants; batteries; power adaptors; chargers; cases for mobile phones, cases for personal digital assistants; in-vehicle chargers; in-vehicle holders; remote controls; keyboards; microphones; loudspeakers; leather pouches for mobile phones.

The application is opposed by One Max Ltd on grounds under section 5(1), 5(2)(a) and 5(2)(b) of the Act based on trade mark no. 3022976 details of which are set out above.

2. In each case, counterstatements were filed by the relevant parties denying each of the grounds of opposition. All three oppositions were consolidated. For ease of reference, in this decision I shall refer to One Max Ltd as OML and HTC Corporation as HTCC.

3. Both parties filed evidence which I will summarise, as necessary, later in this decision. They also filed written submissions in lieu of attendance at a hearing. I have given careful consideration to all material in reaching my decision.

#### **The objections under section 3(1)(b) and (c) of the Act**

4. I deal first with the oppositions under sections 3(1)(b) and (c) of the Act by HTCC to OML's applications. Section 3(1) states:

“3(1) The following shall not be registered –

(a)...

(b) trade marks which are devoid of any distinctive character,

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,

(d) ...

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

5. HTCC's position can be summarised from the following paragraphs, taken from its notices of opposition:

“Simple, straightforward and ordinary English words should not be registrable as trade marks where those words are non-distinctive or can be used to describe the goods and services of interest. Clearly, in such circumstances, these commonplace words will not be able to fulfil the primary function of a trade mark; they will not be able to indicate the origin of the goods or services. It is [HTCC’s] view that the mark applied for, **onemax/One Max**, is made up of ordinary English words that are so commonplace as to be non-distinctive of and/or describe features of the goods and services of interest, and so should be refused registration on absolute grounds.

...the mark[s]...consist[-] of two descriptive/non-distinctive terms. The words appear in their ordinary grammatically correct sequence and will be understood in their ordinary, descriptive meaning. A mere combination of elements, each of which is descriptive of characteristics of the goods and services of the application[s], remains descriptive of those characteristics in the composite term. The effect of the juxtaposition of the words “one” and “max” is simply to reinforce the descriptive meaning/non-distinctive nature of the two words. Merely bringing the elements “one” and “max” together in the composite term...without introducing any unusual variations in terms of syntax or meaning cannot result in anything other than a non-distinctive and descriptive composite mark.

The figure “1” is a number which is used on a daily basis. It does not add any sort of distinctiveness to the mark overall. [HTCC] notes from the Registry’s manual that “single numbers are used in trade to designate a characteristic of many goods”. [HTCC] submits that the stylisation of the figure “1” in the mark applied for is *de minimis* and the number “1” itself is used in everyday language in connection with probably all goods and services (including those for which coverage is sought), such that the figure in the mark applied for lacks any kind of distinctive character. This is particularly true in the present case as the figure “1” will simply be perceived as a repetition of the word “one”.

The marginal stylisation of [OML]’s series of three marks does not add any distinctive character. ...

The mark[s] applied for [are] no more than the sum of [their] parts...

When viewed from the standpoint of the hypothetical average consumer of [OML’s] goods and services, the mark[s]...would be understood as designating the attractive nature or features of [its] offering, not the undertaking behind the provision of the goods and services. The composite phrase “refers to something about the service, an appealing characteristic that will pull in the punters” (per Sir John Mummery, *Starbucks (HK) Limited & ors v British Sky Broadcasting Group Plc & Ors* [2013] EWCA Civ 1465, para. 100). This is also true of [OML’s] goods-the phrase ‘one max’ simply describes an appealing characteristic of the goods.”

6. In its counterstatement, OML dismiss these claims and states:

“The [marks are] easily capable of fulfilling [their] function of distinguishing the [goods or services] sought to be covered from those of others.

The [number 1 and the] words ONE and MAX have meanings that the average consumer would understand [but] just because a [number and] word has a meaning does not make it descriptive or devoid of distinctive character. This is particularly so when those meanings do not describe the [goods/services] that are the subject of the application and when the meanings are unconnected to [them].

In any event, trade marks are considered as whole and not by their individual parts and when the [number and] words [which are coloured red] are considered together, [the mark] has no discernible meaning....It [is] certainly not devoid of distinctive character.”

7. As indicated above, the opposition is based on grounds under both s 3(1)(b) and 3(1)(c) of the Act. It is well established in law that these grounds for refusing registration must be examined separately, although there is a degree of overlap between the two sections relied upon. That degree of overlap is reflected in HTCC's pleadings. In *SAT.1 SatellitenFernsehen GmbH v OHIM*, Case C-329/02 P, the Court of Justice of the European Union (“CJEU”) stated:

“25. Thirdly, it is important to observe that each of the grounds for refusal to register listed in Article 7(1) of the regulation is independent of the others and requires separate examination. Moreover, it is appropriate to interpret those grounds for refusal in the light of the general interest which underlies each of them. The general interest to be taken into consideration when examining each of those grounds for refusal may or even must reflect different considerations according to the ground for refusal in question (Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-0000, paragraphs 45 and 46).”

8. In his evidence, Mr Stevens exhibits prints “from the OHIM website indicating that a number of applications for marks incorporating the word “MAX” have been refused on the grounds that they are non-distinctive and/or descriptive”. Whilst the prints show the applications have been “refused”, there is no indication of the basis for that refusal. In any event, I do not consider that the marks shown are on all fours with the marks under consideration in these proceedings.

9. It is convenient to start by examining the opposition under section 3(1)(c) of the Act. The case law under this section was summarised by Arnold J. in *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc* [2012] EWHC 3074 (Ch):

“91. The principles to be applied under art.7(1)(c) of the CTM Regulation were conveniently summarised by the CJEU in *Agencja Wydawnicza Technopol sp. z o.o. v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-51/10 P) [2011] E.T.M.R. 34 as follows:

“33. A sign which, in relation to the goods or services for which its registration as a mark is applied for, has descriptive character for the purposes of Article 7(1)(c) of Regulation No 40/94 is – save where Article 7(3) applies – devoid of any distinctive character as regards those goods or services (as regards Article 3 of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks ( OJ 1989 L 40 , p. 1), see, by analogy, [2004] ECR I-1699 , paragraph 19; as regards Article 7 of Regulation No 40/94 , see *Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) v Wm Wrigley Jr Co* (C-191/01 P) [2004] 1 W.L.R. 1728 [2003] E.C.R. I-12447; [2004] E.T.M.R. 9; [2004] R.P.C. 18 , paragraph 30, and the order in *Streamserve v OHIM* (C-150/02 P) [2004] E.C.R. I-1461 , paragraph 24).

36. ... due account must be taken of the objective pursued by Article 7(1)(c) of Regulation No 40/94 . Each of the grounds for refusal listed in Article 7(1) must be interpreted in the light of the general interest underlying it (see, inter alia , *Henkel KGaA v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (C-456/01 P) [2004] E.C.R. I-5089; [2005] E.T.M.R. 44 , paragraph 45, and *Lego Juris v OHIM* (C-48/09 P) , paragraph 43).

37. The general interest underlying Article 7(1)(c) of Regulation No 40/94 is that of ensuring that descriptive signs relating to one or more characteristics of the goods or services in respect of which registration as a mark is sought may be freely used by all traders offering such goods or services (see, to that effect, *OHIM v Wrigley*, paragraph 31 and the case-law cited).

38. With a view to ensuring that that objective of free use is fully met, the Court has stated that, in order for OHIM to refuse to register a sign on the basis of Article 7(1)(c) of Regulation No 40/94, it is not necessary that the sign in question actually be in use at the time of the application for registration in a way that is descriptive. It is sufficient that the sign could be used for such purposes (*OHIM v Wrigley*, paragraph 32; *Campina Melkunie* , paragraph 38; and the order of 5 February 2010 in *Mergel and Others v OHIM* (C-80/09 P), paragraph 37).

39. By the same token, the Court has stated that the application of that ground for refusal does not depend on there being a real, current or serious need to leave a sign or indication free and that it is therefore of no relevance to know the number of competitors who have an interest, or who might have an interest, in using the sign in question (Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, paragraph 35, and Case C-363/99 *Koninklijke KPN Nederland* [2004] ECR I-1619, paragraph 38). It is, furthermore, irrelevant whether there are other, more usual, signs than that at issue for designating the same characteristics of the goods or services referred to in the application for registration (*Koninklijke KPN Nederland*, paragraph 57).

And

46. As was pointed out in paragraph 33 above, the descriptive signs referred to in Article 7(1)(c) of Regulation No 40/94 are also devoid of any distinctive character for the purposes of Article 7(1)(b) of that regulation. Conversely, a sign may be devoid of distinctive character for the purposes of Article 7(1)(b) for reasons other than the fact that it may be descriptive (see, with regard to the identical provision laid down in Article 3 of Directive 89/104, *Koninklijke KPN Nederland*, paragraph 86, and *Campina Melkunie*, paragraph 19).

47. There is therefore a measure of overlap between the scope of Article 7(1)(b) of Regulation No 40/94 and the scope of Article 7(1)(c) of that regulation (see, by analogy, *Koninklijke KPN Nederland*, paragraph 67), Article 7(1)(b) being distinguished from Article 7(1)(c) in that it covers all the circumstances in which a sign is not capable of distinguishing the goods or services of one undertaking from those of other undertakings.

48. In those circumstances, it is important for the correct application of Article 7(1) of Regulation No 40/94 to ensure that the ground for refusal set out in Article 7(1)(c) of that regulation duly continues to be applied only to the situations specifically covered by that ground for refusal.

49. The situations specifically covered by Article 7(1)(c) of Regulation No.40/94 are those in which the sign in respect of which registration as a mark is sought is capable of designating a 'characteristic' of the goods or services referred to in the application. By using, in Article 7(1)(c) of Regulation No 40/94, the terms 'the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service', the legislature made it clear, first, that the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service must all be regarded as characteristics of goods or services and, secondly, that that list is not exhaustive, since any other characteristics of goods or services may also be taken into account.

50. The fact that the legislature chose to use the word 'characteristic' highlights the fact that the signs referred to in Article 7(1)(c) of Regulation No 40/94 are merely those which serve to designate a property, easily recognisable by the relevant class of persons, of the goods or the services in respect of which registration is sought. As the Court has pointed out, a sign can be refused registration on the basis of Article 7(1)(c) of Regulation No 40/94 only if it is reasonable to believe that it will actually be recognised by the relevant class of persons as a description of one of those characteristics (see, by analogy, as regards the identical provision laid down in Article 3 of Directive 89/104, *Windsurfing Chiemsee*, paragraph 31, and *Koninklijke KPN Nederland*, paragraph 56)."



92. In addition, a sign is caught by the exclusion from registration in art.7(1)(c) if at least one of its possible meanings designates a characteristic of the goods or services concerned: see *OHIM v Wrigley* [2003] E.C.R. I-12447 at [32] and *Koninklijke KPN Nederland NV v Benelux-Merkenbureau* (C-363/99 [2004] E.C.R. I-1619; [2004] E.T.M.R. 57 at [97].”

10. In its written submissions, HTCC also refer me to Arnold J.’s further comments in the same decision, particularly those at paragraph 117 where he stated:

“I would comment that it appears to me that PCCW only succeeded in obtaining registration of the CTM because it included figurative elements. Yet PCCW is seeking to enforce the CTM against signs which do not include the figurative elements or anything like them, That was a entirely foreseeable consequence of permitting registration of the CTM. Trade mark registries should be astute to this consequence of registering descriptive marks under the cover of a figurative figleaf of distinctiveness, and refuse registration of such marks in the first place.”

11. Under the heading of “Application to the facts” HTCC goes on to submit (footnotes omitted):

“16. ‘One’ and ‘Max’ are both ordinary English words. Whether alone or in combination these terms are so hackneyed that they are devoid of distinctive character. This is true in relation to virtually all goods and services, including mobile telecommunications goods and services.

17. In so far as the relevant public would pay any attention whatsoever to an indication as generic as ‘ONE MAX’, it would be perceived as product code or a laudatory claim akin to “A+”, indicating that the goods/services were the best available. It is precisely the sort of term which should be free for use by all traders offering such good or services.

18. [OML] does not appear to dispute the fact that the six-letter combination ‘onemax’ would be perceived immediately by the average consumer as two three-letter words ‘one’ and ‘max’. This impression is reinforced in the applications themselves by the numbers ‘1’ (‘773) and the other marks in the series (‘976).

19. The ‘figurative figleaves’ of the Applications cannot save them. In relation to ‘976 the figleaf is virtually non-existent. In relation to ‘775 it is essentially just the numeral ‘1’, with even less visual embroidery than the NOW or PINK marks depicted above.

20. The average consumer for telecommunication goods and services would not regard ONE MAX as an indication of origin unless s/he had been educated to do so through extensive use in the course of trade. There is no claim- and no evidential bases for any claim – to acquired distinctiveness pursuant to the s3 proviso. The Applications accordingly fall at the first hurdle.”

12. In its written submissions, OML provide the following response:

“There is no evidence that ONE MAX has ever been used in any way to describe these goods. Showing that constituent elements might, proves nothing relevant in relation to this ground.

[OML]’s counter statement sets out the various goods and services and the details of the mark. These submissions should be read in conjunction with them. The threshold is low and is easily satisfied in this application. It is not necessary for there to be any linguistic or artistic creativity or imagination. The series mark ONE MAX is easily capable of fulfilling its function of distinguishing the services sought to be covered from those of others.”

13. Application No 3020773 consists of a stylised version of the numeral 1 underneath which is ‘onemax’ appearing in much smaller letters. Application No 3022976 is a series of three marks: whilst recognising that the three differ in their presentation, those differences are minor and the parties do not dispute that all are “onemax” marks and made up of the two words one and max.

14. I, of course, have to consider each of the marks as wholes. Despite the somewhat wordy claims and submissions made by HTCC, there is a lack of focus as to why, specifically, it considers the marks offend against the provisions of section 3(1)(c) of the Act. Whilst it is undeniable that the words “one” and “max” are ordinary dictionary words with very well-known meanings, I can see no reason why, and there is no evidence to show that, the marks as applied for designate a characteristic of the relevant goods or services. I am not persuaded by HTCC’s submissions that the marks are laudatory or that the words one max, whether separate or conjoined and with or without the numeral 1, are akin to the use of A+ and there is certainly no evidence of the use of this term in such a way (or indeed at all) in relation to any goods and services. Neither am I persuaded by the submissions that the words within the mark are “so hackneyed” as to be unregistrable. The individual words and numeral which make up each of OML’s trade marks may be in common use but there is no evidence that they make a combination that describes a function or characteristic of the goods and services. The objection under section 3(1)(c) fails.

15. The principles to be applied under Art 7(1)(b) of the CTM Regulation (the equivalent of section 3(1)(b) of the Act) were conveniently summarised by the CJEU in *Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) v BORCO-Marken-Import Matthiesen GmbH & Co KG* (C-265/09 P) as follows:

“29..... the fact that a sign is, in general, capable of constituting a trade mark does not mean that the sign necessarily has distinctive character for the purposes of Article 7(1)(b) of the regulation in relation to a specific product or service (Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 32).

30. Under that provision, marks which are devoid of any distinctive character are not to be registered.

31. According to settled case-law, for a trade mark to possess distinctive character for the purposes of that provision, it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from those of other undertakings (*Henkel v OHIM*, paragraph 34; Case C-304/06 P *Eurohypo v OHIM* [2008] ECR I-3297, paragraph 66; and Case C-398/08 P *Audi v OHIM* [2010] ECR I-0000, paragraph 33).

32. It is settled case-law that that distinctive character must be assessed, first, by reference to the goods or services in respect of which registration has been applied for and, second, by reference to the perception of them by the relevant public (*Storck v OHIM*, paragraph 25; *Henkel v OHIM*, paragraph 35; and *Eurohypo v OHIM*, paragraph 67). Furthermore, the Court has held, as OHIM points out in its appeal, that that method of assessment is also applicable to an analysis of the distinctive character of signs consisting solely of a colour per se, three-dimensional marks and slogans (see, to that effect, respectively, Case C-447/02 P *KWS Saat v OHIM* [2004] ECR I-10107, paragraph 78; *Storck v OHIM*, paragraph 26; and *Audi v OHIM*, paragraphs 35 and 36).

33. However while the criteria for the assessment of distinctive character are the same for different categories of marks, it may be that, for the purposes of applying those criteria, the relevant public's perception is not necessarily the same in relation to each of those categories and it could therefore prove more difficult to establish distinctiveness in relation to marks of certain categories as compared with marks of other categories (see Joined Cases C-473/01 P and C-474/01 P *Proctor & Gamble v OHIM* [2004] ECR I-5173, paragraph 36; Case C-64/02 P *OHIM v Erpo Möbelwerk* [2004] ECR I-10031, paragraph 34; *Henkel v OHIM*, paragraphs 36 and 38; and *Audi v OHIM*, paragraph 37)."

16. I have to consider the issue from the perspective of the relevant consumer who, in respect of most of the goods and services concerned, would be a member of the general public but for others would be a business. The question to be answered is whether the marks have the capacity to identify the origin of the goods and services enabling the average consumer to repeat, or avoid repeating, the purchasing experience. It is a matter of first impression because the relevant or average consumer does not analyse marks beyond what is usual for a reasonably well informed and reasonably observant and circumspect person in the ordinary course of purchasing the relevant goods and services.

17. Whilst there can be no doubt that the individual words (and numeral) making up each of the marks are well-known, commonly used and lacking distinctiveness, in combination the marks have a level of ambiguity which gives them a level of distinctiveness. That being the case, they cannot be considered to be "devoid" of distinctive character and the objection under section 3(1)(b) of the Act fails.

## **The objection under section 3(6) of the Act**

18. Section 3(6) of the Act states:

“A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

19. HTCC’s claim under this ground is as follows:

- OML seeks to prevent HTCC from marketing its product;
- OML has no intention of using the sign ONEMAX in connection with the goods and services for which coverage is sought;
- The applications have been filed purely to block HTCC’s route to market.

20. In support of this claim, it submits:

- HTCC is a well-known and successful manufacturer of inter alia smartphones and other mobile computing devices ranking third in terms of market share;
- HTCC has a successful series of smartphones and tablet computers marketed under the HTC One series which launched in 2012;
- Following widespread speculation, the first in a family of mobile devices intended to incorporate devices both bigger and smaller than the HTC One was launched in July 2013. It was the smaller version and was called the HTC One Mini. The larger version of the device, a hybrid between a smartphone and a tablet, was launched later in 2013 under the name HTC One Max;
- OML is a company incorporated in August 2008 but it has been dormant since that time. It has sought to register its marks for a range of goods and services including those in the telecommunications field. This is a field where manufacturers and retailers will be acutely aware of innovation in the marketplace and competitors’ new products and product launches. Service providers work in connection with the manufacturers of the technology to ensure compatibility so that the functionality of mobile devices can be maximised;
- OML would have been acutely aware of product launches in the smartphone field including the imminent launch of HTCC’s HTC One Max;
- OML filed its applications a matter of weeks after the announcement of HTCC’s “family” of HTC One devices and the launch of the HTC One Mini and at the time HTCC won several industry awards for the HTC One phone, which had significantly raised its profile;
- OML was aware of the HTC One Max device as early as June 2013 and gave notice of its purported rights just one week before it filed its applications;

- OML was aware, or alternatively should reasonably have been aware of HTC's new device and the name under which it was to be marketed and deliberately filed its applications purely to block HTCC's own route to market;
- OML filed its applications having no intention to use them in respect of the goods and services for which registration was sought.

21. OML denies the applications were filed in bad faith. It states:

- OML is a UK company formed in 2008 and was in existence for years before HTCC had even conceived its own ONE MAX brand. The first mark applied for was its company name, the latter is a logical derivation of that. There is nothing dishonest in this;
- HTCC adopted a mark which has already been applied for by another business and under the first to file system OML is entitled to the registrations;
- The very serious allegation that the applications were filed to block the launch of HTCC's product is without foundation and most strongly denied;
- OML was aware of the proposed launch of the HTC ONE MAX but is in the telecommunications business and such knowledge is unsurprising. The timing of the filing of the application is not enough to support an allegation of bad faith.

22. The law in relation to section 3(6) of the Act ("bad faith") was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch):

"130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see *Case C- 529/07 Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. *Case C-259/02 La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and *Case C-192/03 Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of

probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but also "some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)."

23. As indicated above, the date at which the matter must be judged is the application date. With that in mind the relevant dates are 4 September 2013 (3020773) and 20 September 2013 (3022976).

#### **HTCC's evidence in chief**

24. HTCC's evidence takes the form of a witness statement by Paul Stevens who is a partner in Olswang LLP, its legal representatives in these proceedings.

25. Mr Stevens states that OML is registered under Company No 6664179 but that "there does not appear to be any actual business behind this company" and it has not filed any accounts showing trading activity since its creation. Mr Stevens states that under section 1169(1) of the Companies Act 2006, a company is dormant "during any period in which it has no significant accounting transaction" and, under section 480, a dormant company is exempt from filing accounts in respect of a financial year if "(a) it has been dormant since its formation or (b) it has been dormant since the end of the previous financial year and various conditions are met". He exhibits copies of the relevant extracts from the Companies Act at PAS-5.

26. At PAS-4 Mr Stevens exhibits a copy of the Dormant Accounts filed by OML for the years ending 31 August in 2009, 2010, 2011 and 2012, the latter of which was, he says, approved by the OML's board on 31 May 2013. As Mr Stevens states, all four accounts show the company's net assets to be £1. Each set of accounts takes the form of single page indicating it was "delivered using electronic communications". The earliest is signed on behalf of the Board by Paul Constantinescu, the others by Paul Constantine and each confirms OML is entitled to exemption under section 480 of the Companies Act 2006 relating to dormant companies.

27. At PAS-6, Mr Stevens exhibits a screenshot taken of the homepage of OML's website at onemax.co.uk downloaded on 28 April 2014 and states that the homepage is the only accessible page on that website. He submits that this is little more than a holding page (the printout shows it to be a website builder page) and provides no indication that any business is carried out. The text on the page, which is

not dated but shows a copyright date “2009-2013”, is littered with spelling and grammatical errors and reads:

“Your Power The Power of One Max Power

Mobile communications are still responsible for a serious dent in the budget of many families, even in the current business landscape when tailored plans A family of four spends each and every year on mobile communications the equivalent of a holiday or the equivalent of the lease of a small family car.

Since 2007 we worked on a business model that will empower the consumer and will reshape the mobile communications”

28. Mr Stevens points out that the page provides no contact details, gives no indication of what the “business model” might be nor of how it can be accessed or licensed.

29. At PAS-7, Mr Stevens exhibits a copy of a letter sent to HTCC, dated 12 September 2013. The letter, sent by OML’s legal representatives, indicates that both OML and Paul Constantine are its clients and gives formal notice of their intellectual property rights in ‘One Max’ and “reserves all our clients’ legal rights in that regard”. It states:

“[OML] was formed in August 2008 after more than a year of documented research for the purpose of exploiting a mobile (3G) business model which will allow individuals and companies to use free mobile communications on established multiple operator networks under a virtual operator model as an enabler for a portfolio of services...

Over the last three years our clients have had discussions with international mobile operators, mobile manufacturers, SIM card manufacturers, banks and venture capitalists to market the concept. The model provides for the branding of all mobiles under the One Max name. These discussions have advanced to the point that our clients expect to enter soon into contracts for exploitation of the model. A first Pilot of 1,000 to 3,000 users will be signed up to One Max in the next 60 days. Our clients have therefore developed substantial goodwill in the brand ‘One Max’

In June of this year it came to our clients’ attention that your client had the intention of launching a 6 inch phablet, to be known at the HTC One Max. We understand that you spoke to our client Mr Paul Constantine on 6 August 2013 further to his notification via email regarding the development of the One Max brand and this was followed by an email from you to Mr Constantine in which you indicated that HTC Corporation intended to name a new device ‘HTC One Max’.

We and our clients have noted recent media reports of HTC’s intention to release a new phablet named ‘HTC One Max’.”

30. Mr Stevens states that this shows OML learnt in June 2013 of HTCC’s intention to launch its mobile device, under the name HTC One Max, OML’s principal entered



into correspondence with HTCC in August where this was confirmed, filed application no 3020773 on 4 September, then issued its letter on 12 September. HTCC responded to that letter on 18 September requesting information regarding OML's use of its mark and its reason for filing its own application so soon after discussions between the two parties. The letter is exhibited at PAS 10. Mr Stevens states that no further information was provided by OML or its representatives but OML then filed application no 3022976 on 20 September. That application included the additional goods mobile telephones and tablet computers within its specification.

31. Mr Stevens states that there is no operational business behind OML's company registration and so there can be no intention to use the marks applied for. He states that if OML has any business at all, it is the offer of a "business model" and it does not offer telecommunications services nor does it manufacture mobile phones or computers. At PAS 8 and 9, Mr Stevens exhibits pages retrieved following internet searches. The former, downloaded on 30 April 2014, used the search term "one max" and Mr Stevens exhibits the first ten pages of almost 5 million results. They make no reference to OML or any of its goods or services. The latter, downloaded the same day, shows the results of the search term "one max ltd". It retrieved just 18 results and the only references to the applicant company are references to the company's name, address and other company details available through various listings companies. Mr Stevens states that if OML had been involved in trials of any sort, "something would have been mentioned somewhere".

#### **OML's evidence in chief**

32. This takes the form of a witness statement dated 14 July 2014 by Paul Constantine who states he is the director and owner of the issued shares of OML. He states OML was formed in 2008 to "deal with my intended telecommunications business ideas". He states he registered the domain name onemax.co.uk in 2007 and that his plan was:

"to set up a business to develop and sell telecommunications solutions using third party operators ...[which] would then be sold to companies and individuals. The business model has to change due to the onset of the recession, which made it more difficult to raise funding, as well as changes in technology."

33. Mr Constantine states the underlying business ideas have remained and that he has been working on his "telecoms proposals" since 2008, though he is:

"not sure where my telecoms ideas and proposals will end up or in what form but I do know that they are great proposals and are, at long last, getting traction in the market place."

He states that in 2008 he contacted various operators and funders and had meetings with:

"Three, Barclays Bank and three London based venture capital businesses. I then joined a project with a company known as Giesecke and Devrient Ltd [which] specialises in security technology for telecoms such as SIM cards."

He states that as a result of this project he:

“gained valuable experience and understanding in main operators’ business processes, used technology, costing and pricing and customer service methodology”.

He states that later in 2008 he:

“modelled the first baseline Revenue and Cost model for such an endeavour. My previous expertise was in business and IT consulting and in implementing complex profit and cost management models and systems. It was this model that I used to try and raise funding in 2009 but with the collapse of the financial markets, I struggled to get the necessary investment.”

He states that in 2009 and 2010, he:

“tried to direct my attention at UK based venture capital funds but again, I found it too difficult to raise the funds. In 2011 and 2012, I met with Deutsche Telekom and there was interest in developing a pilot. In 2013, the business proposal continued to evolve and I signed contracts for on-line processes (Customer Sign-up, Account Management, partner services upload, bespoke user content) for design and support in a partnership royalty based arrangement.”

34. Mr Constantine states that OML’s business interests:

“ have always been directed at the telecoms industry to both companies and individuals....I thought it was possible and I hoped that I would be using my [brand] in relation to various related goods and services. Given the modest uncertainty of where my telecoms business proposals would end up in development, I needed to take into consideration a reasonable range of goods and services around my developing business.”

35. Mr Constantine denies “scour[ing] the telecoms publications looking for [HTCC’s] product launches....I was aware of the new [HTC] handset coming out, perhaps later in 2013, but I did not know when. I was also aware of the rumours that the new handset could be called One Max but I did not know that it was to be called One Max until later in the year after I had applied for my trade marks.”

36. Mr Constantine states that “it was [his] plan to set up a business to develop and sell telecommunications solutions to third party operators...[and that]...those solutions would then be sold to companies and individuals”. He states the “business model had to change due to the onset of the recession, which made it more difficult to raise funding, as well as changes in technology”.

37. At PC1, Mr Constantine exhibits what he says are “documents reflecting the nature and extent of the development work undertaken by [OML] and on its behalf”. The first ten pages take the form of copies of photographs of various mind maps which have been handwritten on tattered paper. The poor quality of the prints means

that I can read little of what is on some of these pages. I can see no dates or other identifiers on any of them. Also included in this exhibit are the following:

- An exchange of emails dated October 2013 between x-mobility.com and 'paulc@onemax.co.uk'. The earliest is dated 14 October 2013 and advises "Paul" that he has tried to contact him on several numbers and advises him to "Feel free to try me on any of my below #'s so we can have an initial chat re: MVNO".
- A document headed "Confidential Bilateral Non-Disclosure Agreement". It appears to be a sample agreement as whilst it has x-mobility's name on it, it has not been completed to show the name(s) of any other party/ies and is neither dated nor signed;
- An email dated 4 October 2013 from plintron.com to Mr Constantine. It is a covering email attaching "our mutual NDA and forecast format";
- A document headed "Confidentiality and non-disclosure agreement". It appears to be a sample agreement as whilst it has plintron's name on it, it has not been completed to show the name(s) of any other party/ies and is neither dated nor signed;
- A document headed "MVNO Forecast sheet" which is in the form of a table. The page is not dated nor has the table been completed in any way;
- An email dated 11 October 2013 in which Shanks Kulam of x-Mobility.com asks paul@onemax.co.uk to let him "know a time that suits for an initial discussions (sic) & we can go from there."

### **HTCC's evidence in reply**

38. Paul Stevens has filed a second witness statement. Much of it is submission and for this reason I do not intend to summarise it fully here. Replying to Mr Constantine's assertion that he did not know HTCC's intended product name until after he had applied for his trade marks, Mr Stevens refers again to PAS-7, a letter dated 12 September 2013 from OML's solicitors, which states:

"In June of this year it came to our clients' attention that your client had the intention of launching a 6 inch phablet, to be known as the HTC One Max".

The letter explains elsewhere that the clients are Mr Constantine and OML.

39. Mr Stevens also exhibits material under PAS-1 to his second witness statement. Page 1 consists of an email from Mr Constantine which is dated 22 July 2013 and begins:

"Following the latest technology news I have been made aware that [HTCC] intends to use the 'One Max' name in UKfor (sic) its 7" tablets."

Page 2 consists of an email dated 6 August 2013 to Mr Constantine from HTCC's Legal Counsel which states:

"Please note that [HTCC] has registered a trademark in the "HTC One" name and intends to name an upcoming device the "HTC One Max".

40. Mr Stephens submits that on 11 August 2013, just five days later, Mr Constantine filed an application to register the trade mark "One Max" (under no 3022976, later withdrawn) which included a telecommunications related specification. There was further correspondence between the two (referred to above) before the applications the subject of these proceedings were filed on 4 and 20 September 2013.

41. That concludes my summary of the evidence filed in relation to the ground of objection under section 3(6) of the Act.

42. OML, through Mr Constantine, states that its interests lay in the "telecommunications industry". Its application no 3020773 seeks registration in respect of goods and services which go much wider than the telecommunications market. In *Demon Ale Trade Mark* [2000] RPC 345, the applicant had an intention to use the mark for some goods but not the goods covered by the application. Sitting as the Appointed Person, Mr Geoffrey Hobbs Q.C. held that:

"In the present case the objection under section 3(6) related to the applicant's breach of a statutory requirement. Section 32(3) of the Act required him to be a person who could truthfully claim to have a bona fide intention that DEMON ALE should be used (by him or with his consent) as a trade mark for beer. His application for registration included a claim to that effect. However he had no such intention and could not truthfully claim that he did. That was enough, in my view, to justify rejection of his application under section 3(6)."

43. In *Knoll AG's Trade Mark* [2003] RPC 10, Neuberger J. stated that:

"Over and above this, it is important to bear in mind that s.3(6) of the 1994 Act, upon which the claimant's case hinges, involves alleging not merely that the applicant has framed its claim too widely, but that it was guilty of bad faith. The precise meaning of "bad faith" may vary depending on its linguistic context and purpose, but it must, I think, always involve a degree of dishonesty, or at least something approaching dishonesty. To say that one intends to use a mark in connection with "pharmaceutical substances", when one intends to use the mark in connection with a specific category of pharmaceutical substances, does not appear to me, as a matter of ordinary language or concept, to amount to want of good faith. Of course, it might well be different if it was clear from the document in which the statement is made, or from information supplied to the person making the statement, or from well established principles of law, that the intention concerned has to apply across the whole range of goods and services concerned. There is nothing to support such a contention in the words of the 1994 Act or the Order."

44. In *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHR 1929 (Ch), Arnold J. held that a possible or contingent intention to use

the mark in relation to the goods or services covered by the application would normally be sufficient to prevent a finding of bad faith on the grounds of no intention to use the mark. He stated:

“161. If the UK's requirement for a declaration of intention to use is compatible with the Directive, and the making by the applicant of a false declaration of intent to use can amount to bad faith, the next issue concerns the intention which the applicant must have in order to be able to declare in good faith that he intends to use the mark in relation to the goods or services specified in the application in the UK. Counsel for the Defendants submitted that a concrete present intention was required, whereas counsel for Red Bull submitted that a possible or contingent future intention was sufficient.

162. In *Knoll* Neuberger J. said that "whether a contemplated use, or a possible or conditional intention to use, can suffice must depend upon the circumstances". In that case, he found that the proprietor had had a definite intention to use the mark in relation to pharmaceutical preparations for the treatment of obesity and contemplated that it might use the mark in relation to other pharmaceutical products. In those circumstances he held that it was unarguable that the proprietor had acted in bad faith by making a false declaration that it intended to use the mark in relation to pharmaceutical preparations and dietetic substances. In *32Red* the Court of Appeal appears to have accepted that a possible future use of the mark in relation to the services applied for was enough to defeat an allegation of bad faith on the ground of lack of intention to use in the circumstances of that case, albeit without any detailed consideration of the law.

163. Neuberger J's statement in *Knoll* appears to me to be not only correct in principle, but also supported by the subsequent jurisprudence of the CJEU in *Lindt v Hauswirth* and *Internetportal v Schlicht*. I therefore conclude that a possible or contingent intention to use the mark at some future date may suffice. Whether it does suffice will depend on all the circumstances of the case, and in particular whether there are other factors present of the kind mentioned in paragraph 139 above". [i.e. whether the application is an attempt to gain protection for an unregistrable mark or to block others from using the mark].”

45. I remind myself that the relevant dates at which matters are to be considered are 4 September 2013 (3020773) and 20 September 2013 (3022976).

46. There is no dispute that OML was incorporated in 2008. HTCC have filed evidence, which has not been challenged, showing OML was a dormant company until at least the year ending 31 August 2012. Mr Constantine states that he registered the domain name onemax.co.uk in 2007. Given its content, the page taken from this website and shown at exhibit PAS-6 does not appear to show professionally prepared text intended to promote a particular product or service-it merely refers to “a business model that will empower the consumer and will reshape the mobile communications”. There is no evidence to show the name in which that registration of the domain was made or stands nor is there any evidence that there has been any trade carried out via the website (whether by OML or anyone else). Even if it is registered in OML or Mr Constantine’s name, I agree with HTCC that it

appears to be nothing more than a holding page. It is not possible to determine from the evidence when the page was uploaded. In any event, registration of a company name or domain name are not the same as registration of a trade mark nor do they give any automatic right to such a registration. Mr Constantine makes various references in his evidence to his business model and the fact it has had to change over the years. There is no evidence of what the position was at the relevant dates. He has filed mind maps intended to show the nature of OML's business but they are, by the nature, no more than a record of the thought processes of those who compiled it. As Mr Stevens submits, they are not explained and, in any event, are not dated, are partly illegible and do not appear to refer to OML in any way. Despite Mr Constantine's claims his "brand, One Max, has been around in the telecoms industry for years and much earlier than HTCC's brand" his evidence does not support this claim. There is no evidence of any trade under the "brand" in relation to any particular goods or services or preparations for trade before the relevant dates.

47. Application 3020773 seeks registration for a range of goods and services in classes 9 and 42 with only some of them directed to those of a computerised or technical nature. Application 3022976, filed a few weeks later, seeks registration for a more specific range of goods and services, the majority directed to telecommunications.

48. Whilst the applicant company had been in existence for several years, there is no evidence it has even been anything other than a dormant company. Whilst that does not mean of itself that any applications it may have filed were applied for in bad faith, Mr Constantine's own evidence is that OML's interests, whilst not fully developed, lie only in the telecommunications industry. **On this basis, I find that OML had no intention to trade in other goods and services and that application 3020773 was filed in bad faith in relation to goods and services other than those related to telecommunications.**

49. I go on to consider the position regarding the remaining goods and services of application no 3020773 and those of application no 3022926. The applications were filed very shortly after Mr Constantine entered into correspondence or discussions with HTCC and was told of its future plans. Despite his denials in his evidence, it is clear that Mr Constantine did know of HTCC's intention to launch its HTC One Max product in June 2013; the letter from his legal representatives exhibited at PAS-7, a letter which would have been written on his and OML's instructions, confirms this.

50. The letter also indicates that OML/Mr Constantine was expected to enter into contracts "soon" and that 1000-3000 people "will be signed up... [to a pilot scheme]... in the next 60 days". Mr Constantine refers in his evidence to other preparations OML (or he on its behalf) has made to trade, however, that evidence has been challenged by HTCC. There is no evidence that any such contracts were forthcoming nor is there any evidence of any pilot having commenced. In fact, there is no evidence of any trade, nor of any preparations for trade, in any goods or services by OML or Mr Constantine before the relevant dates. Mr Constantine states he has been in discussions with various operators and funders in the past but gives no details of when or where these discussions may have taken place or what was discussed or the role he might have had in any such discussions. The claimed meeting with Deutsche Telekom is said to have been in 2013, but the date is not

further defined and it is not possible to say whether it was before the relevant dates. Mr Constantine has provided evidence, at PC1, which, he states, shows he had contact with a number of companies. No mention is made of OML in the emails. These emails date from after the relevant dates and the contents make it clear that the writers are responding to Mr Constantine's contact with them with a view to having "initial" chats or discussions with him. This is strongly indicative that any action taken by Mr Constantine to approach third parties was done in the knowledge of HTCC's plans, after the relevant dates and following direct discussions or correspondence with HTCC.

51. I consider that the timing of the applications, and the more specific coverage of the latter filed application, is more than co-incidental to the fact that OML through Mr Constantine became aware of HTCC's intentions to launch its new range of products using the words One Max. **Taking the evidence as a whole, I find the applications were filed in bad faith in an attempt to block HTCC's own route to market and the oppositions to them under section 3(6) of the Act succeed.**

#### **The opposition by OML to HTCC's application No 3024061**

52. OML's opposition is based on grounds under sections 5(1), 5(2)(a) or 5(2)(b) of the Act and relies on its application no 3022976 which, I have found, was applied for in bad faith. On that basis, it is not entitled to rely on it and its opposition fails.

53. My finding that application no 3022976 was filed in bad faith, however, is open to appeal and could be overturned. I therefore intend to consider the merits of the opposition, however, given the clear differences between the respective marks which will not go unnoticed by the average consumer, I intend to consider the opposition on grounds under section 5(2)(b) of the Act only.

54. Sections 5(2)(b) of the Act states as follows:

"5(2) A trade mark shall not be registered if because-

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, or there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark".

55. The following principles are gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

#### **The principles**

"(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;

(f) however, it is also possible that, in a particular case, an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

(k) if the association between the marks causes the public to wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.”



## Comparison of the respective goods and services

56. For ease of reference, the goods and services to be compared are as follows:

| HTCC's application   | OML's application   |
|--|---|
| <p>Class 9</p> <p>Mobile phones; smartphones; wireless phones; wireless devices; portable Computers and personal digital assistants; computer hardware and software for mobile, portable and wireless devices; user interface software; computer hardware and software for user interfacing, telecommunications and telecommunications services; computer hardware and software for transmitting and receiving voice, image, data, audio, video and multimedia content; wireless modems; headsets; headsets with wireless transmission function; connection cables; cradles; mounts; face plates for mobile phones, face plates for personal digital assistants; batteries; power adaptors; chargers; cases for mobile phones, cases for personal digital assistants; in-vehicle chargers; in-vehicle holders; remote controls; keyboards; microphones; loudspeakers; leather pouches for mobile phones.</p> | <p>Class 9</p> <p>Mobile phones; Mobile telephones; Tablet computer; Mobile telecommunications apparatus; Telecommunications devices.</p> <p>Class 36</p> <p>Electronic funds transfer by telecommunications.</p> <p>Class 38</p> <p>Consultancy in the field of telecommunications; Delivery of digital music by telecommunications; Information services relating to telecommunications; Providing telecommunications connections to a global computer network or databases; Telecommunications by computer terminals, via telematics, satellites, radios, telegraphs, telephones; Telecommunications gateway services; Telephone telecommunications services provided via prepaid telephone calling cards; Provision of telecommunications access to databases and the internet; Telecommunications portal services; Telecommunications services; Telecommunications; Cellular telecommunications services; Data transmission services over telecommunications networks; Digital network telecommunications services; Professional consultancy relating to telecommunications; Remote transmission of data by means of telecommunications; Telecommunications services between computer networks; Telecommunications services for the distribution of data; Telecommunications services using cellular radio networks; Providing telecommunications connections to the internet or databases; Providing telecommunications connections to a global computer network.</p> |

|  |   |
|--|---|
|  | <p>Class 42<br/> Design and development of computer hardware and software; computer programming; installation, maintenance and repair of computer software; computer consultancy services; design, drawing and commissioned writing for the compilation of web sites; creating, maintaining and hosting the web sites of others; design services.</p> |
|--|---|

57. In the judgment of the Court of Justice of the European Union in *Canon*, Case C-39/97, the court stated at paragraph 23 of its judgment that:

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

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

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

59. In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, Case T-325/06, the General Court stated that “complementary” means:

“...there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking”.

60. In *Sanco SA v OHIM*, Case T-249/11, the General Court indicated that goods and services may be regarded as 'complementary' and therefore similar to a degree in circumstances where the nature and purpose of the respective goods and services are very different, i.e. *chicken* against *transport services for chickens*. The purpose of examining whether there is a complementary relationship between goods and services is to assess whether the relevant public is liable to believe that responsibility for the goods and services lies with the same undertaking or with economically connected undertakings. As Mr Daniel Alexander Q.C. noted as the Appointed Person in *Sandra Amelia Mary Elliot v LRC Holdings Limited* BL-0-255-13:

"It may well be the case that wine glasses are almost always used with wine – and are, on any normal view, complementary in that sense - but it does not follow that wine and glassware are similar goods for trade mark purposes."

Whilst on the other hand:

".....it is neither necessary nor sufficient for a finding of similarity that the goods in question must be used together or that they are sold together."

61. In *YouView TV Ltd v Total Ltd* ,[2012] EWHC 3158 (Ch), Floyd J. (as he then was) stated that:

"... Trade mark registrations should not be allowed such a liberal interpretation that their limits become fuzzy and imprecise: see the observations of the CJEU in Case C-307/10 *The Chartered Institute of Patent Attorneys (Trademarks) (IP TRANSLATOR)* [2012] ETMR 42 at [47]-[49]. Nevertheless the principle should not be taken too far. Treat was decided the way it was because the ordinary and natural, or core, meaning of 'dessert sauce' did not include jam, or because the ordinary and natural description of jam was not 'a dessert sauce'. Each involved a straining of the relevant language, which is incorrect. Where words or phrases in their ordinary and natural meaning are apt to cover the category of goods in question, there is equally no justification for straining the language unnaturally so as to produce a narrow meaning which does not cover the goods in question."

62. In *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd and Another*, [2000] F.S.R. 267 (HC), Neuberger J. (as he then was) stated that:

"I should add that I see no reason to give the word "cosmetics" and "toilet preparations"... anything other than their natural meaning, subject, of course, to the normal and necessary principle that the words must be construed by reference to their context."

63. In *Avnet Incorporated v Isoact Limited*, [1998] F.S.R. 16, Jacob J. (as he then was) stated 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."

64. I also bear in mind the comments of the General Court in *Gérard Meric v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) Case T-133/05*, where it said:

“...goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by the trade mark application...”

By analogy, the same is true of services.

65. I consider that each of OML’s goods in class 9 is identical to HTCC’s goods, either because they are identically worded e.g. the term *Mobile phones* is included in both specifications, or because the one party’s goods are included within terms used by the other party e.g. *Telecommunications devices* as appears in OML’s specification include *mobile phones and personal digital assistants* as appear in HTCC’s specification and e.g. *Tablet computers* as appears in OML’s specification are included within *Computers* as appears in HTCC’s specification.

66. OML’s services in class 36 are financial ones provided via telecommunications. They are services used by the general public via both fixed and mobile devices such as e.g. mobile phones or card readers and use specific software. I consider them to be complementary and therefore similar to *computer hardware and software for user interfacing, telecommunications and telecommunications services* as appears in HTCC’s specification.

67. OML’s services in class 38 all relate to the provision of telecommunications and are highly similar to HTCC’s goods which are all for use in telecommunications. They have the same users, the same trade channels and are so closely connected that the relevant public is liable to believe that responsibility for the goods/services lies with the same undertaking or with economically connected undertakings.

68. OML’s services in class 42 all relate to the provision of computer services and, for the same reasons as above, I consider them to be similar to at least HTCC’s *Computers and personal digital assistants; computer hardware and software for mobile, portable and wireless devices; user interface software; computer hardware and software for user interfacing, telecommunications and telecommunications services; computer hardware and software for transmitting and receiving voice, image, data, audio, video and multimedia content.*

### **The average consumer and the nature of the purchasing process**

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

70. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

“60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median.”

71. Earlier in this decision, I found that the users of each of the respective goods and services would be the same. The goods and services are such as are widely available and whilst some are likely to be bought by members of the general public e.g. *mobile phones*, others are more likely to be bought by businesses e.g. *design and development of computer hardware and software*. The goods and services are such as are likely to involve an increasing degree of care in the purchase as the complexity, size or technicality of the purchase increases, however, even for the more basic purchase, a reasonable degree of care will be taken.

**Comparison of the respective marks**

72. For ease of reference, the marks to be compared are:

| HTCC’s mark | OML’s application  |
|-------------|--|
| HTC ONE MAX | <p style="text-align: center;"><b>One Max</b></p> <p style="text-align: center;"><b>onemax</b></p> <p style="text-align: center;"><b>One Max</b></p> |

73. It is self-evident that the words ONE MAX appears in both parties’ marks. The fact that the words form the second and third word within HTCC’s mark and are presented either in title case or conjoined in OML’s mark does not detract from the fact the respective marks share a reasonably high degree of visual and aural similarity. As set out above in relation to my consideration of the objections raised under section 3 of the Act, the words ONE and MAX are well known as individual words but, as far as has been shown, do not have any particular meaning when considered together and are distinctive. If any particular image is brought to mind by the shared words, it will be the same in each case which, despite the presence of the distinctive, initial, element HTC in HTCC’s mark, would lead to a high degree of conceptual similarity.

**The distinctiveness of the earlier mark**

74. I must also assess the distinctive character of the earlier mark which can be appraised only, first, by reference to the goods and services for which it seeks

registration and, secondly, by reference to the way it is perceived by the relevant public –*Rewe Zentral AG v OHIM (LITE)* [2002] ETMR 91. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, it is necessary to make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it seeks registration as coming from a particular undertaking and thus to distinguish them from those of other undertakings –*Windsurfing Cheimsee v Huber and Attenberger* Joined Cases C-108/97 and C-109/97 [1999] ETMR 585.

75. There is no evidence that OML has yet used its, as yet, unregistered mark. I would therefore be unable to find that its distinctiveness has been enhanced through use. As indicated above, the words ONE and MAX are well-known words in everyday use, however, the words in combination do not have any particular meaning. I consider it to be a mark with an average degree of inherent distinctive character in relation to the goods and services for which it is applied.

### **The likelihood of confusion**

76. In determining whether there is a likelihood of confusion, a number of factors have to be borne in mind. The first is the interdependency principle whereby a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and services and vice versa. I also have to factor in the distinctive character of the earlier mark as the more distinctive it is the greater the likelihood of confusion. I must also keep in mind the average consumer for the goods and services, the nature of the purchasing process and the fact that the average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely on the imperfect picture of them he or she has retained in mind.

77. The factors I have to consider in determining whether there is a likelihood of confusion between the respective marks are set out above.

78. Earlier in this decision, I determined:

- The respective marks have a reasonably high degree of visual and aural similarity and a high degree of conceptual similarity;
- The respective goods and services are at least similar;
- At least a reasonable degree of care will be taken by the average consumer in purchasing the goods or services;
- The earlier mark has an average degree of inherent distinctive character which has not been shown to have been enhanced through use.

79. I have to consider both direct confusion (where the marks are mistaken for each other) and indirect confusion (where the marks are taken to be from the same or economically linked companies). Taking all matters and submissions into account, I consider that whilst a reasonable degree of care in the purchase may lessen the likelihood of imperfect recollection, the situation here is that the average consumer

will notice there is a difference between the marks so will not imperfectly recall or directly confuse them.

80. As to indirect confusion, in *L.A. Sugar Limited v By Back Beat Inc* (BL-O/375/10), the Appointed Person, Mr Iain Purvis Q.C, commented on the difference between direct and indirect confusion in the following terms:

“16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: “The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark.

17. Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:

(a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right (“26 RED TESCO” would no doubt be such a case).

(b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as “LITE”, “EXPRESS”, “WORLDWIDE”, “MINI” etc.).

(c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension (“FAT FACE” to “BRAT FACE” for example).”

81. Although I have concluded that the competing trade marks would not be confused directly, in my view the average consumer would be likely to construe HTCC’s goods as being those of OML or some undertaking economically linked to it as per (a) above. The opposition under section 5(2)(b) of the Act would succeed accordingly.

## **Summary**

82. HTCC’s opposition to OML’s application no 3020773 fails under sections 3(1)(b) and (c) of the Act but succeeds under section 3(6) of the Act.

HTCC’s opposition to OML’s application no 3022976 fails under sections 3(1)(b) and (c) of the Act but succeeds under section 3(6) of the Act.

Absent any appeal against the above decisions, OML's opposition to HTCC's application no 3024061 fails. In the event that my decision as regards OML's application no 3022976 is overturned on any appeal and OML is entitled to rely on it, then its opposition to HTCC's application 3024061 would succeed.

### **Costs**

83. My primary finding is that HTCC has succeeded in its oppositions to each of OML's application and that OML's opposition to HTCC's application fails. HTCC is therefore entitled to an award of costs in its favour. I award costs on the following basis:

|  |              |
|--|--------------|
| Preparing a statement and considering OML's statement: | £200 x 3     |
| Opposition fee:  | £200 x 2     |
| Preparation of evidence:                               | £1000        |
| Reviewing evidence:                                    | £500         |
| Written submissions:                                   | £300         |
| <b>Total:</b>  | <b>£2800</b> |

84. I order One Max Ltd to pay HTC Corporation the sum of **£2800**. 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 19th day of January 2015**

**Ann Corbett  
For the Registrar  
The Comptroller-General**