

O-193-15

TRADE MARKS ACT 1994

IN THE MATTER OF INTERNATIONAL REGISTRATION NO. 687463 IN THE NAME OF L&D S.A.

AND IN THE MATTER OF AN APPLICATION FOR INVALIDITY NO. 16182 THERETO BY JULIUS SAMANN LIMITED (BERMUDA) AND JULIUS SAMANN LIMITED (SWITZERLAND)

APPEAL TO THE APPOINTED PERSON FROM THE DECISION OF MR G W SALTHOUSE FOR THE REGISTRAR, DATED 15 APRIL 2013

DECISION

Introduction




1. This appeal concerns an application for a declaration of invalidity made by Julius Sämänn Limited (Bermuda) and Julius Sämänn Limited (Switzerland) (together, “JS”) against international registration no. 687463, protected in the United Kingdom as of 24 November 1997, in the name of L&D S.A. (“L&D”) for the following trade mark registered for “Air fresheners” in class 5 (the “**Contested Mark**”):



2. The application for invalidity was brought under section 47 of the Trade Marks Act 1994 (the “Act”) on three main grounds:
 - (1) under section 47(1) on the basis that the Contested Mark had been applied for in bad faith contrary to section 3(6) of the Act;

(2) under section 47(2)(a) on the basis that JS is the proprietor of certain earlier trade marks (as set out in the table below – the “**earlier marks**”) in relation to which the conditions set out in sections 5(2)(b) and/or 5(3) apply; and

(3) under section 47(2)(b) on the basis that JS owns an earlier right in passing off in relation to which the condition set out in section 5(4)(a) of the Act is satisfied.

Mark	Registration Number	Filing and Registration Dates	Registered Proprietor	Class	Specification
 Disclaimer: Registration of this mark shall give no right to the exclusive use, separately, of the words "Magic" and "Tree".	UK TM no. 1212767 (“the 767 mark ”)	Filing date: 14 February 1984 Registration date: 26 February 1986	Julius Sämann Ltd (Bermuda)	5	Air freshening, air purifying and air deodorizing preparations
	UK TM no. 833966 (“the 966 mark ”)	Filing date: 1 May 1962 Registration date: 25 July 1963	Julius Sämann Ltd (Bermuda)	5	Deodorants
	CTM no. 91991 (“the 991 mark ”)	Filing date: 1 April 1996 Registration date: 1 December 1998	Julius Sämann Ltd (Switzerland)	5	Air-fresheners

3. L&D put JS to proof of use of the earlier marks and denied all of the grounds of invalidity raised. It also contended that it had a defence of acquiescence under section 48 of the Act.
4. At the hearing before the Registry, JS did not pursue the ground of invalidity based on breach of section 3(6) of the Act and accepted that the outcome of the challenge based on section 5(2)(b) would determine the case under section 5(4)(a).
5. Both parties filed substantial amounts of evidence at first instance. The hearing was held on 28 November 2012, at which L&D was represented by Mr Ian Bartlett of

Beck Greener and JS was represented by Ms Jessie Bowhill of Counsel, instructed by Rouse & Co International.

6. By a decision issued on 15 April 2013 (the “**Decision**” – BL O-153-13), the Registrar’s Hearing Officer, Mr George W. Salthouse, found that the earlier marks had been put to genuine use, but he rejected all the grounds for invalidity, and thus did not deal with the case on acquiescence. JS now appeals pursuant to section 76 of the Act.
7. JS filed a Notice of Appeal on 10 May 2013, contending that the Hearing Officer had made various errors in reaching his conclusions under sections 5(2)(b) and 5(3) of the Act. L&D then filed a Respondent’s Notice on 15 July 2013, arguing for the outcome to be maintained not only for the reasons given, but also on the basis that the Hearing Officer had erred in finding that JS had proved use, distinctiveness and reputation of the earlier marks. L&D also contended that the Hearing Officer should additionally have found that JS had acquiesced in the use of the Contested Mark under section 48.
8. At the appeal hearing on 27 January 2014, L&D was again represented by Ian Bartlett of Beck Greener and JS was represented by Counsel, Guy Hollingworth, instructed by Nabarro LLP. I received detailed arguments from both sides, both written and oral. In addition, in the few weeks following the hearing, I received short supplementary written submissions from each party relating to the decision of Arnold J in *Jack Wills Limited v House of Fraser (Stores) Limited* [2014] EWHC 110. I also received submissions from the representatives of L&D in June 2014 on a judgment of the Court of Appeal in Paris in a connected dispute, which I mention briefly below.
9. This case is just one of many registry and court proceedings (some completed and some ongoing) that form part of an overall dispute between the parties and related entities in various countries around the world. In an attempt to settle the overall dispute, the parties quite sensibly engaged in settlement discussions during a period over the summer and early autumn of 2014 and made a joint request for me to delay my decision, effectively staying the appeal, during that period. Unfortunately, the dispute was not resolved and therefore I am asked to finalise and issue my decision. I regret the delay in doing so, but I would reassure the parties that I have re-reviewed all of the relevant papers in the case, including a full transcript of the appeal hearing.

Previous Litigation between the Parties

10. As indicated above, the parties have a history of litigation concerning their respective tree marks and products. Both sides presented copies of court and registry decisions in their statements of grounds and evidence, and put forward their

respective interpretation of the reasoning and outcomes. Some involved conflicts between JS's 991 mark and various different "tree" marks of L&D, and there were also (unsuccessful) attacks on the validity of the 991 mark.

11. The Hearing Officer mentioned the cases presented by L&D in the evidence, but said (at paragraph 19 of the Decision) that he did not find them to be of assistance and he does not appear to have taken them into account in his reasoning. He is rightly not criticised by either side for ignoring national court or registry decisions, not just because national decisions are not binding, but also because in this case they do not involve identical 'pairs' of marks to those in issue in this case, and they turn on different local facts and circumstances.
12. I would put the Paris Court of Appeal decision sent to me after the hearing (in fact dating back to 28 February 2014 – Case 12/17880) into the same 'box'. This is a national court decision in an unfair competition (rather than trade mark infringement) case, based on the judges' perception of the similarity between the parties' respective marks as used on the market in France, and I would be wrong to place any weight on the Paris Court's assessment of similarity and likelihood of confusion, as L&D invites me to do.
13. There are two decisions, however, which JS relies on in the appeal, which I outline here briefly so that the particular points made by the parties are more understandable as they arise in the arguments. These are:
 - (1) the decision of Kitchin J (as he then was) of 17 March 2006 in *Julius Sämann Ltd and others v Tetrosyl Ltd* [2006] EWHC 529 (Ch), [2006] FSR 42. This was a trade mark infringement case concerning the sale of a different Christmas tree shaped air freshener by Tetrosyl, a UK retailer of L&D, in which JS relied on two of the marks that are in issue in this appeal (the "**Tetrosyl Decision**"); and
 - (2) the decision of the Court of First Instance of 7 September 2006 in Case T-168/04 *L&D SA v OHIM* [2006] ECR II-02699 in which JS successfully opposed L&D's application to register a mark which was very similar (but not identical) to the Contested Mark (the "**CFI Decision**").
14. The Tetrosyl Decision followed the trial of an action in which JS claimed that L&D's dealings in an air freshener in the shape of a fir tree, decorated with snow and flashing lights and bearing the name "CarPlan", infringed JS's 966 and 991 marks and amounted to passing off. There was also a counterclaim for both revocation and invalidity of those marks. The allegedly infringing product was not based on the Contested Mark, but JS says that the decision is nevertheless relevant to the issues of distinctiveness and the correct approach to the assessment of similarity and thus the likelihood of confusion.

15. Kitchin J rejected the invalidity and revocation challenges on the 966 and 991 marks and held that they both had inherent and enhanced acquired distinctiveness in relation to and as the shape of air fresheners for cars and other vehicles, and indeed had a substantial reputation in the UK. He found that there was a marked visual and conceptual similarity between L&D's tree sign as used and the 966 and 991 marks, each of which comprised the device of a fir tree as its dominant and distinctive component. As a result of the identity of the goods concerned and the similarity of L&D's tree sign, he held that there was a likelihood of confusion on the part of the public, thus finding infringement under section 10(2)(b) of the Act and article 9(1)(b) of Council Regulation 40/94 (now replaced by Regulation 207/2009) (together, "the **Regulation**").
16. The Judge also found that the average consumer seeing L&D's product would make a link with the 966 and 991 marks and that this would inevitably diminish the capacity of those marks to denote JS's products exclusively, thus causing detriment to their distinctive character and repute. L&D had not established "due cause", and thus there was infringement under section 10(3) of the Act and article 9(1)(c) of the Regulation.
17. On the other hand, the case in passing off was rejected.
18. The CFI Decision related to an appeal in an opposition brought by JS under article 8(1)(b) of Regulation 40/94 against an application by L&D to register a Community trade mark comprising the inner element of the Contested Mark – i.e. without the surrounding border and lines. The opposition was based on the 991 mark and other earlier tree marks including one identical to the 966 mark. JS had succeeded before OHIM's Board of Appeal, so this was L&D's appeal.
19. The Court upheld the Board's finding that the 991 mark had acquired distinctive character as a result of prolonged use in Italy, and indeed that it was well known there, and rejected L&D's argument that the mark had weak distinctive character due to the allegedly descriptive nature of the silhouette of a fir tree for air fresheners. It agreed with the Board's assessment that the overall impression of L&D's mark was that of an image resembling a fir tree rather than (as L&D contended) that of a comical character, the fir tree element being the predominant element of all of the marks in issue, and thus upheld the Board's finding of similarity of marks. And it went on to uphold the finding of a likelihood of confusion under article 8(1)(b).
20. The CFI Decision was upheld by the Court of Justice on appeal: Case C-488/06 P, [2008] ECR I-05725.
21. I discuss the relevance of these decisions in the context of the submissions of the parties as they arise below.

The Decision

22. The Decision took a conventional form. The Hearing Officer first set out the details of the Contested Mark and of the earlier rights relied on by JS. He then summarised the extensive evidence filed by the parties (comprising 11 witness statements and numerous exhibits) in detail at paragraphs 5 to 29 of the Decision. Neither party (with one minor exception) criticises this summary, so I will not set out any further details here.
23. The Hearing Officer then set out the text of sections 47(2) and 5(2)(b) of the Act and stated that JS's marks constituted "earlier trade marks" for the purposes of section 6 of the Act. Since each of JS's earlier marks had been registered for more than five years prior to the application for invalidity, L&D had put JS to proof of use during the final five year period leading up to the application. The Hearing Officer set out the text of sub-sections 47(2A) to (2E) regarding the use requirements in the context of an invalidity application and referred to the CJEU case law on the requirements for "genuine use" and my summary of the principles set out in *SANT AMBROEUS* (BL O-371-09) [2010] RPC 28.
24. The Hearing Officer noted that much of the evidence of use submitted by JS showed use of marks with the pine tree shape but "*with a variety of words such as "MAGIC TREE", "LITTLE TREE", "ENERGY" and "BLACK ICE" printed upon them"*. Accordingly, the Hearing Officer considered whether such use was use of a mark "*in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered"* pursuant to section 47(2C) of the Act and looked to the guidance provided in *BUD / BUDWEISER BUDBRAU* [2003] RPC 24 and *Orient Express* (BL O-299-08). The Hearing Officer identified the points of difference between the marks as used and as registered, particularly mentioning the addition of the words listed above, and concluded that there had been no alteration of the distinctive character of the registered marks, stating that "*the device element is a clear trade mark on its own"* and that "*the evidence shows use of all three registered marks"*.
25. The Hearing Officer then moved on to consider the law pertaining to section 5(2)(b) of the Act, listing the key CJEU authorities relating to the test for likelihood of confusion and setting out the formulation of the applicable principles set out by Geoffrey Hobbs QC, acting as the Appointed Person, in the case of *La Chemise Lacoste SA v Baker Street Clothing Ltd* (BL O-333-10), which was endorsed by Arnold J in *Och-Ziff Management Europe Ltd v OCH Capital* [2010] EWHC 2599.
26. In applying this guidance, the Hearing Officer highlighted the following points at paragraphs 42 and 43 of the Decision:

- (1) JS has provided considerable evidence of sales and has shown that it has a significant reputation in the marks relied upon;
- (2) the earlier marks have a reasonable degree of inherent distinctiveness for the goods for which they are registered;
- (3) the relevant average consumer would be a member of the general public who drives a car who, as the goods are low cost, would not spend much time over the purchase; and
- (4) the goods are likely to be displayed on a carousel and self-selected by the consumer and so the visual comparison will be the most important.

27. The Hearing Officer reminded himself of the characteristics of the average consumer in the usual way and directed himself to consider the distinctive and dominant elements of the respective marks before carrying out the visual, aural and conceptual similarities of the marks.

28. When identifying the distinctive and dominant elements, the Hearing Officer concluded:

“46) Clearly the distinctive and dominant feature of JS’s marks is that of a fir or pine tree. Trade mark 1212767 also has the words “magic tree” upon it. To my mind, most consumers will link this to the shape of the item and it will simply reinforce their perception of the mark as being a tree. L&D has accepted that its mark includes the outline of a fir or pine tree. However, this is, to my mind, not the dominant element. The overall impression is of a cartoon character in the shape of a tree. The character has a smiling face, arms which emanate from the tree and also feet clad in large almost clown like boots. Very few consumers in the UK will understand the meaning of the words “AIRE LIMPIO” printed upon the characters “chest” and they may even take it as being the name of the character.”

29. As regards the visual, aural and conceptual comparison of the marks, the Hearing Officer found:

“VISUAL COMPARISON

47) To my mind whilst both marks are clearly trees, they are significantly different. The marks of JS are effectively a representation of a real pine or fir tree whilst L&D’s mark is a cartoon character of an animated pine or fir tree. The overwhelming impression of L&D’s mark is that of a cartoon character, complete with arms, legs, eyes, large nose and mouth complete with tongue and teeth. The character also has a name, albeit incomprehensible to the average monolingual UK consumer. The marks are significantly different to the eye.

AURAL COMPARISON

48) Clearly the only verbalisation possible on the marks of JS, is that of “MAGIC TREE”; and that is only on one of the marks above, the other two having no words registered. By contrast L&D’s mark has a “name”, which will be pronounced probably as “AIRY LIMPIO”. Clearly the marks of the two parties are aurally distinct; although this element is not as important as the visual element.

CONCEPTUAL COMPARISON

49) Whilst the marks of JS are realistic outlines of a pine or fir tree the mark in suit being a cartoon character has a completely different conceptual nature. Clearly, a happy if not to say clownish character who has a large proboscis, big feet and a name.”

30. The Hearing Officer concluded that (as accepted by L&D) the goods of the two parties are identical.

31. The Hearing Officer did not specifically assess the overall similarity of the marks, but went straight on to his assessment of the likelihood of confusion, as follows:

“51) I must now take all the above into account and consider the matter globally taking into account the interdependency principle- a lesser degree of similarity between trade marks may be offset by a greater degree of similarity between goods and vice versa. Clearly the goods are identical. However, there are very significant visual and conceptual differences between the mark in suit and the marks of JS, such that despite the goods being identical and purchased with little attention there is no likelihood of consumers being confused into believing that the goods provided by L&D are those of JS or provided by some undertaking linked to them.
The opposition under Section 5(2)(b) therefore fails.”

32. He then recited the fact that it had been accepted at the hearing that the finding under section 5(2)(b) would resolve the 5(4)(a) ground.

33. Finally, the Hearing Officer considered the ground under section 5(3) of the Act, setting out the relevant text of the section and referring to various CJEU and domestic authorities. He specifically set out the guidance of the CJEU in Case C-375/97 *General Motors Corporation v Yplon SA (Chevy)* [1999] ECR I-05421 and correctly stated that the onus was on JS to prove that the earlier marks enjoy a reputation and found that JS had successfully discharged this burden.

34. In considering whether the marks were similar for the purposes of section 5(3) of the Act, the Hearing Officer set out the guidance of Mr Simon Thorley QC, sitting as the Appointed Person in *Inlima S.L.’s application* [2000] RPC 61 as well as an extensive passage from Daniel Alexander QC, sitting as the Appointed Person, in *Beko Plc v Socks World International Limited (‘BEKO Sport’)* (BL O-307-10).

35. In applying this guidance, the Hearing Officer concluded:

“58) It is accepted in the instant case that the goods of the two parties are identical. I also found that the marks of JS are inherently very distinctive for “Air fresheners” and has (*sic.*) an enhanced reputation. I also found that, whilst the mark in suit is a cartoon character in the shape of a pine or fir tree, the differences between the marks was such that overall they are quite dissimilar, and will not create the link that is required. Adopting the composite approach advocated, the conclusions that I have set out above naturally lead me to the view that there is no advantage for the applicants to derive. As far as detriment is concerned, JS suggested that this would subsist in a reduction in the distinctiveness of their marks. I do not consider that registration of L&D’s mark could have an impact in this respect, be it to the

distinctiveness of the earlier marks or the reputation they enjoy. **The opposition under Section 5(3) therefore fails.**”

36. The Hearing Officer concluded that the invalidity action failed on all grounds and ordered JS to pay £2,800 towards L&D’s costs, subject to any appeal.

Approach to this Appeal

37. As the parties both agree, the role of the Appointed Person is to review the Decision, not to re-hear the case. I should show “*a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle*”: *REEF Trade Mark* [2002] EWCA Civ 763, [2003] RPC 5 at [28]. A decision does not contain an error of principle merely because it could have been better expressed.

38. Since both parties in this case to some extent complain about the Hearing Officer’s failure to explain his reasoning fully in relation to certain points, I also bear in mind the following warning in *REEF* at [29]:

“The appellate court should not treat a judgment or written decision as containing an error of principle simply because of its belief that the judgment or decision could have been better expressed. The duty to give reasons must not be turned into an intolerable burden: see the recent judgment of this court in *English v Emery Reimbold & Strick Ltd* (and two other appeals heard with it) [2002] EWCA Civ 605, 30 April 2002, para 19:

“ ... the judgment must enable the appellate court to understand why the Judge reached his decision. This does not mean that every factor which weighed with the Judge in his appraisal of the evidence has to be identified and explained. But the issues the resolution of which were vital to the Judge’s conclusion should be identified and the manner in which he resolved them explained. It is not possible to provide a template for this process. It need not involve a lengthy judgment. It does require the Judge to identify and record those matters which were critical to his decision.”

39. This approach was recently reiterated by Lewison LJ in *Fage UK Ltd v. Chobani UK Ltd* [2014] EWCA Civ 5, [2014] ETMR 26, as follows:

“115. It is also important to have in mind the role of a judgment given after trial. The primary function of a first instance judge is to find facts and identify the crucial legal points and to advance reasons for deciding them in a particular way. He should give his reasons in sufficient detail to show the parties and, if need be, the Court of Appeal the principles on which he has acted and the reasons that have led him to his decision. They need not be elaborate. There is no duty on a judge, in giving his reasons, to deal with every argument presented by counsel in support of his case. His function is to reach conclusions and give reasons to support his view, not to spell out every matter as if summing up to a jury. Nor need he deal at any length with matters that are not disputed. It is sufficient if what he says shows the basis

on which he has acted. These are not controversial observations: [cases cited.]”

Grounds of Appeal and Respondent’s Notice

40. In respect of section 5(2)(b), JS’s grounds of appeal were that the Hearing Officer had erred in relation to the following matters:

- (1) his assessment of the inherent and acquired distinctiveness of the earlier marks;
- (2) his approach to the assessment of similarity of the marks; and
- (3) the global assessment of the overall likelihood of confusion.

41. In respect of section 5(3), JS contended that the Hearing Officer had erred in relation to:

- (1) his approach to the assessment of similarity of the marks, as for section 5(2)(b);
- (2) his failure to properly consider the question of whether consumers would perceive a ‘link’ between the Contested Mark and the earlier marks; and
- (3) his failure to properly address the issues of unfair advantage and detriment to distinctive character.

42. L&D’s Respondent’s Notice contended that the Hearing Officer erred in relation to the following:

- (1) his conclusion that JS had proved use of the earlier marks;
- (2) his finding that, when JS’s products bore the earlier marks with additional elements, the device element of the earlier marks was perceived as a trade mark on its own;
- (3) his rejection of L&D’s argument that the shape of the earlier trade marks is largely functional, thus rendering them of very low distinctiveness;
- (4) his finding that JS has a significant reputation in the marks relied on; and
- (5) his failure to take into account the longstanding use of the Contested Mark and marks like it in the UK without any confusion or association.

43. This is a wide array of objections to the Decision, which I only summarise at this point. I shall go on to explain them further by reference to the submissions made in the skeleton arguments and at the hearing, as I address each of them in turn.

44. I first deal with the arguments on proof of use, since success on this point by L&D would determine the appeal.

Proof of Use

45. As discussed above, L&D put JS to proof of use of each of the earlier marks under section 47(2B) of the Act. The parties agreed at first instance that the relevant period for which genuine use must be proved was 25 October 2006 to 24 October 2011 (the “**Relevant Period**”), and the Hearing Officer held that use had been proved in relation to each of the earlier marks.
46. L&D conceded at the appeal hearing that JS had established genuine use of the 767 mark (bearing the words “MAGIC TREE”), but contended that JS had failed to do so in relation to the wordless marks, 966 and 991. L&D did not go as far as saying that any of the evidence should be disbelieved (which in any event would be inappropriate given that there was no request to cross-examine JS’s witnesses – see Tribunal Practice Notice 5/2007), but Mr Bartlett tried to persuade me that a close analysis of the exhibits did not support the claim of genuine use.
47. There were really two limbs to L&D’s complaint: first it was said that the evidence put forward by JS lacked clarity and was too vague and general to support a finding of genuine use and therefore the Hearing Officer should not have accepted it as being sufficient; and second, L&D complained that the Hearing Officer was far too broad-brush in his approach to the issue of use, wrongly ‘lumping together’ the three earlier marks, without considering whether there was evidence of use of each one of them separately.
48. As mentioned above, the Hearing Officer set out a detailed summary of the evidence in the Decision. He also correctly set out the principles of assessment of genuine use, as well as the dates in issue. He is an experienced hearing officer who has to assess the issue of genuine use on a regular basis, so L&D’s position is not a very attractive one. The only way to test it is to review the evidence itself, which I have done.
49. The relevant evidence is found in the witness statement of David Kent dated 19 March 2012 and his exhibits, summarised at paragraphs 5 to 8 of the Decision. Mr Kent was then the Chief Executive of Saxon Industries, JS’s exclusive UK distributor of products under the earlier trade marks. His witness statement appears to have been prepared with a view to proving the acquired distinctiveness and reputation of the earlier marks rather than merely proving use within the Relevant Period, since there are repeated references to the position in 1997 (being the date on which the Contested Mark was designated in the UK, but before the Relevant Period) and no specific references to the Relevant Period (or any particular period). As a consequence, the evidence spans the time from the launch of JS’s tree-shaped air freshener products in the 1960s up until the date of the witness statement.

50. It is certainly true to say that much of Mr Kent's evidence is irrelevant or only marginally relevant to the issue of genuine use during the Relevant Period, and some of it has to be ignored because it is undated or amounts to internal use (such as the brand guidelines at Exhibit DK13), or consists of use in relation to products other than air fresheners (such as Exhibit DK2). However, it seems to me that several items do clearly establish sales, advertising and promotion within the Relevant Period of air freshener products under or by reference to marks which are either identical or highly similar to one or other of the 966 and 991 marks. The relevance of the similar marks will be discussed below. The most relevant exhibits are as follows:

- (1) Exhibit DK3 is a copy of the Saxon catalogue which was current as at the date of the witness statement, being 19 March 2012. The catalogue itself bears a copyright date of 2011 (on page 31). Pages 28 to 30 of this exhibit each show use of marks identical to 966, subject to the white boxes containing text, comprising the words "CAR FRESHENER" in the central box and the names of different fragrances in the lower box, such as "Ocean Mist", "Forest Fresh" and "Strawberry", and pages 28 to 31 show use of a plain tree mark in the shape of 991, superimposed with decorative elements like snowflake patterns and colourful swirls, and sometimes with a descriptive word like "PEACE", "RELAX" or "ENERGY" along the bottom.
- (2) Exhibit DK5 includes a number of sales invoices which constitute evidence that JS's products were purchased by distributors/retailers located in the UK between 5 December 2007 and 28 February 2011. Collectively, the orders amount to tens of thousands of products. The description of the items shown in the invoices can be related to the images in Exhibits DK3 (see (1) above), DK4, DK6 and DK8. The products shown in these exhibits generally comprise the tree shaped product in a transparent packet through which the outline of the product, as embodied in 991, can be seen. Most, if not all, of the products shown bear additional decorative and/or word elements, such as a picture of a lemon with the words "Lively Lemon" on the appropriately scented product. Where the images show the packaging, all of the packets have an image of a mark that looks just like the 966 mark, subject to the addition of the words "CAR FRESHENER" or "MAGIC TREE" across the middle (the latter being effectively the 767 mark) in the top right or left corner of the packaging, and some barely legible text in the box at the foot of the tree.
- (3) Pages 83 and 85 of Exhibit DK12 comprise examples of one page leaflets, with copyright dates of 2009 and 2008 respectively, which show products in the shape of a tree, as embodied in 991, bearing a range of additional word and decorative elements.

- (4) Exhibit DK14 includes four examples of leaflets, produced by Saxon for specific customers, which would be used on trade counters or by the customers' own sales teams. These leaflets have copyright dates of 2006, 2007 and 2010, and show use of 991 with additional elements, as well as 966, some examples of which have the words "MAGIC TREE" in the middle box (i.e. becoming the 767 mark) and some of which have other text.
 - (5) Exhibit DK15 shows an advert for point of sale materials, with a copyright date of 2011, which shows use of 991 with additional elements, and 966, some examples of which have the words "MAGIC TREE" in the middle box, and some of which have other text.
 - (6) Exhibits DK19, DK25, DK26 and DK28 all appear to show instances of JS's products appearing in advertisements and films as a form of product placement. Again, both the tree shape which is the subject of 991 and trees with two white boxes, as per 966, some of which have the words "MAGIC TREE" in the middle box, and some of which have other text, are shown.
 - (7) Exhibit DK36 includes an example of an advertisement which was placed in a magazine in 2011 to address the issue of fake 'tree' products. Again, both the tree shape which is the subject of 991 but with additional elements and trees with two white boxes, as per 966, some of which have the words "MAGIC TREE" in the middle box, and some of which have other text, are shown.
51. There are several other examples in the exhibits of the 991 mark apparently in use, exactly as registered, for example, on packaging and on display stands. However, Mr Bartlett is right to say that these do not comply with the standard of proof required since it is unclear whether such uses took place in the Relevant Period. While it is tempting to take account of them in the overall context of the evidence as contributing to the overall picture of use during that period, I do not think that I need to do so for the reasons that follow.
52. In my assessment, the above examples taken together demonstrate actual use by JS's licensees (or otherwise with its consent) of the marks that I have described, and that such use is more than merely token. It amounts to real commercial exploitation aimed at creating market share in air freshener products in a way which is intended to designate origin, as per the requirements laid down by the CJEU and as summarised in *SANT AMBROEUS* (referred to above) and approved by Arnold J in *Stichting BDO v BDO Unibank* [2013] EWHC 418 (Ch) at [51]. The remaining question is whether the Hearing Officer was right to conclude that the use of the marks that I have described amounts to use of the registered marks.

53. Without the extra examples referred to in paragraph 51 above, there is no evidence of use within the Relevant Period of the 966 mark in precisely the form in which it is registered, and only minimal evidence of use of 991 in its precise registered form, without any added matter. However, in my assessment the variations to the marks that I have described in paragraph 50 above comply with section 47(2C)(a) of the Act which provides that “*use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it is registered*”.
54. It seems to me that the Hearing Officer correctly directed himself to apply the test set out by Lord Walker in *BUDWEISER BUDBRAU* [2003] RPC 24, together with the summary that I gave in *Orient Express* (BL O-299-08). He identified the distinctive character of the registered trade mark; he identified the signs that were actually used during the Relevant Period; he identified the points of difference between the two; and he then decided whether those differences were such as to alter the distinctive character of the marks as identified – with the answer, “no”. While he did not go painstakingly through each of those steps by reference to each earlier mark in turn in the text of the Decision, it is clear from his introduction to paragraph 40, where he summarises the distinctive character of each of the marks, as “*a plain fir tree, a fir tree with two blank spaces in which to print words such as the fragrance, and a fir tree with the words “MAGIC TREE” printed upon it*”, that he knew he had to consider each of the three separate marks. Given that there were multiple variants of more than one of the marks in some of the exhibits, it would have been very onerous and repetitive for him to have spell out his analysis for each registration. However, my attempt to do so in relation to the 991 and 966 marks supports his conclusion for each of them.
55. Mr Hollingworth for JS relied on the decision of the CJEU in Case C-252/12 *Specsavers v Asda Stores* at [23]-[24] as authority for the proposition that the use of a wordless logo mark with a superimposed word sign may be considered to be genuine use of the wordless logo mark as such, as long as the latter is perceived by relevant consumers as designating the origin of the goods concerned. The Court did indeed say this, and the Court of Appeal has subsequently applied this guidance in *Specsavers v Asda Stores* [2014] EWCA Civ 1294, and concluded (at [34]) that much of the use that Specsavers had made of a logo comprising two overlapping ovals with the prominent word “Specsavers” superimposed across it also constituted use of the underlying wordless logo mark. Giving the leading judgment, Kitchin LJ said that he had been persuaded by the evidence, against his initial impression, that the average consumer perceived the wordless logo mark as indicative of the origin of the goods and services supplied by Specsavers. In particular, the Court found that the wordless logo mark was regarded by consumers as a trade mark and not simply as background use of a registered logo mark with additional elements.

56. That was of course a specific application of the CJEU decision to the particular facts of the *Specsavers* case, but it serves to support the view that the Hearing Officer was entitled to take the approach that he did. It is also notable that the word “Specsavers” was much larger and more prominent in relation to the logo element
57. It is clear to me that the Hearing Officer understood the requirement to find that each of the earlier marks was perceived as having an origin function, given his reliance on the guidance in *SANT AMBROEUS* referred to above. As Mr Hollingworth pointed out, this conclusion is consistent with the findings of Kitchin J (as he then was) in the Tetrosyl Decision (which is cited above and discussed in further detail below), in which he held that very similar tree marks were perceived by consumers as denoting JS’s products. My own review of the evidence in this case has also left me with a strong sense that consumers who were exposed to the various versions of the earlier marks, including those with added graphical and verbal matter, during the Relevant Period would have perceived each of the 991 and 966 marks as having an origin function.
58. Further, it seems to me – applying *Specsavers* – that the use of the 767 mark – which has been admitted by L&D – would also be perceived as use of the 966 mark, particularly bearing in mind that there has been use of other variations in which different words appear in the central box instead of MAGIC TREE.
59. In summary, I am not persuaded that the Hearing Officer made any error of principle or approach in reaching his conclusion that there had been genuine use of each of the earlier marks, and I see no reason to disturb his conclusion. I therefore go on to consider JS’s grounds of appeal.

Distinctiveness and Reputation of the earlier marks

60. The degree of distinctiveness of the earlier marks, both inherent and acquired through use, is relevant to both grounds of invalidity in the case; and the related issue of reputation is key to the case under section 5(3). Both parties raised points on the Decision on these subjects, and I deal with these before moving to the separate grounds of invalidity.

Inherent distinctiveness

61. JS’s starting point, as set out in its grounds of appeal, was that there was a discrepancy between the Hearing Officer’s findings on the distinctiveness of its marks at paragraphs 42 and 58 of the Decision.
62. Paragraph 42 was part of his consideration of the case under section 5(2)(b), as follows (emphasis added):

“Distinctive character of JS’s earlier trade marks

42) JS has provided considerable evidence of sales and has shown that it has a significant reputation in the marks relied upon. Overall, JS's marks have a reasonable degree of inherent distinctiveness for the goods for which they are registered, even accepting that for a pine fragranced air freshener the shape loses some of its distinctiveness.”

63. Paragraph 58 comes in the middle of his assessment of the case under section 5(3), and starts as follows (emphasis added):

“58) It is accepted in the instant case that the goods of the two parties are identical. I also found that the marks of JS are inherently very distinctive for “Air fresheners” and has (*sic.*) an enhanced reputation. ...”

64. By the time of the hearing, Mr Hollingworth for JS was not arguing for a finding that the Hearing Officer had made a significant error in his assessment of inherent distinctive character, although he did argue that the paragraph 58 version was preferable to and more correct than paragraph 42. He focused instead on the fact that the Hearing Officer – correctly, in his submission, – made findings that the marks had a significant and enhanced reputation, and therefore must have concluded that the earlier marks had acquired enhanced distinctiveness as a result of the use that had given rise to that reputation. But his mistake then arose in failing to take this into account when assessing the likelihood of confusion. In other words, it does not really matter to JS if it has to live with the finding of only a “*reasonable degree of inherent distinctiveness*”, as long as the level of distinctiveness is found to have become significantly increased through use and is then taken into account in the global assessment, which it contends was not done.

65. For its part, L&D also started out by criticising the Hearing Officer’s findings on distinctiveness, arguing in the Respondent’s Notice that they were both much too generous to JS and were unsupported. However, in his skeleton argument before the hearing, Mr Bartlett submitted that JS was simply nit picking when it pointed to the discrepancy between the two findings, and that the Hearing Officer had in fact been careful to assess both the inherent and factual distinctiveness of the earlier marks, and suggested that the explanation for the difference could lie in the fact that a different level of similarity is required for the purpose of the different tests under sections 5(2)(b) and 5(3). At the hearing, he rode both horses: his position was that, if I was unpersuaded to re-open the Hearing Officer’s findings, then they were perfectly well founded on a correct assessment of distinctiveness; on the other hand, if I was going to look at the matter again, L&D would argue that both findings of the Hearing Officer on inherent distinctiveness over-stated the position. Building on the latter point, Mr Bartlett submitted that, although the earlier marks had to be accepted as having a modicum of distinctiveness because they were registered, their distinctiveness was in fact extremely low.

66. In the face of the extensive case law to the effect that shapes are not normally perceived as indications of origin by the average consumer (see, for example, Case C-218/01, *Henkel v Deutsches Patent- und Markenamt* [2004] ECR I-01725), albeit bearing in mind that each case depends on the particular mark and products concerned and their market, a decision that the earlier marks, particularly 991, are “*inherently very distinctive*” is somewhat surprising. The fact that the first instance tribunal made a surprising finding would not be enough for me to take a second look if it were a clear conclusion, expressed at the end of an analysis of the inherent features of the marks in issue. However, since (as I will come to) I do agree with Mr Hollingworth that there is a serious question over whether the Hearing Officer took account of the distinctiveness of the earlier marks in his global assessment of the likelihood of confusion under section 5(2)(b), and since what the Hearing Officer actually said about inherent distinctiveness was internally inconsistent within the Decision and he did not express any view on acquired distinctiveness, I do consider that it is appropriate to consider and reach my own conclusion on the matter.
67. L&D submits that the shape of a fir tree would be perceived by consumers as descriptive in the context of air fresheners, since it indicates not only the scent of pine, but the idea of clean and fresh air generally. While the Hearing Officer did not deal with this point in any detail, he appears to have rejected it, just as Kitchin J did in the Tetrosyl Decision, in which he also stated that “*it cannot be said that [the 991 and 966] marks resemble the shape of air fresheners for cars and other vehicles are likely to take. There is no normal shape for [air] fresheners*”.
68. There is not much more that can be said about this. There was no evidence to support L&D’s contentions. While, as the Hearing Officer found, there is some loss of distinctiveness of the marks in relation to pine fragranced air fresheners, there is no limitation of fragrances in the specification, and the case in fact concerns air fresheners of multiple different scents and smells.
69. I do think that Mr Bartlett is right to say that “*inherently very distinctive*” at paragraph 58 is an overstatement. But the finding of “*a reasonable degree of inherent distinctiveness*” at paragraph 42 accords with my assessment, as well as being what both sides were willing to live with at different stages in the appeal process, and I proceed on that basis.

Acquired distinctiveness

70. Turning to acquired distinctiveness, this has to be assessed as at the date on which the Contested Mark was designated for protection in the UK, i.e. 24 November 1997 (“the **UK Designation Date**”).

71. As mentioned above, Mr Hollingworth's position at the hearing was that the Hearing Officer must have found enhanced distinctiveness through use of the earlier marks, in view of his clear finding of significant reputation of the marks. So he was not looking for a re-assessment of the issue by me, as long as I agreed that the Hearing Officer failed to factor this finding into the global assessment and was prepared to factor it into my own reassessment. For his part, Mr Bartlett's position was that the Hearing Officer's finding of enhanced reputation was erroneous and certainly could not be relied on to justify an implied finding of enhanced distinctiveness. However, he did not point me to any actual mistake, and nor did he take me through the evidence to persuade me that the Hearing Officer could not reasonably have reached the conclusion on reputation that he did. Instead, he relied on the submissions made at first instance, and argued that the decision of Arnold J in *Société des Produits Nestlé SA v Cadbury UK Ltd* [2014] EWHC 16 ("*KitKat*"), which was handed down shortly before the hearing, supported L&D's position.
72. While it would have been preferable if the Hearing Officer had reached an express conclusion in relation to the actual distinctiveness of the earlier marks as at the UK Designation Date, based on a combination of the inherent distinctiveness and the use of the marks, I agree with Mr Hollingworth that his findings in relation to the strength of the earlier marks are clear enough from his findings of reputation, in relation to which L&D has not persuaded me that there is a case for reopening those findings.
73. In the circumstances, I do not think that it is appropriate for me to do a complete and detailed trawl through the evidence. However, I will go through some of the key elements that I believe played a part in the Hearing Officer's assessment, not least to allay any residual concerns about whether he got it right and whether the reputation that he found really does properly translate to enhanced distinctiveness. I will also consider the application of the *KitKat* case.
74. The UK Designation Date was almost a decade before the beginning of the Relevant Period for the purpose of proving genuine use under section 47(2B), and so the evidence discussed above is only relevant to the issue of acquired distinctiveness and reputation insofar as it informs the position as at 24 November 1997: Case C-259/02 *La Mer Technology Inc. v Laboratoires Goemar SA* [2004] ECR I-01159 at [33]. The main focus for these purposes should be on the period before the UK Designation Date.
75. The most relevant evidence to this issue, which is a subset of the evidence summarised by the Hearing Officer at paragraphs 5 to 8 of the Decision, includes:
- (1) the witness statement of David Kent, together with certain exhibits thereto, in particular:

- (a) the section of the witness statement which sets out the history of the JS business, including the launch and sale of the original tree product in the UK since at least 1961;
- (b) Exhibits DK1 and DK2 which show examples of the product sold in the UK in the mid-1960s and examples of promotional items respectively;
- (c) the section of the witness statement which sets out information about the sales channels through which JS's products are sold and sales volumes in the UK;
- (d) Exhibit DK28, which sets out numerous examples from 1997 and before, of images of JS's products being featured in films by way of product placement;
- (e) Exhibit DK32 (incorrectly referred to as DK 28 in paragraph 8 of the Decision) which states that "Magic Tree" was the number one brand sold through forecourts in 1995, according to the Forecourt Trade annual survey; and
- (f) the section of the witness statement which sets out that, from 1991 to 2010, with only one exception, Saxon's sales have grown year on year.

The witness statement also exhibits much evidence which dates from 1997 to March 2012 (some of which is discussed above in relation to genuine use), in respect of which Mr Kent asserts that much of the evidence exemplifies the marketing practices that would also have been undertaken in 1997. That evidence has not been challenged, though has to be considered bearing in mind that Mr Kent was not in post until 2008 and so this is hearsay evidence to the extent that it is not backed up by contemporaneous evidence.

- (2) the witness statement of Arty Rajendra dated 16 March 2012, summarised at paragraphs 10 and 11 of the Decision, and, in particular: Exhibit AR1 which is a statutory declaration of Julius Samann himself dating back to September 1996 and giving details of sales and advertising figures from 1978 to 1995 and exhibiting a range of newspaper and magazine articles; and AR2, a statutory declaration from the former CEO of Saxon, giving further details about JS's sales of fir tree-shaped air fresheners.

76. Having reviewed this evidence, it seems to me that the Hearing Officer has fairly summarised it, at a level of detail that was appropriate considering the size of the task, and that together it amounts to evidence of extensive and consistent use of each of the earlier marks prior to the UK Designation Date on and in relation to air fresheners, with the result of achieving an impressive level of sales and market

share. Further, the evidence of third parties seeking permission to use images of products bearing the earlier marks for the purpose of product endorsement is strongly indicative that this use has been sufficient to educate people about the origin of JS's products.

77. Mr Bartlett for L&D argued that the evidence does not show that the general public recognise the earlier marks as badges of origin. He said that it is not sufficient for them simply to associate the shape of the marks with JS, but they must rely upon the shape alone to identify the origin, per Arnold J in *KitKat*. In that case Arnold J expressed his view that, in order for the trade mark in question (the shape of a four finger KitKat bar) to be demonstrated to possess enhanced distinctiveness, the applicant must “*prove that a significant proportion of the relevant class of persons rely upon the trade mark (as opposed to any other marks which may also be present) as indicating the origin of the goods*” (paragraph 55) and not just that “*a significant proportion of the relevant class of persons recognise the mark and associate it with the applicant's goods in the sense that, if they were asked who marketed goods bearing that mark, they would identify the applicant*” (paragraph 46). It should be stressed that this represents the provisional view of Arnold J and was made during the process of referring questions on precisely this point to the CJEU for guidance.
78. At first instance in *KitKat*, the hearing officer had found that consumers had not come to rely on the shape to identify the origin of the goods for several reasons, including: (i) lack of evidence that the shape of the product featured in the applicant's promotions; (ii) the fact that the shape of the goods was concealed by the wrapper at the point of sale; and (iii) lack of evidence to the effect that consumers use the shape post-purchase to check that the product really is a KitKat.
79. I have already mentioned the use of the earlier marks in promotions, – not just in JS's own promotions, but in those of third parties as well, – and the earlier marks certainly are visible to the relevant public at the point of sale, so this case can be distinguished. Arnold J himself said in *KitKat* that “*if the applicant himself has explicitly promoted the sign as a trade mark, it is more likely that consumers will have come to rely upon it as indicating the origin of the goods*”. Further, while L&D relies upon the fact that much of JS's evidence of use shows the marks superimposed with additional elements, these are changing features – unlike the KitKat bar which always bears the “KitKat” name and is sold wrapped in distinctive red and white/silver packaging – while the essential shape and presentation of the earlier marks are constant. The only item of text that appears on a regular basis is the “MAGIC TREE” text, which itself forms part of the 767 mark.
80. The difference between, on the one hand, people relying on a trade mark as indicating the origin of goods and, on the other, people recognising the trade mark

and associating it with the applicant's goods (including being able to identify the trade mark) seems to me to be a very fine line to draw. If the trade mark serves to inform consumers that the products to which it is applied are those of a particular trader, then it would seem to me that it is serving the purpose of denoting origin, and thus fulfilling its essential function. That is precisely what a word mark does, and I confess that I find this kind of distinction, that seems only to be drawn for so-called "non-traditional" shape and configuration trade marks, to be somewhat confusing in today's world where consumers are used to distinguishing between goods by reference to shape, colour and get-up, which are all features of branding into which a great deal of imagination and investment is put, precisely so that they will be understood as having an origin function.

81. Given Arnold J's provisional view, and while the matter is pending before the CJEU, I would not dare to rely on my thoughts as expressed here to determine the outcome of this case. Luckily, I do not have to, as I believe that this case is readily distinguishable from *KitKat* since the earlier marks have all been used to an extent and in ways which have emphasised their origin function such that consumers have come to rely on them as indicating the origin of JS's goods, and indeed that the earlier marks have acquired a strong acquired distinctive character as a result.

82. I draw additional comfort from the finding of Kitchin J in the *Tetrosyl* Decision (at paragraph 43) that:

"43. All these matters, considered as a whole, are powerful evidence that the Tree marks are distinctive of the claimants when used in relation to and as the shape of air fresheners for cars and other vehicles. This is not a case where the claimants are simply relying upon sales to establish that the shape of an object has become distinctive, although the sales themselves are very impressive. In addition, it is the manner of use which has reinforced and enhanced the distinctiveness of the Tree marks. The consumer has been taught that the Tree marks when used upon or as the shape of air fresheners for vehicles denote the Magic Tree products of the claimants."

83. Mr Bartlett argued that I should not take the *Tetrosyl* Decision into account for this purpose, because: (i) the case concerned the distinctiveness of the earlier marks in 2005-6 (the time of the litigation); (ii) the marks concerned are not the same; and (iii) it is not clear what evidence of distinctiveness was presented to the court. On the first point, the finding in fact relates to the position in 2003, not 2005-6, as this is when the infringing activity which was the subject of the proceedings commenced. The education of consumers does not take place overnight, and since JS's products have been sold in the UK since the 1960s, I believe that the position in 2003 informs the position in 1997. On the second, whilst the products of L&D at issue in this case and the *Tetrosyl* Decision are not the same, JS relied in that case and is relying in this on two of the same earlier marks, 966 and 991. And on the third point, David Kent stated that he had reviewed the evidence filed by his predecessor in the

Tetrosyl Case and relied on much of it in this case (obviously with the addition of evidence relating to the intervening period). In any event, I would have reached the same decision without relying on the Tetrosyl Decision, based on my own review of the evidence.

84. Finally, Mr Bartlett also submitted that L&D's evidence shows that there were numerous air freshener products on the market in various shapes, including one called the "Mighty Oak" which appears to have been launched in 1996 and which is characterised by a tree. However, the Hearing Officer summarised this evidence at paragraph 19 of the Decision and concluded that the evidence about third party products does not show any images of pine trees and that those products of L&D which feature pictures of pine trees do not take the shape of a pine tree. The Hearing Officer subsequently stated, at paragraph 56, that "*JS contends that its marks are unique and there is no evidence to the contrary*". I do not see that he made any error in this respect.
85. In summary, I consider that the evidence of use of the mark, set out above, demonstrates that the earlier marks possess a significant degree of enhanced distinctiveness in relation to air fresheners. I believe that this is what the Hearing Officer would have concluded had he verbalised the point, given his findings on reputation, which I now come on to.

Reputation

86. The relevant date at which JS's reputation in the marks falls to be assessed is also the UK Designation Date. The earlier marks comprise two UK registrations, which must be shown to enjoy a reputation in the UK, and one CTM registration, which must be shown to enjoy a reputation in the Community, although it has been held that reputation in one member state may be sufficient: Case C-301/07 *PAGO International v Tirolmilch* [2009] ECR I-09429 at [30].
87. The Hearing Officer correctly directed himself to consider the guidance in *General Motors Corporation v Yplon SA* [1999] ETMR 122, which sets out the standard that must be reached in order for a mark to be found to have a reputation for the purpose of section 5(3). Having considered this guidance, the Hearing Officer found, at paragraph 42 of the Decision, that "*JS has...shown that it has a significant reputation in the marks relied upon*", at paragraph 55, that "*JS has provided the evidence that its marks do enjoy such a reputation...*" and at paragraph 58, that the marks have "*...an enhanced reputation...*". The Hearing Officer did not misdirect himself in law and, having reviewed the evidence summarised at paragraph 75 above, I see no reason to disturb his finding on this point.

Section 5(2)(b)

88. I have already dealt with the distinctiveness of the earlier marks, both inherent and acquired, and I now move on to the comparison of marks that the Hearing Officer conducted for the purpose of determining whether there is a likelihood of confusion under section 5(2)(b). This gives rise to the ground of appeal that was given most emphasis by Mr Hollingworth at the hearing, and which he referred to as “the *Medion* point”.

Dominant and Distinctive Components

89. JS submits that the Hearing Officer erred in his assessment of the dominant and distinctive elements of the Contested Mark at paragraph 46 of the Decision (set out above), in that: (i) based on the notional and fair use of the mark and in the light of the evidence as to how such air freshener products are used, and bearing in mind the CFI Decision, he was wrong to hold that the shape of a fir tree was not the dominant element; and (ii) even if he was right on that, he failed to consider whether the tree shape nevertheless retained an independent distinctive role within the Contested Mark. In the end, Mr Hollingworth pushed a lot harder on the second point, which to my mind has more mileage.

90. Mr Hollingworth took me to the discussion of the concept of dominant and distinctive components of marks in Case C-120/04 *Medion AG v Thomson Multimedia Sales Germany & Austria GmbH* [2005] ECR I-8551, particularly the following extract:

“29. In the context of consideration of the likelihood of confusion, assessment of the similarity between two marks means more than taking just one component of a composite trade mark and comparing it with another mark. On the contrary, the comparison must be made by examining each of the marks in question as a whole, which does not mean that the overall impression conveyed to the relevant public by a composite trade mark may not, in certain circumstances, be dominated by one or more of its components (see *Matratzen Concord*, paragraph 32).

30. 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.

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

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

33. If such a condition were imposed, the owner of the earlier mark would be deprived of the exclusive right conferred by Article 5(1) of the directive even where the mark retained an independent distinctive role in the composite sign but that role was not dominant.”

91. Mr Hollingworth conceded that the Hearing Officer had cited the key guidance from *Medion* in his recital of the standard summary of principles distilled from the CJEU’s case law (at paragraph 41(e) of the Decision), but argued that, as Arnold J observed in *Aveda Corp v Dabur India Ltd* [2013] EWHC 589 (Ch), there are some cases where certain elements of such guidance are worthy of closer analysis and application to the particular case. He also relied on Arnold J’s judgment in that case as authority for the proposition that the *Medion* principle does not only apply where the earlier mark is reproduced identically in the later mark (as in *Medion* itself), but also where it is in similar form. He drew my attention to several more recent European Court decisions where the *Medion* principle has continued to be applied, including in cases where the element that is reproduced in identical or similar form is a figurative mark, such as Case T-376/09 *Glenton Espana SA v OHIM* [2011] ECR II-141, in which the Court said that the distinctiveness of the element of the earlier mark which is similar to one of the elements in the later mark is relevant to the assessment of visual similarity of the signs in issue.

92. I was also taken to the Opinion of Advocate General Mengozzi, which had recently been delivered in Case C-591/12 *Bimbo SA v OHIM* (23 January 2014), in which he considered the implications of *Medion* at some considerable length, in particular the suggestion by some that it introduced an exception to the usual principles relating to the assessment of likelihood of confusion for a particular category of composite marks. Mr Hollingworth relied on the following paragraphs of the Opinion, in which I have highlighted the section that he particularly emphasised (footnotes omitted):

23. To my mind, ..., it is necessary to attempt a new interpretation of *Medion*. To that end, it is above all essential to bear in mind that *Medion* was a judgment delivered in the context of a reference for a preliminary ruling, in which any verification of fact is exclusively a matter for the referring court. In that context, the Court did not take a position on the possible existence of a likelihood of confusion in that particular case (a comparison of the marks THOMSON LIFE and LIFE), but simply answered the question referred, specifying, on the basis of the information provided by the national court, the criteria to be used as a basis for assessing the likelihood of confusion. Viewed in that context, the ruling in *Medion* merely states, in essence, that the possibility of a likelihood of confusion between an earlier trade mark, used by a third party as part of a composite sign, and that sign cannot automatically be ruled out in cases where the earlier trade mark, albeit not the dominant element of the composite sign, retains a role in that sign of such a kind that ‘the origin of the goods or services covered by the composite sign is attributed by the public also to the owner of that mark’.

24. More generally – and looking beyond the facts of the case submitted to the Court – **that ruling means that, whenever the element of a composite sign, identical or similar to an earlier trade mark, significantly contributes to – but**

does not dominate – the image of that sign which remains in the memory of the members of the relevant public, notwithstanding the fact that another element of the sign may be more prominent, the former element must be taken into consideration for the purposes of appraising the similarity between the composite sign and the earlier trade mark and is therefore relevant for the purposes of assessing the likelihood of confusion. In that way, it seems to me that, far from introducing a derogation from the principles governing such an assessment, the judgment in question was instead intended to mitigate the rigidity of certain earlier judgments, notably the judgments delivered in the *Matratzen Concord v OHIM* cases, which could have been construed as a strict application of Prägetheorie. That reading of *Medion* is upheld in *OHIM v Shaker*, (Case C-334/05) in which the Court, with the objective – explicitly identified in Advocate General Kokott’s Opinion, to which the judgment makes reference – of resolving the apparent inconsistency between those judgments and *Medion*, stated that, while the overall impression created by a composite trade mark may, in certain circumstances, be dominated by one or more of its components, ‘it is only if all the other components of the mark are negligible that the assessment of the similarity [between the marks] can be carried out solely on the basis of the dominant element’. That finding has been consistently repeated in subsequent case-law.

93. For his part, Mr Bartlett drew my attention to the paragraphs immediately following, again emphasising the sections that I have put in bold:

23. At this point, two things have to be made clear. First, the finding that, when assessing the similarity between two marks, one of which comprises a number of elements, including a similar or identical reproduction of the single element which constitutes the other mark, account must be taken of that common element where it is not negligible in the overall impression conveyed by the composite mark, even if it does not dominate that impression, **does not mean that it is permissible to derogate from the criteria relating to the perception of that mark by the relevant public, which have been recognised by case-law as true and proper legal parameters. The first of those parameters, which is laid down in settled case-law, on which *Medion* is based, is that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. It follows from that rule that the analysis of a mark’s components and of their relative weight within that mark serves to identify, in summary fashion, the overall impression conveyed by the mark which is likely to remain in the mind of the consumer and to influence his subsequent purchase choices.** That act of summarising is indispensable, even in the case of marks comprising a number of distinctive elements, each of which – considered separately – contributes to, but does not determine, the overall impression created by the mark. It is also necessary in the circumstances described in *Medion*, that is to say, in situations where a sign belonging to a third party combines an earlier trade mark with the company name of that third party. More generally, the important factor is not so much the role within the later sign of the element which reproduces the earlier trade mark as the likelihood that that element will be independently perceived and remembered by the public in the context of that sign.

26. Secondly, regardless of the role of the earlier trade mark in the overall impression conveyed by the later sign, it is still necessary for the likelihood of confusion to be assessed, not in the abstract, but in the light of all of the relevant factors of the particular case, including, in particular, in addition to the visual, phonetic and conceptual similarities between the signs at issue, the nature of the goods and services in question; marketing methods; the attention level of the relevant public (whether high or low); and the habits of that public in the sector

concerned. It follows that **it is not possible automatically to infer from the fact that the earlier trade mark retains an independent distinctive role within the later composite mark that there is a likelihood of confusion between the signs at issue.** In particular, the need to protect the earlier trade mark does not make it permissible to dispense with the assessment of whether such a likelihood exists, as is moreover clear, in my view, from paragraphs 31 and 36 of *Medion*.

94. The judgment in *Bimbo SA v OHIM* came out after the hearing. The Court followed the Advocate General's recommendations on the outcome and appeared to adopt his reasoning, in particular stating:

34 Indeed, as the Advocate General observed in points 25 and 26 of his Opinion, it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, *inter alia*, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.

35 The determination of which components of a composite sign contribute to the overall impression made on the target public by that sign is to be undertaken before the global assessment of the likelihood of confusion of the signs at issue. Such an assessment must be based on the overall impression produced by the trade marks at issue, since the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details, as has been stated in paragraph 21 above. Therefore, this does not involve an exception, that must be duly substantiated, to that general rule.

36 Moreover, the individual assessment of each sign, as required by the settled case-law of the Court of Justice, must be made in the light of the particular circumstances of the case and cannot therefore be regarded as being subject to general presumptions. As the Advocate General observed in point 24 of his Opinion, it is clear, in particular, from the case-law subsequent to *Medion* (EU:C:2005:594), that the Court of Justice did not introduce, in that judgment, a derogation from the principles governing the assessment of the likelihood of confusion.

95. I do not think that any of this is revelatory, but it is a useful reminder of the approach that should be taken when assessing the similarity of a later composite mark that incorporates an element that is argued to be the same as or similar to the earlier mark or a dominant or distinctive component of it. In summary, this approach should be:

- (1) is the earlier trade mark, or a dominant or distinctive component of it, the dominant element of the composite sign?
- (2) if not, does it nevertheless retain a role in the composite sign that is perceived by the average consumer, notwithstanding the fact that another element of the sign may be more prominent?
- (3) if so, it must be taken into consideration for the purposes of assessing the similarity between the composite sign and the earlier trade mark and is therefore relevant for the purposes of assessing the likelihood of confusion;

(4) but it is only one factor in the global assessment and does not mean that a likelihood of confusion will necessarily be found.

96. Mr Hollingworth's key submission is that the Hearing Officer, having (wrongly, in his submission) rejected the notion that the outline of a fir tree was the dominant element of the Contested Mark, failed to consider whether it was nevertheless one that retained an independent distinctive character within it – i.e. he missed out step (2) above. He pointed out that even L&D recognises that it does, since in its counterstatement attached to the Form TM8 at the outset of the case, it stated: “*That the mark in the Respondent's Registration contains, as one of its elements, the device of the top of a stylised fir or pine tree is admitted*”. Mr Hollingworth submitted that, although the Hearing Officer noted this admission in paragraph 46 of the Decision, he failed to apply the *Medion* principle and factor it into his assessment of the dominant and distinctive components. In his submission, as the average consumer has been educated to recognise the shape of a fir tree as an indicator of origin, he or she would necessarily consider it to have an independent distinctive role (if not a dominant one), irrespective of any added matter. Thus the Hearing Officer's reliance only on the “overall impression” being that of a cartoon character in the shape of a tree meant that he missed out a crucial step in the analysis.

97. Mr Bartlett emphasised that the application of the *Medion* principle should not be considered in isolation from the global assessment of likelihood of confusion and that, even if the earlier mark is found to retain an independent distinctive role within the Contested Mark, there should not be an automatic finding of likelihood of confusion. In his submission, the Hearing Officer did consider the possibility of the tree retaining an independent distinctive character within the Contested Mark but, given the visual and conceptual comparisons he had already conducted, had rejected this, as he was entitled to do. Accordingly, there was no error of principle which would allow his analysis to be revisited.

98. In support of JS's position that the matter should be reconsidered and that I should find that the shape of a fir tree, very similar to the earlier marks, is at least a distinctive, if not dominant, element of the Contested Mark, Mr Hollingworth relies on the CFI Decision, which I introduced at paragraph 18 above, concerning whether the mark shown below (i.e. the central part of the Contested Mark) was confusingly similar to *inter alia* the 991 mark.



99. The CFI assessed the dominant and distinctive elements of the L&D mark in that case as follows:

92. In the present case, on a visual level, the graphic element contained in the mark in respect of which registration is sought has a clearly dominant character in the overall impression given by the sign and noticeably prevails over the verbal element. The name 'aire limpio', in view of the small size of the characters used and its placement inside the design representing a fir tree, is fairly blurred compared with the graphic element.

93. Contrary to the applicant's assertions, the overall impression which is given by the design is not that of a comical character, but actually that of an image resembling a fir tree. The design of the face and arms of the comical character is integrated into the central part of the fir tree and, at the level of the base, the design of the two shoes spread 180 degrees apart takes the shape of a base. The comical and animated appearance given by the features of that character gives a fanciful impression to the graphic representation of the fir tree, and the mark in respect of which registration is sought can be regarded by the public as an amusing and animated variant of the earlier mark. The mark in respect of which registration is sought is therefore made up of a sign, the predominant element of which is a silhouette resembling a fir tree, which constitutes the earlier mark. It is that element which will mainly be perceived by the consumer and will determine his choice, particularly because the present case concerns products that are in everyday use and sold on a self-service basis.

94. On a visual level, the graphic representation corresponding to a fir tree therefore appears as the dominant element in the overall impression given by the mark in respect of which registration is sought.

100. This analysis accorded with the assessment of the Board of Appeal below and was upheld by the CJEU.

101. Mr Hollingworth did not go as far as saying that I was bound by this finding, but submits that the Hearing Officer was plainly wrong not to take it into account, given that this aspect of the CFI Decision was not dependent on the evidence of JS's use of its marks in the case (which focused particularly on Italy and therefore was different to this case), but represents the application of established EU law as to the assessment of what is materially the same mark as the Contested Mark in this case by the supervising Courts in Luxembourg. To ignore the CFI Decision was, in his submission, contrary to the general principles of judicial cooperation between national authorities and the Court of Justice, the principle of effectiveness of Community law and the principle requiring sincere cooperation under article 4.3 of the Consolidated Treaty on European Union (ex Article 10 EC Treaty). The Hearing Officer should at the least, in his submission, have explained why he was diverging from the assessment made by the CFI.

102. Mr Bartlett points out that L&D's mark before the CFI was not the same as the Contested Mark, which contains additional elements, and that the CFI may well have been swayed by its assessment of the distinctive character of the earlier mark due to

its use in Italy. In any event, he says, the Hearing Officer had to make his own assessment of the similarity of the marks, as a factual question which falls to be determined exclusively by the tribunal hearing the case.

103. I agree with L&D that the comparison of marks is ultimately a factual matter. But, as JS argues, it involves the application of legal principles and those principles are EU-wide and are developed primarily by the Court of Justice and General Court, and must be applied consistently. Therefore, where there is an apparent discrepancy between national tribunals and the Courts in Luxembourg, in cases involving the assessment of the same or highly similar pairs of marks, the matter is at least noteworthy. I understand that the Hearing Officer did have his attention drawn to the CFI Decision, albeit perhaps not with as great an emphasis as Mr Hollingworth placed on it. He did mention it in paragraph 9 of the Decision in the context of the evidence of use of JS's marks in Italy, but did not refer to it at any other stage of his analysis. This was not a blatant error, but it would have been preferable if he had expressly considered it and explained why his conclusions differed on points of overlap.
104. In conclusion, I do think that the Hearing Officer's opposite conclusion on dominant and distinctive character to that of the CFI can be explained by his having failed to consider whether the fir tree element of the Contested Mark maintained an independent distinctive role within it. Notwithstanding his perception of the "*cartoon character*" appearance of the Contested Mark, he should not have lost sight of that element and should have factored it into the global assessment even though it was not dominant in his view.
105. In my own assessment, in the light of the evidence of reputation and distinctiveness of the earlier marks which I have discussed above, and bearing in mind the manner of sale and display after sale of the products in question and thus the notional and fair use that may be assumed, the average consumer would – while appreciating the cartoon appearance of the Contested Mark – clearly also appreciate the presence of a fir tree shape that is similar to the origin functioning element of each of the earlier marks. There is a fine line between dominance and independent distinctiveness, and I would put the fir tree element in the Contested Mark as being at the upper end of independent distinctiveness without going quite as far as the CFI, not least because in this case the Contested Mark has some additional graphical features that were not present in the L&D mark in issue in that case. To that extent, I find for JS on the *Medion* point.

Assessment of Likelihood of Confusion

106. At paragraph 43 of the Decision, the Hearing Officer summarised the characteristics of the average consumer of the parties' products. The Hearing Officer also

summarised the circumstances of sale and concluded that the visual aspect of the comparison of the marks is the most important. The Hearing Officer did not misdirect himself as to the law in reaching these conclusions and I see no reason to disturb them. I would also add that Mr Hollingworth, in his supplementary submissions, drew my attention to the decision of Arnold J in *Jack Wills Limited v House of Fraser (Stores) Limited* [2014] EWHC 110, in which he stated that “*the human eye has a tendency to see what it expects to see*”. I agree that this tendency is most applicable where the products are selected visually and in circumstances where the average consumer is unlikely to pay much attention to the purchase, as is the position in this case.

Visual comparison

107. Given my conclusion above as to the independent distinctive role played by the outline of a fir tree in the Contested Mark, the Hearing Officer’s assessment of visual similarity between the marks must be revisited. In addition to the submissions of the parties outlined above, each party made one extra submission. JS takes issue with the Hearing Officer’s suggestion, at paragraph 46 of the Decision, that the average consumer may take the words “Aire Limpio” in the Contested Mark to be the name of the character, and his subsequent assertion (at paragraph 47) that, in fact, this is the character’s name, on the basis that there is no evidence to support this conclusion and neither party suggested it at first instance.
108. I have some sympathy with JS’s submission, as the Hearing Officer appears to have imported a degree of the conceptual comparison into the visual comparison when he states that the character has a name in order to reinforce his conclusion. For the purposes of the visual comparison, the words “Aire Limpio” are relevant only to the extent that they are present across the tree; their meaning is not relevant. When seen in use in the products themselves, the words would be hardly visible, in the same way that the “MAGIC TREE” wording in the 767 mark would be barely visible, so it does not seem to me that they play a very significant part in the visual assessment.
109. L&D’s additional point is that the rectangular plinth which is present in each of the earlier marks is missing from the Contested Mark, as its ‘base’ is in fact a pair of shoes. However, as stated by the CFI, those shoes are spread 180 degrees apart and effectively function as a ‘base’, albeit also contributing to the cartoon character element of the mark.
110. In my assessment, the overall impression of the Contested Mark is that of a cartoon version of a fir tree that has a very similar shape to the shape of each of the earlier marks, comprising the outline of a fir tree of similar overall proportions, with a prominent base and slightly stumpy appearance. While there are undoubtedly

noticeable differences between the Contested Mark and each of the earlier marks, overall I conclude that there is a moderate degree of visual similarity.

Aural comparison

111. JS submits (i) that the Hearing Officer should not have made any aural comparison of any of the earlier marks with the Contested Mark, as the products in question are self-selected rather than requested verbally, and (ii) that in relation to the two earlier marks which do not have any text, it is not possible to conduct an aural comparison. On the contrary, L&D fully supports the aural comparison conducted by the Hearing Officer.
112. Whilst it is perhaps unfortunate that the Hearing Officer again appears to import a degree of conceptual similarity into this assessment, referring as he does to the “name” of the character, I think he was right to conclude that the marks are aurally distinct, in that the comparison of the verbal elements is either between “AIRE LIMPIO” and “MAGIC TREE” or between “AIRE LIMPIO” and zero verbalisation. He expressly acknowledged that the aural comparison is not as important as the visual comparison in this case, and indeed it seems to me that it is of substantially lower importance.

Conceptual comparison

113. Given my earlier conclusion as to the role of the tree shape in the Contested Mark, it follows that I must re-assess the conclusion of the Hearing Officer of the conceptual similarity of the marks. Again, it appears that he merely paid lip service to the tree shape but failed to import that obvious conceptual similarity into his assessment when he concluded that, because the Contested Mark was “*a cartoon character*”, it had “*a completely different conceptual nature*” from that of the earlier marks. When one takes account of the significant contribution to the Contested Mark of the tree shape and proportions, the respective marks seem to me to have at least a moderate level of conceptual similarity.

Overall similarity of marks

114. The Hearing Officer did not make a finding as to the overall similarity of the marks and this is not a vital requirement, though it is common to do so. In a case where one element of the comparison (the aural element in this case) is of significantly less importance than the other two (visual and conceptual), it is perhaps best to leave it unsaid, but to factor in the various levels of similarity when it comes to the global assessment.

Similarity of goods

115. The Hearing Officer was correct to conclude that the goods of the parties' respective marks are identical and neither party made any submissions in relation to this comparison.

Global assessment

116. The final ground on which JS invites me to set aside the Hearing Officer's assessment of the likelihood of confusion was that the Hearing Officer failed to take into account the distinctive character of the earlier marks when conducting the global assessment at paragraph 51 of the Decision (set out at paragraph 31 above). Although he introduces the paragraph by stating that he "*must now take all the above into account*", as discussed above, he has made no express finding in relation to distinctive character by that point. I have held above that, given his finding of significant reputation, the Hearing Officer did effectively find that the earlier marks had significant acquired distinctiveness, and I too have reached that conclusion. But this raises the separate point of whether he took that finding into account in the global assessment.
117. L&D argues that, given the amount of evidence filed and the detailed summary of it contained in the Decision, it is not possible that the Hearing Officer did not have his earlier findings as to the distinctive character of the earlier marks in mind when making his assessment as to the likelihood of confusion, and he obviously reached his conclusion of a lack of likelihood of confusion in spite of his findings of enhanced distinctiveness.
118. On the one hand, the Hearing Officer was very experienced in assessing cases under section 5(2)(b) and was well aware of the need to take distinctive character into account at this stage in the analysis and, as stated in *REEF*, the requirement of writing down the reasoning behind decisions must not be turned into an intolerable burden. On the other, the combination of the absence of an express finding in relation to acquired distinctive character and the lack of any mention of it in the crucial global assessment paragraph does at the very least raise a serious question as to whether he did take that factor into account.
119. In a way, it does not really matter whether the Hearing Officer did or did not take into account the enhanced distinctive character of the earlier marks in his global assessment, since I have already found that other elements of his analysis leading up to that assessment were flawed and so a new global assessment must be done, taking account of all the relevant facts and circumstances.

120. Before I do so, I must deal with one final submission of L&D, which was that I should place reliance on the fact that there was no evidence of confusion having actually occurred, despite a long period of coexistence on the market.

121. The extent of the coexistence on the market is heavily contested, and is highly relevant to the defence of acquiescence which was not addressed by the Hearing Officer. However, I do not consider that it is necessary to reach a conclusion as to the existence or extent of coexistence since, as Mr Hollingworth argued, there is a long line of case law which indicates that the absence of confusion cannot be taken as indicative of the likelihood of confusion, for example *The European Ltd v The Economist Newspaper Ltd* [1998] FSR 283 (CA) in which Millett LJ pointed out (at 291) that:

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

122. Particularly in a case involving low-priced goods such as these, it is unlikely that someone who purchased an L&D product in error, mistaking it for a JS product, would bother to report the matter to either party, even if they subsequently realised their mistake. Therefore, I am not swayed by the absence of evidence of confusion in the case.

123. My overall conclusion is that there is a likelihood of confusion, in that consumers may mistake L&D’s products bearing the Contested Mark as products of JS because of the following factors in particular:

- (1) the identity of the goods in issue;
- (2) the moderate degree of visual similarity of the marks, particularly in the light of the distinctive character of the shape and proportions of the fir tree;
- (3) to the extent that there is an aural difference in the case of the comparison between the 991 mark and the Contested Mark, the low importance of the aural assessment in relation to the products concerned;
- (4) the moderate level of conceptual similarity between the marks;
- (5) the inherent distinctiveness of the earlier marks;
- (6) the significantly enhanced acquired distinctiveness of the earlier marks and the ways in which they have been used with slight variations in verbal and graphical elements superimposed on the marks;
- (7) the nature of the average consumer and the circumstances of sale of the products concerned; and

- (8) the small size of the respective marks when in normal use, which reduces the likelihood that any differences in the appearance of the marks will be noticed.

124. Accordingly, I find that JS's appeal in respect of section 5(2)(b) succeeds.

Section 5(3)

125. To establish the case under section 5(3), JS needed to satisfy the following conditions in relation to one or more of the earlier marks (which I refer to collectively for convenience):

- (1) the earlier marks must have a reputation;
- (2) the Contested Mark must be similar to the earlier marks;
- (3) the similarity must be such that the use of the Contested Mark in relation to "air fresheners" must give rise to a 'link' between the sign and the earlier marks in the mind of the relevant consumer: Case C-408/01 *Adidas-Salomon v Fitnessworld* [2003] ECR I-12537 at [29], Case C-252/07 *Intel Corp Inc v CPM United Kingdom Ltd* [2008] ECR I-8823 at [60];
- (4) the use must be liable to result in:
 - (a) unfair advantage being taken of the distinctive character or repute of the earlier marks, or
 - (b) detriment to the distinctive character of the earlier marks, or
 - (c) detriment to the repute of the earlier marks; and
- (5) the use must be without due cause.

126. JS argues that the Hearing Officer was correct on (1), wrong on (2), omitted to consider (3), as a result failed properly to consider (4), and did not get as far as (5). In relation to (4), JS had only claimed detriment to distinctive character and unfair advantage, but not detriment to repute.

127. I have dealt with reputation above. The Hearing Officer correctly found that the earlier marks had a significant reputation, which he described as "enhanced" when he was considering this ground of invalidity. The requirement of reputation is not a particularly onerous requirement and is clearly satisfied in this case: Case C-375/97 *General Motors Corp v Yplon SA* [1999] ECR I-5421 at [24].

128. As far as the second requirement of a 'link' is concerned, JS complained that the Hearing Officer relied on extracts from two Appointed Person decisions, neither of which relate to this requirement, but failed to mention either *Adidas-Salomon v Fitnessworld* or *Intel* which explain the concept of 'link' and in particular the fact

that this is a different and lower standard than that required to find a likelihood of confusion.

129. In the absence of other concerns, this argument would not have got very far, given that the Hearing Officer clearly refers to the requirement of a 'link' where he summarises his findings and conclusions under section 5(3) in paragraph 58 of the Decision (set out in full at paragraph 35 above). However, since his assessment of similarity and the existence of a 'link' are based on his earlier findings which I have found to be flawed, the findings and conclusion here plainly fall to be reassessed.
130. Having found that the use of the Contested Mark in relation to air fresheners would give rise to a likelihood of confusion under section 5(2)(b), it follows that the requisite link under section 5(3) will also exist. The average consumer who sees the Contested Mark in use in a normal and fair manner will undoubtedly make the necessary connection in their mind with the earlier marks.
131. In the light of this different finding, I must consider afresh the fourth issue of whether the use would give rise to unfair advantage or detriment to distinctive character.

Unfair advantage

132. JS submits that unfair advantage will be suffered due to the combination of the highly distinctive nature and reputation of the earlier marks, the similarity of the marks, and the fact that L&D could have chosen any shape for its air fresheners but chose to use that of a fir tree that will call JS's earlier marks to mind. In addition, JS submits, L&D has a history of adopting fir tree shapes for its products, which suggests that there was an intention to free-ride on the reputation of JS.
133. The leading authority on unfair advantage is *Case C-487/07 L'Oréal v Bellure* [2009] ECR I-5185, in which the Court of Justice determined *inter alia* that:

“41. As regards the concept of 'taking unfair advantage of the distinctive character or the repute of the trade mark', also referred to as 'parasitism' or 'free-riding', that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation.

...

50. ... the taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of that provision, does not require that there be a likelihood of confusion or a likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor. The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the

repute of the mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image.”

134. In *Red Bull GmbH v Sun Mark Limited* [2012] EWHC 1929 (Ch) at [94] to [97], Arnold J set out fuller extracts from *L'Oréal v Bellure* and ran through various English Court of Appeal cases that have applied the Court's guidance in relation to unfair advantage in the infringement context: *Whirlpool Corp v Kenwood Ltd* [2009] EWCA Civ 753, [2010] RPC 2, *L'Oréal v Bellure* [2010] EWCA Civ 535, [2010] RPC 23, and *Specsavers v Asda* (cited above). There are also numerous examples of the application of the unfair advantage test in opposition and invalidity proceedings before OHIM, which have gone to the General Court, including the *BOTOX* cases, T-345/08 and T-357/08 *Helena Rubinstein SNC / L'Oréal SA v OHIM* at [86]-[89] and Case T-301/09 *IG Communications Ltd v OHIM (CITI/CITIGATE)* at [119]-[123]. And the CJEU has considered the issue more recently in Case C-323/09 *Interflora v Marks and Spencer* [2011] ECR I-8625 at [84]-[92]. From these cases, the following principles flow (the first three of which are taken from the CJEU's decision in *L'Oréal v Bellure* at [44]):

- (1) to determine whether the use of a later mark that an applicant wishes to register takes unfair advantage of the distinctive character or repute of an earlier mark, it is necessary to undertake a global assessment, taking into account all factors relevant to the circumstances of the case;
- (2) these factors include the strength of the earlier mark's reputation and the degree of distinctive character of the earlier mark, the degree of similarity between the marks at issue, and the nature and degree of proximity of the goods or services concerned;
- (3) the more immediately and strongly the earlier mark is brought to mind by the later mark, the greater the likelihood that the use of the later mark will take unfair advantage of the distinctive character or the repute of the earlier mark;
- (4) obtaining an advantage is not enough: there must be an added factor for it to be categorised as unfair (*Whirlpool* at [136]);
- (5) such added factors may include:
 - (a) an intention to take advantage of the distinctive character and repute of the marks (*L'Oréal* at [48]);

- (b) an attempt to ride on the coat-tails of a mark in order to benefit from its power of attraction, reputation and/or prestige (*L'Oréal* at [49]; *Interflora* at [89]);
- (c) exploitation by the proprietor of the later mark of the marketing effort expended by the proprietor of the earlier mark in order to create and maintain the image of that mark, without paying any financial compensation and without being required to make efforts of his own in that regard (*L'Oréal* at [49]; *Interflora* at [89]); and
- (d) the fact that there is a likelihood of dilution or tarnishment of the mark (*L'Oréal* at [45]; *BOTOX* at [88]); and
- (e) where the earlier mark belongs to a family of trade marks that are in use on the market, the fact that the relevant public will think that the later mark belongs to the same family as the earlier mark (*CITIGATE* at [119]-[120]).

135. This list is neither prescriptive nor exhaustive: each case will turn on its own facts. In particular, although some prominent cases have focused on the issue of 'intent', it is clear that an intention to take unfair advantage is not a vital requirement. This was expressly stated in *Whirlpool* at [136] and is implicit by the absence of any discussion of intent from the CJEU's discussion of unfair advantage in *Interflora*.

136. I have already discussed the reputation of JS's earlier marks, the extent of the similarity of marks and the identity of goods, and found that the earlier marks will be readily brought to mind by the Contested Mark when used in relation to air fresheners. There is no doubt in my mind that the effect of these factors will be that L&D will benefit from the considerable effort and financial investment that JS has put into creating a 'brand' around the earlier marks, since the relevant public will be attracted to air fresheners bearing the Contested Mark because of their similarity to, and the distinctiveness and reputation of, the earlier marks. This amounts to free-riding, since L&D will itself have to invest less into marketing its own air fresheners because of the advantage gained through these factors.

137. There is no direct evidence that L&D intended to take advantage of the distinctiveness or repute of JS's earlier marks. Its CEO, Mr Torres, states in his witness statement that the design of the Contested Mark had nothing to do with JS or its products and that it was not intended to refer to or bring JS or its products to mind, but was intended to be eye-catching, memorable and to distinguish it from L&D's competitors, including JS's range, and to be playful, colourful and visually appealing. Mr Torres was not cross-examined and that evidence has to be accepted on its face, in the absence of any contradictory evidence.

138. As discussed above, intention to take unfair advantage is not a vital requirement, and there can be no doubt that L&D ‘intended’ to go head to head with JS on the market, offering an alternative product that was not simply substitutable from the perspective of its function, but also looked very similar and would be displayed in circumstances where consumers would make speedy decisions to pick it up and purchase. I am particularly swayed in this case by the fact that the earlier marks have been used on the market with a variety of verbal and figurative additions, such that the relevant public will have come to see the variations as part of a family with the earlier marks at the heart of it. I believe that there is a real likelihood that consumers will see L&D’s products bearing the Contested Mark as being another member of the JS family.

139. My overall conclusion is therefore that the use of the Contested Mark in relation to air fresheners will result in L&D deriving an unfair advantage in the sense intended by section 5(3) of the Act.

Detriment to distinctive character

140. Having reached that conclusion, I shall deal with the question of detriment to distinctive character more briefly. The CJEU has described this as follows in *Intel*:

“29. As regards, in particular, detriment to the distinctive character of the earlier mark, also referred to as ‘dilution’, ‘whittling away’ or ‘blurring’, such detriment is caused when that mark’s ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is notably the case when the earlier mark, which used to arouse immediate association with the goods and services for which it is registered, is no longer capable of doing so.”

141. JS submits that the earlier marks were representations of the only fir tree shaped air fresheners on the market in 1997 and thus had particularly high distinctive character that it was entitled to preserve. Indeed, the Hearing Officer found as much, at paragraph 56, when he recorded that “*JS contends that its marks are unique and there is no evidence to the contrary*”.

142. JS accepts that, in order to succeed on this ground, it must show that the use of the Contested Mark in relation to air fresheners will cause a change in the economic behaviour of the average consumer or a serious likelihood that such a change will occur in the future: *Intel* at [77] and [81]; Case C-383/12 P *Environmental Manufacturing LLP v OHIM* at [34].

143. The Court stated in the latter case (at [37]) that such a change “*cannot be deduced solely from subjective elements such as consumers’ perceptions*”, and “[*t*]he mere fact that consumers note the presence of a new sign similar to an earlier sign is not sufficient of itself to establish the existence of a detriment or a risk of detriment to

the distinctive character of the earlier mark". While this statement from the Court has been said to impose a high burden of proof in relation to detriment to distinctive character, it remains open for reasonable inferences or "*logical deductions*" to be drawn (see [42]). They may not be "*the result of mere suppositions*", but "*must be founded on 'an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case'*" ([43]).

144. As noted by Henderson J in *32 Red Plc v WHG International Ltd* [2011] EWHC 62 (Ch) at [133] (upheld by the Court of Appeal at [2012] EWCA Civ 19 at [94]), it is likely to be hard to find direct evidence of a change in economic behaviour, even where the contested mark is in use (about which there is a dispute in this case), and inherent probabilities that a change in economic behaviour may occur is sufficient.

145. In fact there was some specific evidence relevant to the point in this case. Mr Kent explained in his evidence that wholesalers and retailers of JS's products have a certain budget to spend on air fresheners, and pointed out that the similarity in appearance of L&D's products bearing the Contested Mark to the earlier marks would encourage them to try these as an alternative to JS's products. The inevitable result would be that the L&D products would end up sharing the shelf space that was hitherto reserved for those of JS, thus encouraging members of the public to buy L&D's products as a substitute.

146. In the circumstances of this case, which have been described extensively above, it seems to me to be based on more than mere suppositions to conclude that the average consumer, who has formerly been exposed to products bearing the earlier marks being marketed in the manner that has been described, may well choose and purchase L&D's products because of their similarity to the earlier marks, even if they do not think the products are JS's. The appearance of L&D's products alongside those of JS, or in places where JS's products might be expected to be, would gradually erode the capacity of the earlier marks to identify the origin of JS's goods and thus consumers who have hitherto purchased JS's products on an exclusive basis will transfer to L&D's products as an alternative, not simply because they are competing products from the functional perspective, but because of their similarity in appearance.

147. On that basis, I find that detriment to the distinctive character and repute of the earlier trade marks is likely to occur.

Lack of due cause

148. The final element to be satisfied under section 5(3) is that L&D's use of the Contested Mark would be "*without due cause*". L&D did not explain what due

cause it had to use the Contested Mark, save for Mr Torres' explanation of the aims of marketing its Aire Limpio range. Considering the conclusions that I have reached as to the likely outcome of using the Contested Marks, and the fact that L&D makes air fresheners in all sorts of different shapes and sizes and so is not bound to produce a fir tree-shaped product, I do not believe that this element will save L&D's registration.

149. I therefore find that JS's appeal under section 5(3) succeeds.

Acquiescence

150. As the application for invalidity failed on all grounds at first instance, the Hearing Officer did not consider the arguments of the parties concerning whether or not JS had acquiesced to L&D's registration and use of the Contested Marks under section 48 of the Act.

151. At the hearing, both parties were in agreement that, if JS's appeal were to succeed, the matter should be remitted to a Hearing Officer to determine the point on acquiescence. This must be right, since if I were to deliver a decision on the point in an appeal under section 76 of the Act, this would deprive the unsuccessful party of the opportunity to have the matter reviewed on appeal.

152. Accordingly, I did not hear the parties on this point or consider the evidence, and I will remit the matter to the Registrar for determination.

Costs

153. At first instance, the Hearing Officer ordered JS, as the losing party, to make a contribution towards L&D's costs in the sum of £2,800. In the usual way, this was expressed to be payable within seven days of the expiry of the appeal period or within seven days of the final determination of the case if any appeal was unsuccessful.

154. Ordinarily, the appropriate order on a successful appeal is for the costs award below to be overturned and reversed to an appropriate extent, and for an additional order for costs to be made in favour of the successful appellant in relation to the appeal.

155. However, the case is not yet finally determined and it is possible that L&D may still ultimately succeed in defending its registration if it can make out its case on acquiescence.

156. Therefore, the Hearing Officer's order remains in place pending final determination, and I need to work out an appropriate costs order for the case so far, which takes account of the two possible final outcomes, depending on who wins the acquiescence argument.

157. I have thought about whether I should award some costs to date in favour of JS in any event, given the ‘issues-based’ approach to costs which is taken in many cases in the courts these days, and the fact that it has ‘won’ on all of the key issues so far and that this ‘success’ is final in the sense that those issues cannot be re-opened. However, I have concluded that this would be unfair to L&D, since the reason that there is still one more point that I was unable to decide – and which would have determined the case one way or another – is that the Hearing Officer did not rule on it. And in order to get to the point where a hearing officer will decide the point, L&D has had to go through this stage of defending the appeal on all of the other grounds, without being able to argue its case on acquiescence.
158. So I shall make a ‘two-tier’ order, one part of which will become effective upon the final outcome of the case, depending on who succeeds at the finishing line. In assessing the amounts concerned, I bear in mind the terms of Tribunal Practice Notice 4/2007 in relation to the appropriate level of costs and the fact that both parties accepted that scale fees were applicable. I also take account of the fact that the case involved some complex issues and a considerable volume of material and it took most of the day to hear the appeal.
159. If L&D’s case on acquiescence succeeds in the final determination before the Registrar or on any appeal on that aspect, the Hearing Officer’s costs order will become effective and I will not disturb that. I will additionally order JS to pay L&D the sum of £2,500 towards its costs of this appeal.
160. If, on the other hand, the acquiescence defence ultimately fails, so that JS’s invalidity application succeeds, then I would overturn and reverse the Hearing Officer’s costs award, ordering L&D to pay JS the sum of £2,800 towards its first instance costs and £2,500 towards its costs of the appeal.
161. The hearing officer and any appeal tribunal that deals with the case on acquiescence will of course be free to make any final award in respect of the next stages in the case.
162. I shall make all sums payable within 14 days of the final determination, which is the norm in the courts and I would prefer to see as the norm in the registry as well, instead of the current seven days.

Conclusion

163. In summary:

- (1) JS has been successful in its appeal and proved its entitlement to a declaration of invalidity of the UK designation of international registration no. 687463

pursuant to section 47(2)(a) and sections 5(2)(b) and 5(3) of the Act, subject to the defence of acquiescence raised by L&D under section 48 of the Act;

(2) I am remitting the case on acquiescence to the Registrar for determination by a hearing officer at first instance;

(3) In relation to costs:

(a) if L&D succeeds in the final determination of the case, the Hearing Officer's costs order will become effective (subject to a seven day extension of time for payment) and I shall order JS to pay L&D the sum of £2,500 in respect of the appeal costs; but

(b) if JS succeeds in the final determination of the case, I shall set aside the Hearing Officer's costs order and order L&D to pay JS the sum of £2,800 in respect of the costs at first instance and £2,500 in respect of the appeal costs, –

all such costs being payable within 14 days of final determination, including any appeal.

ANNA CARBONI

9 March 2015

The Appellant (JS) was represented by Counsel, Mr Guy Hollingworth, instructed by Nabarro LLP.

The Respondent (L&D) was represented by Mr Ian Bartlett of Beck Greener.