

**O/0437/23**

**TRADE MARKS ACT 1994**

**TRADE MARK APPLICATION No. 3696308**

**BY SHENZHEN TUOHONG TECHNOLOGY CO.,LTD**

**AND**

**OPPOSITION No. 430305**

**BY PAYPAL, INC.**



## Background and pleadings


1. This is an opposition by PayPal, Inc. (“the opponent”) to an application filed on 17<sup>th</sup> September 2021 (“the relevant date”) by Shenzhen Tuohong Technology Co.,Ltd. (“the applicant”) to register the trade mark shown below:

# KEYPAL

2. The goods/services for which registration is sought are set out in Annex A. They include *Provision of an online marketplace for buyers and sellers of goods and services* in class 35, *Financial services* in class 36 and computer-related goods/services in classes 9, 38 and 42.

3. The opponent is the proprietor of the following earlier trade marks, which are registered for the goods/services shown in Annex B:

<i>Mark</i>	<i>Filing or priority date</i>	<i>Goods/services overview</i>
901362565  PAYPAL	19/07/1999	Goods/services in classes 9 and 36, including <i>Software for processing electronic payments to and from others</i> in class 9, and <i>Clearing and reconciling financial transactions via a global computer network</i> in class 36
801222763  	5/06/2014	Goods/services in classes 9, 35, 36 & 42, including <i>Business consulting services in the field of online payments</i> in class 35.
918285036  	05/08/2020	Goods/services in classes 9, 36 & 42, including <i>Providing temporary use of online non-downloadable software for processing electronic payments</i> in class 42

918285035 	5/08/2020	As per 918285036 above

4. The opponent claims that:

- (a) the goods/services covered the contested mark are the same or similar to the goods/services covered by the earlier marks;
- (b) The marks are highly similar because the words elements are the same length, the distinctive -PAL suffixes are the same, and the 'Key' prefix of the contested mark is extremely weak in distinctive character in relation to the goods/services covered by the opposed application;
- (c) Earlier marks 901362565 and 801222763 have acquired a reputation in the UK in relation to the goods/services for which they are registered;
- (d) Use of the contested mark would, without due cause, take unfair advantage of the reputation of the earlier marks;
- (e) The applicant has a clear intention to trade off the reputation attached to the earlier marks;
- (f) Use of the contested mark would also be detrimental to the reputation of the earlier marks (if the applicant's good/services were of lower quality) and/or their distinctive character;
- (g) In view of the above, registration of the contested mark would be contrary to sections 5(2)(b) and/or 5(3) of the Trade Marks Act 1994 ("the Act").

5. The opponent further claims to have acquired common law rights under the sign **PayPal** as a result of the use of that sign in the UK since 1999 in relation to the goods/services set out in Annex C.

6. According to the opponent, use of the contested mark would constitute a misrepresentation to the public that the user of the contested mark is connected with the opponent, which would damage the goodwill acquired under **PayPal**. Consequently, registration of the contested mark would also be contrary to section 5(4)(a) of the Act.

7. The applicant filed a counterstatement denying all the grounds of opposition. I note, in particular, that:

(a) the applicant put the opponent to proof of use of earlier trade marks 901362565 and 801222763;

(b) the applicant denied the earlier marks have acquired a reputation or enhanced distinctive character as a result of their use in the UK;

(c) the applicant denied that it intended to take unfair advantage of the earlier marks.

8. Both sides seek an award of costs.

## **Representation**

9. The applicant is represented by Barker Brettell LLP.

10. The opponent is represented by Lane IP Limited.

11. A hearing took place (remotely) on 6<sup>th</sup> March 2023. Mr Phillip Harris appeared as counsel for the opponent. The applicant was not represented at the hearing but filed written submissions in lieu of attendance. I have taken these into account.

## **The evidence**

12. The opponent's evidence consists of witness statements by Mr Robert Snell (with 14 exhibits) and Mr Clifford Webb. Mr Snell is a Trade Mark Attorney with Lane IP. He provides evidence about the opponent's history, the launch of PayPal on-line payment and money transfer services in the UK in 2003, and the subsequent use of the mark in relation to websites, mobile applications, debit cards and various business-facing services. According to the information provided by Mr Snell,<sup>1</sup> over 20m UK shoppers use PayPal each year.

13. Mr Webb is an employee of the opponent. His evidence is covered by a Confidentiality Order. It is sufficient to record it shows that PayPal has a substantial business in the UK. The opponent's online payment/money transfer services are used in billions of UK transactions each year.

14. The applicant filed no evidence.

## **The Statutory Provisions**

15. The statutory provisions relevant to the section 5(2) and 5(3) grounds of opposition are as follows:

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

*(a) -*

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

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<sup>1</sup> See exhibit RS3

*“(3) A trade mark which—*

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

*(b) –*

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

*(3A) Subsection (3) applies irrespective of whether the goods and services for which the trade mark is to be registered are identical with, similar to or not similar to those for which the earlier trade mark is protected.”*

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*“6A (1) This section applies where—*

*(a) an application for registration of a trade mark has been published,*

*(b) there is an earlier trade mark of a kind falling within section 6(1)(a), (aa) or (ba) in relation to which the conditions set out in section 5(1), (2) or (3) obtain, and*

*(c) the registration procedure for the earlier trade mark was completed before the start of the relevant period .*

*(1A) In this section “the relevant period” means the period of 5 years ending with the date of the application for registration mentioned in subsection (1)(a) or (where applicable) the date of the priority claimed for that application.*

*(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.*

*(3) The use conditions are met if—*

*(a) within the relevant period the earlier trademark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or*

*(b) the earlier trade mark has not been so used, but there are proper reasons for non- use.*

*(4) For these purposes—*

*(a) use of a trade mark includes use in a form (the “variant form”) differing in elements which do not alter the distinctive character of the mark in the form in which it was registered (regardless of whether or not the trade mark in the variant form is also registered in the name of the proprietor), and*

*(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.*

*(5) -*

*(6) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.”*

16. The statutory provision on which the section 5(4)(a) ground of opposition is based is as follows:

*“(4) A trademark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented—*

*(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, where the condition in subsection (4A) is met,*

*(aa) –*

(b) -

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

*(4A) The condition mentioned in subsection (4)(a) is that the rights to the unregistered trade mark or other sign were acquired prior to the date of application for registration of the trade mark or date of the priority claimed for that application.”*

### **Proof of use of Trade Marks 901362565 and 801222763**

17. Earlier trade marks 918285035/6 were registered less than 5 years prior to the relevant date. Consequently, the proof of use requirements in s.6A of the Act do not apply to them. This means that for the purposes of these proceedings, the opponent can rely on the registration of these marks in relation to all the goods/services for which they are registered without needing to show any use of these marks.

18. Earlier trade marks 901362565 (“ the 565 mark”) and 801222763 (“the 763 mark”) were registered more than 5 years prior to the relevant date. Consequently, the opponent’s reliance on these marks is subject to proof of use. The relevant period for showing use is 18<sup>th</sup> September 2016 to 17<sup>th</sup> September 2021.

19. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Act relied upon in these proceedings are derived from an EU Directive. That is why this decision continues to refer to the case law of the EU courts.

20. In *Walton International Ltd & Anor v Verweij Fashion BV*<sup>2</sup> Arnold J. (as he then was) summarised the law relating to genuine use as follows:

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<sup>2</sup> [2018] EWHC 1608 (Ch)



*“114.....The CJEU has considered what amounts to “genuine use” of a trade mark in a series of cases: Case C-40/01 Ansul BV v Ajax Brandbeveiliging BV [2003] ECR I-2439, La Mer (cited above), Case C-416/04 P Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs) [2006] ECR I-4237, Case C-442/07 Verein Radetsky-Order v Bundervsvereinigung Kamaradschaft ‘Feldmarschall Radetsky’ [2008] ECR I-9223, Case C-495/07 Silberquelle GmbH v Maselli-Strickmode GmbH [2009] ECR I-2759, Case C-149/11 Leno Merken BV v Hagelkruis Beheer BV [EU:C:2012:816], [2013] ETMR 16, Case C-609/11 P Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG [EU:C:2013:592], [2014] ETMR, Case C-141/13 P Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs) [EU:C:2014:2089] and Case C-689/15 W.F. Gözze Frottierweberei GmbH v Verein Bremer Baumwollbörse [EU:C:2017:434], [2017] Bus LR 1795.*

*115. The principles established by these cases may be summarised as follows:*

*(1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: Ansul at [35] and [37].*

*(2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: Ansul at [36]; Sunrider at [70]; Verein at [13]; Leno at [29]; Centrotherm at [71]; Reber at [29].*

*(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: Ansul at [36]; Sunrider at [70]; Verein at [13]; Silberquelle at [17]; Leno at [29]; Centrotherm at [71]. Accordingly, affixing of a trade mark on goods as a*

*label of quality is not genuine use unless it guarantees, additionally and simultaneously, to consumers that those goods come from a single undertaking under the control of which the goods are manufactured and which is responsible for their quality: Gözze at [43]-[51].*

*(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: Ansul at [37]. Internal use by the proprietor does not suffice: Ansul at [37]; Verein at [14] and [22]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: Silberquelle at [20]-[21]. But use by a non-profit making association can constitute genuine use: Verein at [16]-[23].*

*(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial raison d'être of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: Ansul at [37]-[38]; Verein at [14]; Silberquelle at [18]; Centrotherm at [71]; Reber at [29].*

*(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: Ansul at [38] and [39]; La Mer at*

[22]-[23]; *Sunrider* at [70]-[71], [76]; *Leno* at [29]-[30], [56]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34].

(7) *Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no de minimis rule: Ansul at [39]; La Mer at [21], [24] and [25]; Sunrider at [72] and [76]-[77]; Leno at [55].*

(8) *It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: Reber at [32].”*

21. I do not consider the presence or absence of the shades of blue in which the 763 mark is registered, or the use of upper/lower case letters, is sufficient to materially alter the distinctive character of the 565 and 763 marks. This is because the dominant and distinctive element of both marks is the word PAYPAL. Consequently, there is no need to distinguish between the use of these marks in relation to the goods/services shown in the opponent’s evidence for the purpose of assessing the proof of their use.

22. The applicant submits that the opponent’s evidence does not show any genuine use of the 565 or 763 marks in the relevant territory within the relevant period. This submission is based on a forensic analysis and critique of each page of every exhibit to Mr Snell’s evidence. It is well established that evidence should be considered as a whole. Consequently, deficiencies in some of the exhibited material can be compensated for by other aspects of the evidence. The onus is on the opponent to show use of the marks,<sup>3</sup> but in civil proceedings the threshold for discharging that

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<sup>3</sup> Per section 100 of the Act

burden is the balance of probabilities. Accordingly, it is sufficient if the evidence (as a whole) shows that, on the balance of probabilities, the 565 and 763 marks were put to genuine use during the relevant period.

23. The opponent has made things harder for itself by relying primarily on a witness statement by its Trade Mark Attorney. Mr Snell does not distinguish between evidence based on his own knowledge and evidence based on information given to him to others. This means that all of Mr Snell's evidence must be treated as hearsay. According to section 4 of the Civil Evidence Act, reduced weight may be given to narrative evidence of this kind when there is no credible reason why the evidence could not have been given by someone with first-hand knowledge of the facts. There is no such reason in this case. This places additional emphasis on the probative value of the exhibits to Mr Snell's statement to corroborate his narrative evidence and to show that what he says is true. This task has not been made any easier by the fact that parts of some of the pages of the exhibits to his statement are not (despite having been re-filled in clearer form) that easy to read. The applicant has warned me not to take account of things I cannot clearly read or recognise. I have heeded that warning.

24. Mr Snell says that:

*“PayPal is a global leading online payment company which provides a fast, secure, and easy way for users to send and receive payments online through its websites, including [www.paypal.com](http://www.paypal.com), and downloadable apps. The service allows people to send money without sharing financial information, with the flexibility to pay using their PayPal account balances, bank accounts, credit cards or promotional financing.”*

25. The contents of exhibits RS1, RS3, RS4, RS5, RS8 support this claim. They indicate that:

(a) PayPal launched its online payment service in the UK in 2003;

(b) PayPal has a UK-specific version of its main website, and provides similar services in several EU countries;

(c) as of 6<sup>th</sup> January 2020, paypal.com was the 39<sup>th</sup> most visited website in the world and first in the 'Financial Planning and Management' category with over 400m visits per month;

(d) just under 11% of this traffic came from the UK;

(e) over 20m UK shoppers use PayPal each year;

(f) the PayPal mobile software app has been available in the UK since at least March 2014;

(g) as of January 2020, the PayPal app was the 39<sup>th</sup> most popular free app on iTunes App Store (with over 422k reviews), and was 36<sup>th</sup> the most popular app in the Top Apps chart on the UK Google Playstore (with nearly 1.2m reviews);

(h) most users of eBay use PayPal for payment purposes;

(i) major retailers, such as Argos, next, and Boots also accept payments via PayPal;

(j) in February 2018, PayPal was one of the three most popular payment methods for 80% of e-commerce websites in the UK, and even higher percentages in Germany, Italy, Spain, Ireland and France;

(k) a study in 2019 for ecommercenews.eu showed that over 40% of UK buyers used PayPal at least once in 2018;

(l) PayPal's UK-specific Facebook page had over 6.1 million 'likes' as of 14<sup>th</sup> January 2020.

26. This is all consistent with Mr Webb's first hand evidence that billions of financial transactions are made in the UK each year using PayPal. Mr Harris suggested that PayPal's notoriety was such that it could be accepted as a matter of judicial notice, even without evidence. Like most consumers, I am of course familiar with PayPal as an online payment service, but I do not need to fall back on judicial knowledge to

accept that the earlier marks have been used in relation to the opponent's well-known core business.

27. Perhaps anticipating this result, the applicant provided what amounts to a fall-back position on the opponent's proof of use: it submits that if the evidence shows genuine use as required, then it is only in respect of the goods/services shown below.

*Trade mark 801222763*

Class 9: Computer software for processing electronic payments and for transferring funds to and from others

Class 36: Financial services, namely, electronic funds transfer; providing electronic mobile payment services for others

Class 42: Providing temporary use of on-line non-downloadable software for processing electronic payments.

*Trade Mark 901362565*

Class 9: Software for processing electronic payments to and from others

Class 36: Clearing and reconciling financial transactions via a global computer network.

28. I find that the opponent has shown genuine use of the 565 and 763 marks in relation to these goods/services. Mr Harris submitted that as authentication software was a necessary part of the opponent's online payment software and service, use of the 565 and 763 marks should also be accepted in relation to authentication software. I agree. Similarly, I regard the evidence as sufficient to establish that the 763 mark has been put to genuine use in relation to *providing temporary use of on-line non-downloadable authentication software for controlling access to and communications with computers and computer networks* for which it is registered in class 42.

29. This accounts for all the goods in class 9 except for *magnetically encoded credit cards and payment cards* in the specification of the 763 mark. Mr Snell's evidence is that:

*“Businesses are able to apply for a PayPal Business Debit MasterCard which allows them to instantly access PayPal funds to make purchases wherever Mastercard is accepted and instantly access PayPal funds from ATMs worldwide.”*

30. This claim is supported by a copy of a page from PayPal's website dated 15<sup>th</sup> January 2020 advertising, inter alia, the PayPal Business Debit Mastercard.<sup>4</sup> A picture of the card is also shown.<sup>5</sup> The debit card is dual branded with PayPal and Mastercard trade marks. An article in the Financial Times on 18<sup>th</sup> July 2017 reported a similar tie up had been agreed with Visa.<sup>6</sup> The evidence is thin, but taking into account the close link to the opponent's core business, and the size of that business, I find that, on balance, it is sufficient to establish genuine use of the 763 mark in relation to *magnetically encoded payment cards*.

31. The following services in class 36 of the specification of the 763 mark appear to me to be just individual aspects of the services specified in the applicant's fall-back position.

Clearing and reconciling financial transactions; electronic payment services involving electronic processing and subsequent transmission of bill payment data, bill payment services with guaranteed payment delivery, all conducted via a global communications network; bill payment services; providing electronic mobile payment services for others; payment processing services; electronic foreign exchange payment processing.

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<sup>4</sup> See page 58 of exhibit RS2

<sup>5</sup> See page 64 of exhibit RS2

<sup>6</sup> See exhibit RS10

32. I am therefore satisfied that the opponent has shown genuine use of the 763 mark in relation to these services too. Mr Snell says that:

*“In addition to PayPal’s core online payment and money transfer services, PayPal also offers PayPal Credit, which allows consumers to purchase larger items on credit and spread the repayments over a period of time, subject to credit limits. PayPal also offers Buyer Protection which means that consumers can be reimbursed if items do not arrive or match the seller’s description, or if the buyer is the victim of fraud, email phishing or identity theft.”*

33. This is supported by copies of pages from PayPal’s website dated January 2020 which show that consumers could use their PayPal accounts to receive interest free credit and thereby spread the cost of buying goods/services online, and receive buyer protection for goods/services purchased using PayPal.<sup>7</sup> Mr Snell further states that:

*“PayPal also operates the PayPal Working Capital scheme which provides access to easy, fast business funding which is repaid automatically via PayPal based on a chosen PayPal sales percentage.”*

34. Exhibit RS10 consists of media coverage of PayPal’s business. It includes an article from the Financial Times dated 18<sup>th</sup> June 2017 which says that PayPal’s lending business introduced in the UK in 2014 had extended more had £400m in credit to British businesses. An article in The Times in March 2019 stated that 37k UK British businesses had obtained finance from PayPal and the PayPal Working Capital Initiative had by that time lent more than £1 billion to UK-based companies.

35. In my view, this evidence justifies protecting the earlier mark in relation to the following additional services in class 36:

Issuing lines of credit; debit card transaction processing services; reimbursement of funds for disputed items in the field of electronic payment purchases; providing purchase protection services for goods and services

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<sup>7</sup> See pages 30 - 34 of exhibit RS2



purchased by others via a global computer network and wireless networks; credit services, namely, providing revolving credit account services.

36. This leaves *payment processing services, namely, providing virtual currency transaction processing services for others* for which the 763 mark is registered in class 36. Mr Snell refers to an article posted on the website of CNBC (a US channel) on 22<sup>nd</sup> August 2021 (around 4 weeks prior to the relevant date) reporting the launch of PayPal's cryptocurrency service in the UK.<sup>8</sup> There is no evidence that PayPal actually provided such services to UK consumers prior to the relevant date (or at all). Using a trade mark to advertise services that about to be marketed in the UK counts as use of the trade mark. However, advertising in the US does not count because it is not aimed at UK consumers. Mr Snell also provides a screenshot from youtube.com showing that a video was posted by 'paypal uk' on 23<sup>rd</sup> August 2021 which covered the launch of PayPal's UK cryptocurrency service. However, it is not clear what (if anything) was done to draw UK consumers' attention to this video, or how many UK consumers saw it prior to the relevant date. In the absence of evidence from someone with direct knowledge of the matter, I find this evidence insufficient to establish that PayPal was put to genuine use in the UK in relation to cryptocurrency transaction processing services during the relevant period.

37. The 565 mark is registered in class 36 in relation to *providing a wide variety of banking and financial services via a global computer network*. This is a very wide term. The use shown does not support such a wide range of services. However, as use of the 565 mark has been shown in relation to some of these services it is necessary to determine the services for which the mark should be protected. In approaching this task I take account of the guidance provided by Carr J. in *Property Renaissance Ltd (t/a Titanic Spa) v Stanley Dock Hotel Ltd (t/a Titanic Hotel Liverpool) & Ors.*<sup>9</sup> Having done so, I find that an appropriate description of services for the purposes of this opposition would be:

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<sup>8</sup> See page 254 of exhibit RS10

<sup>9</sup> [2016] EWHC 3103 (Ch)

*Providing a wide variety of banking and financial services via a global computer network, namely issuing lines of credit, electronic payment services involving electronic processing and subsequent transmission of bill payment data, bill payment services with guaranteed payment delivery, all conducted via a global communications network; debit card transaction processing services; reimbursement of funds for disputed items in the field of electronic payment purchases; providing purchase protection services for goods and services purchased by others via a global computer network and wireless networks; credit services, namely, providing revolving credit account services; bill payment services; providing electronic mobile payment services for others; payment processing services, other than providing virtual currency transaction processing services for others; electronic foreign exchange payment processing.*

38. Turning to class 35, Mr Harris drew my attention to pages 152 and 153 of exhibit RS8 to Mr Snell's statement which show that third party brands were listed on PayPal's website in 2018. He submitted this showed use of PayPal in relation to *promoting the goods and services of others by providing a web site featuring links to the online retail web sites of others* and other similar descriptions of services in class 35 for which the 763 mark is registered. I disagree. The pages show no more than that third party brands were listed on the PayPal website. It is impossible to judge whether hyperlinks were provided. Mr Snell does not even claim that exhibit RS8 shows use of the PAYPAL marks in relation to these services. The examples identified could just as easily have been for the limited purpose of showing which third parties accept PayPal.

39. The opponent may well have been providing the remaining services in class 35 during the relevant period, namely *providing information regarding discounts, coupons, rebates, vouchers and special offers for the goods of others; business consulting services in the field of online payments; managing and tracking credit card, debit card, ACH, prepaid cards, payment cards, and other forms of payment transactions via electronic communications networks for business purposes; business information management, namely, electronic reporting of business analytics relating*

*to payment processing, authentication, tracking, and invoicing; business management, namely, optimization of payments for businesses.* However, the evidence does not clearly show this. The opponent has not therefore discharged the burden of showing genuine use of the 763 mark in relation to the registered services in class 35.

40. The overall result of the above analysis is that genuine use of the 565 and 763 has been shown in relation to the following goods/services:

Trade Mark 901362565

Class 9

Software for processing electronic payments to and from others; authentication software.

Class 36

Clearing and reconciling financial transactions; issuing lines of credit; electronic payment services involving electronic processing and subsequent transmission of bill payment data, bill payment services with guaranteed payment delivery; debit card transaction processing services; reimbursement of funds for disputed items in the field of electronic payment purchases; providing purchase protection services for goods and services purchased by others via a global computer network and wireless networks; credit services, namely, providing revolving credit account services; bill payment services; providing electronic mobile payment services for others; payment processing services; electronic foreign exchange payment processing; all such services provided via a global computer network.

Trade Mark 801222763

Class 9

Computer software for processing electronic payments and for transferring funds to and from others; authentication software for controlling access to and communications with computers and computer networks; magnetically encoded ~~credit cards and~~ payment cards.

Class 35

~~Promoting the goods of others, namely, providing information regarding discounts, coupons, rebates, vouchers and special offers for the goods of others; promoting the goods and services of others by providing hypertext links to the web sites of others; promoting the goods and services of others by providing a web site featuring links to the online retail web sites of others; business consulting services in the field of online payments; managing and tracking credit card, debit card, ACH, prepaid cards, payment cards, and other forms of payment transactions via electronic communications networks for business purposes; business information management, namely, electronic reporting of business analytics relating to payment processing, authentication, tracking, and invoicing; business management, namely, optimization of payments for businesses.~~

Class 36

Financial services, namely, electronic funds transfer; clearing and reconciling financial transactions; providing a wide variety of payment and financial services, namely, ~~credit card services~~, issuing ~~credit cards and~~ lines of credit, electronic payment services involving electronic processing and subsequent transmission of bill payment data, bill payment services with guaranteed payment delivery, all conducted via a global communications network; ~~credit card and~~ debit card transaction processing services; reimbursement of funds for disputed items in the field of electronic payment purchases; providing

purchase protection services for goods and services purchased by others via a global computer network and wireless networks; ~~credit card transaction processing services~~; credit services, namely, providing revolving credit account services; bill payment services; providing electronic mobile payment services for others; ~~credit card and payment processing services~~, *other than providing virtual currency transaction processing services for others*; electronic foreign exchange payment processing; ~~payment processing services, namely, providing virtual currency transaction processing services for others~~.

Class 42

Providing temporary use of on-line non-downloadable software for processing electronic payments; providing temporary use of on-line non-downloadable authentication software for controlling access to and communications with computers and computer networks.

### Comparison of goods/services

41. I will focus on a comparison between the goods/services covered by the contested mark and the closest goods/services for which the opponent's four earlier marks are registered and/or entitled to protection. The respective goods/services are shown below.

<i>Goods/services covered by contested mark</i>	<i>Closest goods/services for which the earlier marks are registered/protected</i>
<p>Class 9</p> <p>Downloadable computer software for use as a digital wallet; Downloadable computer software for use as an electronic wallet; Computer operating programs, recorded; Computer programs, recorded; Computer programs, downloadable; Computer software applications, downloadable;</p>	<p><i>Trade Mark 901362565</i></p> <p>Class 9: Computer software for processing electronic payments and for transferring funds to and from others; authentication software</p>

<p>Downloadable mobile applications; Computer software for encryption.</p> <p>Security tokens [encryption devices]; Secure digital (SD) card readers; Computer peripheral devices.</p>	<p><i>Trade Mark 801222763</i></p> <p>Class 9: Magnetically encoded payment cards.</p> <p><i>Trade Marks 918285035/6</i></p> <p>Class 9: Computer software; computer hardware for making, authenticating, facilitating, operating, managing, and processing payment transactions with credit cards, debit cards, prepaid cards, payment cards, gift cards, and other payment forms; electronic devices, namely point of sale terminals, chip card readers, credit card readers, payment card readers, mobile card readers, charging stands; magnetic encoded and coded card readers; card readers.</p>
<p>Class 35</p> <p>Provision of an online marketplace for buyers and sellers of goods and services.</p>	<p><i>Trade Mark 901362565</i></p> <p>Class 36: Clearing and reconciling financial transactions; issuing lines of credit; electronic payment services involving electronic processing and subsequent transmission of bill payment data, bill payment services with guaranteed payment delivery; debit card transaction processing services; reimbursement of funds for disputed items in the field of electronic payment purchases; providing purchase protection services for goods and services purchased by others via a global computer network and wireless networks; credit services, namely, providing revolving credit account services; bill payment services; providing electronic mobile payment services for</p>

<p>Class 36</p> <p>Financing services; Financial management; Hire-purchase financing; Financial analysis; Financial consultancy; Providing financial information; Mutual funds; Capital investments; Business liquidation services, financial; Stock brokerage services; Debt advisory services; Providing financial information via a website; Investment of funds; Stocks and bonds brokerage; Trusteeship; Financial trust management; Financial exchange; Financial investment brokerage; Financial advice; Financial information and evaluations; Financial information processing; Financial information and advisory services.</p>	<p>others; payment processing services, other than providing virtual currency transaction processing services for others; electronic foreign exchange payment processing; all such services provided via a global computer network.</p> <p><i>Trade Marks 918285035/6</i></p> <p>Class 36: Financial services</p> <p><i>Trade Mark 901362565</i></p> <p>Class 36: Clearing and reconciling financial transactions; issuing lines of credit; electronic payment services involving electronic processing and subsequent transmission of bill payment data, bill payment services with guaranteed payment delivery; debit card transaction processing services; reimbursement of funds for disputed items in the field of electronic payment purchases; providing purchase protection services for goods and services purchased by others via a global computer network and wireless networks; credit services, namely, providing revolving credit account services; bill payment services; providing electronic mobile payment services for others; payment processing services, other than providing virtual currency transaction processing services for others; electronic foreign exchange payment processing; all such services provided via a global computer network.</p>
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<p>Class 38</p> <p>Communications by computer terminals; Computer aided transmission of messages and images; Providing access to databases; Streaming of data.</p>	<p><i>Trade Mark 901362565</i></p> <p>Class 36: Electronic payment services involving electronic processing and subsequent transmission of bill payment data, bill payment services with guaranteed payment delivery, all conducted via a global communications network</p> <p><i>Trade Marks 918285035/6</i></p> <p>Class 42: Software as a services [SAAS] services; platform as a service [PAAS] services; providing temporary use of online non-downloadable software.</p>
<p>Class 42</p> <p>Data encryption services; Computer software design; Computer software design and development; Maintenance and updating of computer software; Maintenance and upgrading of computer software; Computer hardware development; Testing of computer programs; Testing of computer software; Computer hardware rental; Computer programming; Consulting services in the field of cloud computing; Cloud computing; Software as a service [SaaS].</p>	<p><i>Trade Mark 901362565</i></p> <p>Class 9: Computer software for processing electronic payments and for transferring funds to and from others; authentication software</p> <p><i>Trade Mark 801222763</i></p> <p>Class 42: Providing temporary use of on-line non-downloadable software for processing electronic payments; providing temporary use of on-line non-downloadable authentication software for controlling access to and communications with computers and computer networks.</p> <p><i>Trade Marks 918285035/6</i></p> <p>Class 9: Computer software: electronic devices, namely point of sale terminals, chip card readers, credit card readers,</p>



	<p>payment card readers, mobile card readers, charging stands; magnetic encoded and coded card readers; card readers; card readers for payment and credit cards</p> <p>Class 42: Software as a services [SAAS] services; platform as a service [PAAS] services; providing temporary use of online non-downloadable software.</p>
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42. Goods and services can be considered as identical when the goods/services designated by the earlier mark are included in a more general category, designated in the trade mark application, or where the goods designated in the trade mark application are included in a more general category designated in the earlier mark.<sup>10</sup>

43. In assessing the similarity of the goods or services concerned, all the relevant factors should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary.<sup>11</sup>

44. Complementary means “...*there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking.*”<sup>12</sup>

#### Class 9

45. I understand that a digital wallet is a software application from which electronic payments may be made. On that basis I consider that the applicant’s *Downloadable computer software for use as a digital wallet; Downloadable computer software for use as an electronic wallet; Computer programs, recorded; Computer programs,*

<sup>10</sup> *Gérard Meric v OHIM*, Case T- 133/05, General Court of the EU

<sup>11</sup> *Canon*, Case C-39/97, CJEU

<sup>12</sup> *Boston Scientific Ltd v OHIM*, Case T-325/06, the General Court

*downloadable; Computer software applications and Downloadable mobile applications* are identical to *Computer software for processing electronic payments and for transferring funds to and from others* specified in earlier trade mark 901362565. I further find that the applicant's *Computer software for encryption* is identical to *authentication software* specified in earlier trade mark 901362565.

46. In my judgement, the applicant's *Security tokens [encryption devices]; Secure digital (SD) card readers and Computer peripheral devices* (which encompasses the first two descriptions of goods) are highly similar to *authentication software* specified in earlier trade mark 901362565, and *Magnetically encoded payment cards* specified in earlier trade mark 801222763. This is because they are similar in purpose and are complementary goods in the sense specified in the case law.

47. So far as class 9 is concerned, this leaves the applicant's *Computer operating programs, recorded*. This is the sort of software on which computer systems run, e.g. Windows. It therefore serves a different purpose to the application software which runs on the computer system. However, it is similar in nature (being software) and complementary (you cannot run software applications without operating software). The providers of operating software are well known as providers of software applications, e.g. Microsoft, Apple. Therefore, the goods are complementary in the sense specified in the case law. I therefore find that the applicant's *Computer operating programs, recorded* is similar to a low degree to the software specified in earlier trade mark 901362565 (and 801222763).

48. The first description in the specifications of trade marks 918285035/6, i.e. *Computer software* covers all the applicant's specified goods in class 9 (including *Computer operating programs, recorded*), except for *Security tokens [encryption devices]; Secure digital (SD) card readers; Computer peripheral devices*. All the software goods must therefore be considered as identical. The second description in the opponent's class 9 specification i.e. *computer hardware for making, authenticating, facilitating, operating, managing, and processing payment transactions etc.* is identical to the remaining goods in the applicant's class 9 specification, i.e. *Security tokens [encryption devices]; Secure digital (SD) card readers; Computer peripheral devices*.

### Class 35

49. The application covers *Provision of an online marketplace for buyers and sellers of goods and services* in class 35. Earlier trade mark 901362565 is protected for *Electronic payment services involving electronic processing and subsequent transmission of bill payment data, bill payment services with guaranteed payment delivery, all conducted via a global communications network* and various related financial services in class 36. The purpose of the respective services is different, one being a marketing service, the other being a financial service. These services are not in competition. The method of use is the same – online – and they are complementary services in the normal sense of the word, i.e. the one is used to buy goods/services marketed on the other. There is evidence that PayPal was owned by eBay between 2002 and 2015 when PayPal became a separate business. However, the businesses used different trade marks for their operations, and there is no evidence that online marketplace operators are known to provide related financial services. There is therefore no reason to believe that average consumers would normally expect an online marketplace service to also provide electronic payment services. Consequently, I find the respective services have not been shown to be complementary in the sense specified in the case law. The mere fact that that they are both online services is not sufficient, by itself, to demonstrate similarity between the services. Consequently, I find they are not similar services. If I am wrong about this, the services are similar to only a low degree.

### Class 36

50. The first part of the specification of earlier trade mark 901362565, i.e. *Clearing and reconciling financial transactions via a global computer network; Providing a wide variety of banking and financial services via a global computer network, namely issuing lines of credit, electronic payment services involving electronic processing and subsequent transmission of bill payment data, bill payment services with guaranteed payment delivery, all conducted via a global communications network* and *debit card transaction processing services*, is subsumed within, or covers (and is therefore identical to) the applicant's *Financing services; Financial analysis; Financial*

*management; Providing financial information; Providing financial information via a website; Financial information and evaluations; Financial information processing; Financial information services and Hire-purchase financing (the latter being covered by issuing lines of credit).* The applicant's *Financial exchange services* are identical to *electronic foreign exchange payment processing* in the specification of trade mark 901362565.

51. *Financial consultancy, Financial advice, Financial advisory services and Debt advisory services* are general financial services. They cover services that are likely to be closely linked to *Clearing and reconciling financial transactions via a global computer network and electronic payment services involving electronic processing and subsequent transmission of bill payment data and debit card transaction processing services*. The respective services are therefore highly similar because they are similar in nature, have a related purpose (the applicant's services arising as a result of the opponent's services) and are complementary in the sense specified in the case law.

52. This leaves *Mutual funds; Capital investments; Business liquidation services, financial; Stock brokerage services; Stocks and bonds brokerage; Trusteeship; Financial trust management; Investment of funds; Financial investment brokerage. Business liquidation services* is a very specific financial service, which does not appear to be similar to any of the services covered by trade mark 901362565 (or the 763 mark). *Capital investments; Stock brokerage services; Stocks and bonds brokerage; Investment of funds; Financial investment brokerage* all appear to be about investments rather than payment, credit or related services. *Trusteeship* and *Financial trust management* are about holding and managing property for the benefit of others. *Mutual funds* services may be the same and/or could be an investment service. Apart from the fact that they are all financial services, I see no obvious similarity between any of these services and the class 36 services covered by trade mark 901362565 (or 801222763). If I am wrong about this, the services are similar to no more than a low degree.

53. Earlier trade marks 918285035/6 cover *Financial services* at large. This encompasses all the applicant's services in class 36. These services must therefore be considered to be identical.

#### *Class 38*

54. None of the opponent's earlier marks are registered in class 38. Mr Harris submitted that the applicant's class 38 services are fundamentally complementary and similar to providing "*online payment networks*." He argued that although consumers do not buy the latter as a communication service per se, the class 38 communications services are a discrete aspect of the payment service. Mr Harris pointed out that the opponent's online payment services depend on making communications via computer terminals.

55. I accept that the online class 36 services for which the earlier marks are protected depend on the availability of electronic communications services. However, as Mr Daniel Alexander Q.C. noted as the Appointed Person in *Sandra Amelia Mary Elliot v LRC Holdings Limited*<sup>13</sup>:

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

56. In order to be considered complementary services for the purposes of trade mark law, it is also necessary for average consumers to "*think that the responsibility for those goods lies with the same undertaking*." This normally implies that a large number of the producers or distributors of the goods are the same.<sup>14</sup> It is clear from the class heading for class 38 that the services in that class are telecommunications services. In my experience, such services are usually provided by telecom companies and internet service providers, such as BT, Vodafone, Talktalk etc. rather than undertakings marketing financial services.

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<sup>13</sup> BL-0-255-13

<sup>14</sup> See *Compagnie des montres Longines, Francillon SA v OHIM*, Case T-505/12 at paragraph 60

57. The same applies if “*online payment networks*” is also meant to refer to *Software as a services [SAAS] services; platform as a service [PAAS]* in class 42, for which earlier marks 918285035/6 are registered. Terms used in specifications of services should not be interpreted widely but confined to the core of the possible meanings attributable to the terms.<sup>15</sup> Software and platform as a service involves providing users with the means to run software and related operations on a remote system/platform. Such services do not cover providing the telecommunications services used to communicate with the hosted software and/or the remote platform. Again, there is no evidence these services are known to be commonly provided by the same undertakings. I therefore find that the applicant’s services in class 38 are not similar to the goods/services for which the earlier marks are registered and protected.

#### *Class 42*

58. I find that the applicant’s *data encryption services* in class 42 are highly similar to *providing temporary use of on-line non-downloadable authentication software for controlling access to and communications with computers and computer networks* in class 42 of earlier trade mark 801222763. They are both software services used for security purposes to ensure the secure transmission of data, or secure access to data and/or to remote software services.

59. To the extent that the applicant’s *computer hardware development and computer hardware rental* services in class 42 cover (as they do) the development and rental of electronic payment hardware, I find they are highly complementary services, and similar to a medium degree, to online non-downloadable software for processing electronic payments and authentication software for which earlier trade mark 801222763 is protected. This is because such hardware is used to interact with the opponent’s online software payment service, including the authentication software used to gain secure access to the payment system. Further, users are likely to believe that the respective goods/services are provided by the same undertaking.

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<sup>15</sup> See, for example, *Sky v Skykick* [2020] EWHC 990 (Ch) per Arnold J.

60. I find that the applicant's *computer software design; computer software design and development; maintenance and updating of computer software; maintenance and upgrading of computer software; testing of computer programs; testing of computer software; computer programming; consulting services in the field of cloud computing; cloud computing; software as a service [SaaS]* are wide enough to cover services relating to online non-downloadable software for electronic payment and authentication purposes for which earlier trade mark 801222763 is protected.

61. *Cloud computing* and *software as a service* are wide enough to cover online non-downloadable software for electronic payment and authentication purposes. They must therefore be considered identical services. It follows that *Consulting services in the field of cloud computing* covers very closely related and highly similar services to the opponent's non-downloadable software services.

62. The applicant submits that testing of computer software is a very specific service provided to businesses seeking someone to test that business's own software, rather than by businesses who provide users with their software or software as a service. I accept that software testing covers services for testing the user's own software. However, where a fault has been reported in software provided as a service, resolution of that matter involves testing the provider's software as part of fixing the reported fault. This is an integral part of such a service. I therefore reject the applicant's submission that there is a complete separation between users of non-downloadable software and software testing services. I find that testing of computer software is highly complementary to the opponent's non-downloadable software, and likely to be provided by the same undertaking.

63. I conclude that the applicant's remaining class 42 software services, including software testing, are highly similar to *providing temporary use of on-line non-downloadable authentication software for controlling access to and communications with computers and computer networks*. This is because, to the extent the applicant's services could relate to non-downloadable software for electronic payment and authentication purposes, they are similar in nature and purpose to the services for which earlier trade mark 801222763 is protected. *Computer programming* (and similar

descriptions in the applicant's class 42 services) could also be in competition with the opponent's software in class 9. This is because online payment software can, at the user's choice, be commissioned for use on the user's own system, or provided online on the host's system as a software service.

64. For reasons that are obvious, the applicant's *Computer programming; Consulting services in the field of cloud computing; Cloud computing; Software as a service [SaaS] services* are identical, or highly similar, to *computer software and software as a services [SAAS] services; platform as a service [PAAS]*, for which the earlier trade marks 918285035/6 are registered. In the case of the applicant's computer software design and development, maintenance, updating and testing, the nature and purpose of the goods/services coincides with the software and software services covered by the earlier 918285035/6 marks, if the applicant's services are used to develop, maintain, test etc. the same sort of software. The applicant's services are therefore highly similar to the opponent's software as goods and as a service.

65. The applicant's *computer hardware development and computer hardware rental services* in class 42 cover the development and rental of *electronic devices, namely point of sale terminals, chip card readers, credit card readers, payment card readers, mobile card readers*, for which earlier trade marks 918285035/6 are registered in class 9. I find that the applicant's services are highly complementary to these goods, and are likely to be provided by the same undertaking that sells such products. This includes the development of bespoke goods, such as payment card readers, to meet the specific requirements of the customer. The purpose of the respective goods/services also coincides to the extent that the applicant's hardware development and rental services are used to develop or rent the goods covered by the earlier marks. Further, as renting the opponent's electronic devices could be an alternative to buying them, the applicant's *computer hardware rental services* are in competition with the electronic devices covered by the earlier marks. These goods/services are therefore similar to a medium degree.



## **Global assessment of the likelihood of confusion**

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

### *The principles*

- (a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;
- (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;
- (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

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

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

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

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

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

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

(k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically linked undertakings, there is a likelihood of confusion.

### **Average consumer and the selection process**

67. The opponent submits that average consumers of its goods/services are the general public paying an average degree of attention whilst doing so.

68. The applicant submits that the opponent's goods/services will be used by private individuals and businesses looking for a means of making payments in a safe and secure manner. The applicant further submits that users of its goods/services are

private individuals and businesses seeking to generate 'keys' to then store in a digital wallet to keep their cryptocurrency safe and secure. According to the applicant, this means that the opponent's users are interested in making basic online transactions, whereas the applicant's users would be well-researched and have highly technical well-informed knowledge of online cryptocurrency processes and procedures. Due to the lucrative high value nature of cryptocurrencies, the applicant submits that average consumer will be highly circumspect and pay close attention when selecting a provider of its goods/services.

69. When assessing the likelihood of confusion under section 5(2) it is necessary to consider all the circumstances in which the mark applied for might be used if it were registered.<sup>16</sup> Accordingly, it is necessary to determine who are the average consumers of the goods/services specified in the trade mark application, not just who are the applicant's actual or intended customers. None of the applicant's goods/services are described as being for generating 'keys' to then store in a digital wallet to keep their cryptocurrency safe and secure. Indeed, many of the applicant's goods/services, e.g. *debt advisory services, testing of computer programs* are manifestly not for such a purpose. Many others, e.g. *software as a service* are very broad in scope and could cover the provision of online software for many different purposes. Therefore, I do not accept the applicant's characterisation of the relevant average consumer for all its goods/services.

70. The opponent's witness says that its goods/services are partly aimed at business users. Accordingly, as Mr Harris observed at the hearing, the relevant user base includes business users.

71. To the extent that the respective goods/services overlap, they are aimed at members of the general public and businesses seeking goods/services for use in making electronic payments and for transferring funds to and from others, and related services, including credit. As with most financial services, the average

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<sup>16</sup> *O2 Holdings Limited, O2 (UK) Limited v Hutchison 3G UK Limited*, Case C-533/06, CJEU, at paragraph 66 of the judgment

consumer is likely to pay an above average degree of attention when selecting such goods/services.

72. The applicant's specification covers other non-financial goods/services, such as *Downloadable mobile applications* in class 9 (which is wide enough to cover non-financial applications, such as games), online marketplace services in class 35, *Telecommunications services* in class 38, and *Computer hardware rental* (which is wide enough to cover hardware for non-financial purposes, such as a laptop computer). I find that the average consumer of these types of goods/services would pay an average degree of attention during the selection process.

#### Distinctive character of the earlier trade marks

73. In *Lloyd Schuhfabrik Meyer* the CJEU stated that:

*“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 Windsurfing Chiemsee v Huber and Attenberger [1999] ECR I-0000, paragraph 49).*

*23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from*

*chambers of commerce and industry or other trade and professional associations (see Windsurfing Chiemsee, paragraph 51).”*

74. The word PAYPAL is clearly the only or (depending on the earlier mark in question) the dominant and most distinctive element of each of the earlier trade marks. The prefix PAY- is plainly descriptive of most of the goods/services covered by the earlier marks. The suffix -PAL is not. The combination PAYPAL conveys the idea of a ‘friend’ of payment, which hints at, but does not describe, the main purpose of most of the goods/services covered by the earlier marks.

75. In the case of the 035/36 marks, the device consisting of overlaid letters ‘P’ adds a little more to the inherent distinctive character of the marks. However, in my view, all four of the earlier marks have a roughly average degree of inherent distinctive character.

76. The evidence shows that the earlier marks have been used on a substantial scale in the UK since 2003 in relation to an electronic payment service and the various related goods/services shown below:

#### Class 9

Computer software for processing electronic payments and for transferring funds to and from others; authentication software; magnetically encoded payment cards.

#### Class 36

Financial services, namely, electronic funds transfer; clearing and reconciling financial transactions; providing a wide variety of payment and financial services, namely, issuing lines of credit, electronic payment services involving electronic processing and subsequent transmission of bill payment data, bill payment services with guaranteed payment delivery, all conducted via a global communications network; debit card transaction processing services; reimbursement of funds for disputed items in the field of electronic payment

purchases; providing purchase protection services for goods and services purchased by others via a global computer network and wireless networks; credit services, namely, providing revolving credit account services; bill payment services; providing electronic mobile payment services for others; payment processing services, other than providing virtual currency transaction processing services for others; electronic foreign exchange payment processing.

#### Class 42

Providing temporary use of on-line non-downloadable software for processing electronic payments; providing temporary use of on-line non-downloadable authentication software.

77. I find the word(s) element PAYPAL had acquired a highly distinctive character through use in relation to these goods/services by the relevant date. Further, although the evidence shows some variation in the way that the earlier marks are used, there is little doubt that the use of PayPal as two conjoined words in two shades of blue (as shown in the '763 mark), and the use of the same word element and overlapping PP device in the same colours (represented in greyscale in the '035 mark), had become a regular aspect of the opponent's branding by the relevant date. I therefore find that the word element PayPal had become even more distinctive of the opponent's goods/services when the '565', '763 and '035 marks were used in two tone blue.

#### Comparison of marks

78. The CJEU stated in *Bimbo SA v OHIM*<sup>17</sup> that:




“.....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.....”

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<sup>17</sup> At paragraph 34 of its judgment in Case C-591/12P

79. It is therefore necessary to take into account the distinctive and dominant components of the marks, and to give due weight to any other non-negligible features which contribute to the overall impressions created by the marks.

80. The respective trade marks are shown below:

Earlier trade mark	Contested trade mark
<p>'565 mark</p> <p><b>PAYPAL</b></p> <p>'763 mark</p>  <p>'036 mark</p>  <p>'035 mark</p> 	<p><b>KEYPAL</b></p>

81. The opponent submits that the stylisation visible in the contested mark (mainly of the letter 'K') is trivial and will not affect consumers' recognition of the mark as essentially the word KEYPAL. I agree.

82. The opponent points out that the words PAYPAL and KEYPAL are both comprised of six letters, the last four of which (-YPAL) are the same. According to the opponent, there is a high degree of visual similarity between the words.

83. The applicant points out that the prefix of the contested mark (KEY-) is visually different to the prefix of the earlier marks (PAY-). In the case of the earlier '763 and '035/6 marks, this visual difference is accentuated by the use of a capital letter 'P' for 'Pay' and 'Pal', and by the addition of the stylised PP device in the '035/6 marks.

84. I note these points of visual difference, and also that the use of capital letters 'P' effectively identifies PayPal as two conjoined words rather than one. I accept that the inclusion of the stylised PP device in the '035/36 reduces the overall degree of visual similarity between those marks and the contested mark. I do not attach much weight to the one word/two word point because although KEYPAL is presented as a single word, average consumers will immediately recognise that it is also comprised of two well-known three letter words (KEY and PAL) conjoined.

85. I find the common use of the letters -YPAL as the last four of the six letters making up the words in both marks is sufficient to give rise to a medium degree of visual similarity between them. The inclusion of the stylised PP device in the '035/36 reduces this a little. Those marks are visually similar to the contested mark to a low-to-medium degree.

86. It is not suggested that consumers will try to verbalise the stylised PP device in the '035/6 marks. Accordingly, the aural comparison is between PAY-PAL and KEY-PAL, both of which have two syllables. The second syllable is plainly the same. According to the applicant, PAY and KEY sound entirely different. The opponent disputes this. It submits that the vowel/consonant sequences -EY/-AY have a similar sound. The opponent further submits that 'K' and 'P' have similar sounds – 'kuh' and 'puh'. I find there is a low degree of aural similarity between KEY and PAY, but not enough for the words to be misheard for one another by an average consumer paying just a normal degree of attention. I also accept the applicant's submission that the absence of the alliteration of the letter 'P' in PayPal from the contested mark will also help to distinguish the sound of the marks. In my view, there is a medium degree of aural similarity between the parties' marks.



87. According to the opponent, the fact that the word elements of all the marks end with the word -PAL, meaning 'friend', gives the mark a high degree of conceptual similarity.

88. The applicant submits that the opponent's PAYPAL marks as a whole have the meaning 'friendly payment solution'. According to the applicant, the KEY in KEYPAL will be understood according to its most usual meaning (a metal instrument for turning the bolt in a lock), or by its recognised meaning in the field of cryptocurrency as something which allows consumers to send and receive cryptocurrency without requiring third parties to verify the transaction. Despite the meanings attributable to KEY, the applicant submits the contested mark as a whole will be viewed as an invented word with no meaning, or at most as alluding to a way to 'keep your key safe'.

89. I accept the applicant's submission that KEYPAL as a whole conveys no clear meaning. I have already indicated that PAYPAL will be recognised by average consumers as meaning 'friend' of payment. Therefore, (a) the contested mark as a whole has no conceptual meaning, (b) the words KEY and PAY have different meanings, and (c) the common suffix PAL has the same meaning. This means that average consumers are likely to see just a slight level of conceptual similarity between the marks, i.e. friend of something.

#### Likelihood of confusion

90. Taking account of all relevant factors, including:

- (i) the identity of some of the goods/services;
- (ii) the above average level of attention likely to be paid by average consumers where the parties' goods/services overlap;
- (iii) the highly distinctive character of the earlier marks for the goods/services indicated in paragraph 76 above;
- (iv) the possibility of imperfect recollection of the earlier marks (or vice versa);

- I find there is no likelihood of direct confusion between the marks.

91. This is mainly because the prefix of the contested mark consists of the word KEY, which is a well-known word with which the public are very familiar, whereas the first word element in PAYPAL (or PayPal) is PAY. This is also a well-known word with which the public are also very familiar. The fact that these different and familiar words appear at the beginning of the word elements of the respective marks means that the differences between the marks as wholes are hard to miss.

92. For the avoidance of doubt, I would have reached the same conclusion even if I had found that average consumers would pay just an average level of attention when selecting all the parties' goods/services.

93. In *L.A. Sugar Limited v By Back Beat Inc.*,<sup>18</sup> Mr Iain Purvis Q.C., as the Appointed Person, explained that:

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

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

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<sup>18</sup> Case BL O/375/10

- (a) *where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right ('26 RED TESCO' would no doubt be such a case).*
- (b) *where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as 'LITE', 'EXPRESS', 'WORLDWIDE', 'MINI' etc.).*
- (c) *where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension ('FAT FACE' to 'BRAT FACE' for example)."*

94. In *Liverpool Gin Distillery Ltd & Ors v Sazerac Brands, LLC & Ors*,<sup>19</sup> Arnold LJ referred to the comments of James Mellor QC (as he then was), sitting as the Appointed Person in *Cheeky Italian Ltd v Sutaria*,<sup>20</sup> where he said that “a finding of a likelihood of indirect confusion is not a consolation prize for those who fail to establish a likelihood of direct confusion.” Arnold L.J. agreed, pointing out that there must be a “proper basis” for concluding that there is a likelihood of indirect confusion where there is no likelihood of direct confusion.

95. On behalf of the opponent, Mr Harris submitted that consumers would see KEYPAL as a brand extension of PAYPAL but utilising some sort of ‘key’. In this connection, I note the applicant’s submission that KEY has a recognised meaning in the field of cryptocurrency as something which allows consumers to send and receive cryptocurrency without requiring third parties to verify the transaction. If so, this means KEY is not a very distinctive term when it is used in relation to goods/services connected to transferring cryptocurrency. In these circumstances, the suffix or second word of KEYPAL (-PAL) must be regarded as the more distinctive element of the

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<sup>19</sup> [2021] EWCA Civ 1207

<sup>20</sup> BL O/219/16

contested mark. PAL is similarly more distinctive than PAY when PAYPAL is used in relation to payment related goods/services.

96. As Mr Purvis's analysis of indirect confusion makes clear, the degree of distinctiveness of the earlier mark is an important factor in the assessment of the likelihood of indirect confusion. This is because consumers are much more likely to make assumptions about the existence of an economic connection between the users of marks where they exhibit recognisable and highly distinctive characteristics. It is therefore particularly relevant that the distinctiveness of the earlier PAYPAL marks has been substantially enhanced through use in relation to the goods/services specified in paragraph 76.

97. The applicant points out there is no evidence the opponent is the only user of -PAL marks in the relevant field of activity. Equally, there is no evidence that anyone else uses a -PAL mark. If the applicant wanted to argue that -PAL marks are less distinctive of the opponent than they appear because of third party use of such marks, it could have demonstrated this with evidence. It has not done so. I will therefore proceed on the basis that -PAL is likely to be recognised as a distinctive feature of PayPal, at least in the context of the goods/services set out in paragraph 76 above.

98. Taking all of the above into account, I find there is a likelihood that a significant proportion of relevant average consumers will believe that the contested mark is a variant or sub-brand of PAYPAL, if the contested mark is used in relation to goods/services which:

- are the same as, or similar to a medium degree or more, to the goods/services for which the earlier marks are highly distinctive, and
- could be used for the transfer of cryptocurrency, or for which the transfer of cryptocurrency could be a feature, or which could be used to support such dealings (i.e. goods/services for which KEY is liable to be perceived as descriptive or allusive of a characteristic of the goods/services).

99. This means that the opponent's section 5(2) case of indirect confusion succeeds in respect of:

Class 9

Downloadable computer software for use as a digital wallet; Downloadable computer software for use as an electronic wallet; Secure digital (SD) card readers; Computer peripheral devices; Computer programs, recorded; Computer programs, downloadable; Computer software applications, downloadable; Security tokens [encryption devices]; Downloadable mobile applications; Computer software for encryption.

Class 36

Financing services; Financial management; Hire-purchase financing; Financial analysis; Financial consultancy; Providing financial information; Debt advisory services; Providing financial information via a website; Financial exchange; Financial advice; Financial information and evaluations; Financial information processing; Financial information and advisory services.

Class 42

Data encryption services; Computer software design; Computer software design and development; Maintenance and updating of computer software; Maintenance and upgrading of computer software; Computer hardware development; Testing of computer programs; Testing of computer software; Computer hardware rental; Computer programming; Consulting services in the field of cloud computing; Cloud computing; Software as a service [SaaS].

100. The remaining goods/services covered by the application are either:

(i) not similar to the goods/services for which the earlier marks are registered or protected, or

(ii) not similar to the goods/services to the goods/services for which the earlier marks have acquired a highly distinctive character through use, or

(iii) are similar to those goods/services to only a low degree.

101. In the case of (i), my finding that the goods/services are not similar is sufficient by itself to reject the section 5(2) ground of opposition for those goods/services. In the case of (ii), I do not consider that just the inherent distinctive character of the earlier marks is sufficient to give rise to a likelihood of indirect confusion amongst any significant proportion of the relevant public, even if the contested mark is used in relation to goods/services for which some of the earlier marks are registered (but for which they have not acquired a highly distinctive character, e.g. financial services at large). In the case of (iii), I find the relative lack of similarity between the respective goods/services is sufficient to avoid a likelihood of indirect confusion.

102. I therefore reject the opponent's section 5(2) ground of opposition to the extent that it is directed at:

Class 9: Computer operating programs, recorded.

Class 35: Provision of an online marketplace for buyers and sellers of goods and services.

Class 36: Mutual funds; Capital investments; Business liquidation services, financial; Stock brokerage services; Stocks and bonds brokerage; Trusteeship; Financial trust management; Investment of funds; Financial investment brokerage.

Class 38: Communications by computer terminals; Computer aided transmission of messages and images; Providing access to databases; Streaming of data.

### The section 5(3) ground of opposition

103. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, Case C-252/07, *Intel*, Case C-408/01, *Adidas-Salomon*, Case C-487/07, *L'Oréal v Bellure* and Case C-323/09, *Marks and Spencer v Interflora* and Case C-383/12P, *Environmental Manufacturing LLP v OHIM*. The law appears to be as follows:

- (a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors*, paragraph 24.
- (b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors*, paragraph 26.
- (c) It is necessary for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind; *Adidas Saloman*, paragraph 29 and *Intel*, paragraph 63.
- (d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks and between the goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark's reputation and distinctiveness; *Intel*, paragraph 42.
- (e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the future; *Intel*, paragraph 68; whether this is the case must also be assessed globally, taking account of all relevant factors; *Intel*, paragraph 79.

(f) the more immediately and strongly the earlier mark is brought to mind by the later mark, the greater the likelihood that use of the latter will take unfair advantage of, or will be detrimental to, the distinctive character or the repute of the earlier mark; *L'Oréal v Bellure NV*, paragraph 44.

(g) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious risk that this will happen in future; *Intel*, paragraphs 76 and 77 and *Environmental Manufacturing*, paragraph 34.

(h) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel*, paragraph 74.

(i) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality which is liable to have a negative impact of the earlier mark; *L'Oréal v Bellure NV*, paragraph 40. The stronger the reputation of the earlier mark, the easier it will be to prove that detriment has been caused to it; *L'Oréal v Bellure NV*, paragraph 44.

(j) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark 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. This 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 (*Marks and Spencer v Interflora, paragraph 74 and the court's answer to question 1 in L'Oréal v Bellure*).

### Reputation

104. The opponent's 565 mark does not appear to add anything to the section 5(3) case based on the 763 mark. I find that earlier trade mark 801222763 had acquired a reputation in the UK by the relevant date in relation to:

#### Class 9

Computer software for processing electronic payments and for transferring funds to and from others; authentication software; magnetically encoded payment cards.

#### Class 36

Financial services, namely, electronic funds transfer; clearing and reconciling financial transactions; providing a wide variety of payment and financial services, namely, issuing lines of credit, electronic payment services involving electronic processing and subsequent transmission of bill payment data, bill payment services with guaranteed payment delivery, all conducted via a global communications network; debit card transaction processing services; reimbursement of funds for disputed items in the field of electronic payment purchases; providing purchase protection services for goods and services purchased by others via a global computer network and wireless networks; credit services, namely, providing revolving credit account services; bill payment services; providing electronic mobile payment services for others; payment processing services, other than providing virtual currency transaction processing services for others; electronic foreign exchange payment processing.

Class 42

Providing temporary use of on-line non-downloadable software for processing electronic payments; providing temporary use of on-line non-downloadable authentication software.

Link

105. As I noted above, my assessment of whether the public will make the required mental 'link' between the marks must take account of all relevant factors. The factors identified in *Intel* are:

*The degree of similarity between the conflicting marks*

106. I earlier found that there is a medium degree of visual and aural similarity, and a slight degree of conceptual similarity, between the contested mark and earlier trade mark 801222763.

*The nature of the goods or services for which the conflicting marks are registered, or proposed to be registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public*

107. The degree of similarity between the respective goods/services is covered above, as is the relevant public for those goods/services. Focussing on the goods/services for which the section 5(2) ground of opposition failed, I observe as follows:

Class 9: Computer operating programs, recorded.

108. This software is similar to a low degree to *Computer software for processing electronic payments and for transferring funds to and from others; authentication software*. There is a substantial overlap between users of operating software and application software for making online payments.

Class 35: Provision of an online marketplace for buyers and sellers of goods and services.

109. I earlier found these services are not similar to the goods/services covered by the earlier marks, or if I am wrong about this, the services are similar to only a low degree to electronic payment software/services. There is nevertheless a degree of closeness between the respective goods/services because electronic payment software/services are used to make payments for goods/services bought on an online marketplace. It follows that the users of the goods/services are substantially the same, i.e. the general public.

Class 36: Mutual funds; Capital investments; Stock brokerage services; Stocks and bonds brokerage; Trusteeship; Financial trust management; Investment of funds; Financial investment brokerage.

110. These are financial services involving investments and holding or managing assets for others. I earlier found that these services are not similar to the goods/services covered by the earlier marks, or if I am wrong about this, the services are similar to only a low degree to electronic payment and related financial services. Nevertheless, there is likely to be a degree of overlap between the users of the respective services because many users of the opponent's services are also likely to be investors, and some will wish to place assets in trust. The fact that they are all financial services also indicates that the respective services are not wholly distant from one another.

Business liquidation services, financial;

111. These appear to be specialised services associated with the financial consequences of business failures. There may still be some overlap between the users of such services and electronic payment and related financial services, but it is likely to be relatively small. Further, these services appear to be more distant from the opponent's services than the applicant's other services in class 36.

Class 38: Communications by computer terminals; Computer aided transmission of messages and images; Providing access to databases; Streaming of data.

112. I earlier found that that the applicant's services in class 38 are not similar to the goods/services for which the earlier mark is registered and protected. However, given that the parties' services are aimed in large part at the general public, there is likely to be a substantial overlap between the respective users.

*The strength of the earlier mark's reputation*

113. The earlier mark has a strong reputation in the UK.

*The degree of the earlier mark's distinctive character, whether inherent or acquired through use*

114. The earlier mark is inherently distinctive to a medium degree, but has acquired a highly distinctive character through use in relation to the goods/services for which it has a reputation.

*Whether there is a likelihood of confusion*

115. There is a likelihood of confusion in respect of the goods/services specified in paragraph 99, but not those specified in paragraph 102.

*Conclusion on link*

116. I find that a substantial proportion of the relevant public will make a link with the earlier mark, if the contested mark is used in relation to the goods/services specified in paragraph 99 above.

117. I further find that a significant proportion of the relevant public will make a link between the marks if the contested mark is used in relation to the following additional goods/services:

Class 35: Provision of an online marketplace for buyers and sellers of goods and services.

Class 36: Mutual funds; Capital investments, financial; Stock brokerage services; Stocks and bonds brokerage; Trusteeship; Financial trust management; Investment of funds; Financial investment brokerage.

118. In reaching this finding I have taken into account that the goods/services specified in paragraphs 99 and 117 are goods/services for which the transfer of cryptocurrency could be a feature (e.g. an online marketplace on which sellers accept payment in cryptocurrency) for which KEY is not, therefore, a strong distinguishing element.

119. By contrast, I find that the relevant public will not make a link between the earlier mark (and the goods/services for which it has a reputation) and the contested mark, if the latter is used in relation to:

Class 9: Computer operating programs, recorded.

Class 36: Business liquidation services.

Class 38: Communications by computer terminals; Computer aided transmission of messages and images; Providing access to databases; Streaming of data.

120. In reaching this finding I have taken into account that (1) the prefix KEY- appears to be meaningless in relation to the above goods/services, and is therefore as distinctive as -PAL in relation to these goods/services, (2) these goods/services are not similar, or are similar to only a low degree, to the goods/services for which the earlier marks have a reputation and have become highly distinctive. If consumers make no link between the marks the opponent's case that the contested mark would take unfair advantage of, and/or being detriment to, the earlier marks, is bound to fail. Consequently, I find that the section 5(3) ground of opposition fails in respect of the goods/services specified in paragraph 119.

## Unfair advantage

121. The opponent's pleaded unfair advantage case is as follows:

*“The Opponent has made extensive use of the Opponent's marks, and therefore the average consumer will invariably associate the Opponent's PayPal marks with the Opponent. The Opponent is therefore of the view that such use and registration of a PAL suffix mark by the Applicant is designed to ride off the coat tails of the Opponent's reputation, which has been built up over a number of years. To do so would take unfair advantage of the Opponent's rights in the PayPal brand and the Opponent can also point to additional related evidence (such as the Applicant's use, etc.) which points to a clear intention to ride off the coattails of the Opponent's highly distinctive and reputed brand. Again, such evidence will be provided later in proceedings.”*

122. Exhibit RS12 to Mr Snell's statement includes copies of historical pages from the website tokenpocket.pro dated July 2019. They show use of TOKEN POCKET adjacent to a two tone blue PP device strongly resembling the overlapping PP device in earlier trade marks 918285035/6. TokenPocket's use of that composite sign appears to be in relation to an online digital wallet. According to the opponent, TokenPocket is the applicant's parent company.<sup>21</sup> Included in the same exhibit is a copy of a page from the applicant's website showing use of the following sign in relation to what appears to be a downloadable software app for use with cryptocurrency.



123. The opponent says the device to the left of the word element could be seen as a stylised letter 'P'. The opponent also points out that the device is used in a shade of blue reminiscent of one of shades of blue regularly used by the opponent for its PP

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<sup>21</sup> I note the page from KeyPal's website at page 316 of the evidence indicates that the applicant's product is *“Designed by TokenPocket.”*

device, and for the PayPal word mark. The opponent relies on this evidence to show that the opponent is using the contested mark in a way that is intended to bring the earlier marks to mind. The subjective intention of the applicant is relevant to the issue of whether any advantage gained by the contested mark is unfair.<sup>22</sup>

124. In *Specsavers International Healthcare Limited & Others v Asda Stores Limited*,<sup>23</sup> the CJEU held that:

*“Article 9(1)(b) and (c) of Regulation No 207/2009 must be interpreted as meaning that the fact that the third party making use of a sign which allegedly infringes the registered trade mark is itself associated, in the mind of a significant portion of the public, with the colour or particular combination of colours which it uses for the representation of that sign is relevant to the global assessment of the likelihood of confusion and unfair advantage for the purposes of that provision.”*

125. Section 5(3) of the Act is substantially the same as Article 9(1)(c) of EU Regulation No 207/2009. The CJEU’s judgment (which pre-dates Brexit) is therefore applicable, by analogy, to opposition proceedings brought under section 5(3).

126. In this case the applicant is using a colour associated with the opponent’s marks in relation to an accompanying device rather than the contested mark itself. However, all relevant evidence must be taken into account in the assessment of the applicant’s intentions in choosing the contested mark. And as the EU’s General Court stated in *The Coca Cola Company v OHIM and Another*:<sup>24</sup>

*88. .... Th[e] case-law.... in no way limits to the mark applied for the relevant evidence to be taken into consideration for the purposes of establishing a risk of free-riding (the risk that unfair advantage will be taken of the distinctive character or the repute of the earlier trade marks), but allows account also to*

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<sup>22</sup> See *Whirlpool v Kenwood* [2009] EWCA Civ 753 at paragraph 136

<sup>23</sup> Case C-252/12

<sup>24</sup> Case T-480/12

*be taken of any evidence intended to facilitate that analysis of the probabilities as regards the intentions of the proprietor of the trade mark applied for, and — a fortiori — any evidence relating to the actual commercial use of the mark applied for.”*

127. I take this to mean that I can take into account the applicant’s use of the contested mark in conjunction with other signage intended to stimulate the public to call the opponent’s mark to mind in deciding the ultimate question of whether the contested mark, by itself, would take unfair advantage of the earlier mark.

128. I find that the opponent’s evidence sufficient to establish that *prima facie* the applicant’s use of KEYPAL is intended to create an association with the opponent’s earlier mark. The applicant has filed no evidence and therefore done nothing to rebut the opponent’s evidence. I do not accept that the applicant intends to cause confusion. However, I do accept that the applicant seeks to commercially benefit by selecting a mark which causes the public to bring the reputation of PayPal to mind.

129. In *Argos Limited v Argos Systems Inc.*<sup>25</sup>, the Court of Appeal held that a change in the economic behaviour of the customers for the goods/services offered under the later trade mark is required to establish unfair advantage. This may be inferred where the later trade mark would gain a commercial advantage from the transfer of the image of the earlier trade mark to the later mark: see *Claridges Hotel Limited v Claridge Candles Limited and Anor.*<sup>26</sup>

130. At the hearing, Mr Harris pointed out that the opponent’s marks have a reputation in the financial field which is built on the trustworthiness of its products and services. In my view, the applicant’s use of the contested mark in relation to the goods/services specified in paragraphs 99 and 117 above would take unfair advantage of the image of the earlier marks, particularly for reliable and secure money transfer goods/services. The applicant appears intent on projecting the image of the earlier marks onto its own goods/services via the contested mark. By seeking to do so the applicant is unfairly

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<sup>25</sup> [2018] EWCA Civ 2211

<sup>26</sup> [2019] EWHC 2003 (IPEC)



exploiting the reputation of the earlier mark in order to obtain a marketing advantage it has not paid for.

131. The applicant has advanced no positive case for having 'due cause' to use the contested mark. The opponent has therefore made out its unfair advantage case in relation to the goods/services specified in paragraphs 99 and 117 above.

#### Detriment to reputation and/or distinctive character

132. Having found that the section 5(3) ground of opposition succeeds on the basis of unfair advantage, I can deal with the alternative detriment based grounds quite briefly.

133. In order to establish detriment to the distinctive character of the earlier marks it is necessary to establish that use of the contested mark will affect the economic behaviour of consumers of the opponent's goods/services. However, it is not necessary to provide evidence of actual detriment. A serious risk of such detriment is sufficient. This can be established by the use of logical deductions taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case.<sup>27</sup>

134. So far as detriment to reputation is concerned, I accept that if the public believe that goods/services marketed under the contested mark come from the same undertaking that uses the earlier marks (as opposed to the contested mark merely bringing the earlier marks to mind), uncontrolled use of the contested mark would be liable to damage the reputation of the earlier marks. This is because the opponent would effectively lose control of the reputation of its marks. In these circumstances any negative publicity generated by use of the contested mark would, as a matter of logic, be liable to damage the reputation of the earlier marks. The 'detriment to reputation' ground therefore succeeds in relation to the goods/services specified in paragraph 99 (but not otherwise).

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<sup>27</sup> See paragraphs 42 and 43 of the judgment of the CJEU in *Environmental Manufacturing LLP v OHIM*, Case C-383/12P

135. I accept that if -PAL marks come to be perceived by consumers as commonly used marks for money transfer services, then the distinctive power of PAYPAL to exclusively denote the opponent's goods/services could be eroded. However, it is difficult to say that, simply as a matter of logical deduction, this would necessarily affect the economic behaviour of the opponent's users or potential users, i.e. that they would be less inclined to use PAYPAL than they are now. Therefore, I find that the opponent has not established its case based on detriment to the distinctive character of the earlier marks.

### **The section 5(4)(a) ground of opposition**

136. At the hearing, Mr Harris realistically accepted that if he could not succeed on the opponent's section 5(2) or 5(3) grounds of opposition, then the section 5(4)(a) ground would take his client's case no further. Consequently, there is no need for me to consider the section 5(4)(a) ground in relation to the goods/services for which the section 5(2) and (3) grounds have failed. There is no point in considering the section 5(4)(a) ground in relation to the goods/services for which the opposition has succeeded on other grounds. It is sufficient to record that, in my view, it adds nothing to the section 5(2) ground.

### **Overall result**

137. The opposition has succeeded in relation to all the goods/services covered by the application, except for:

Class 9: Computer operating programs, recorded.

Class 36: Business liquidation services.

Class 38: Communications by computer terminals; Computer aided transmission of messages and images; Providing access to databases; Streaming of data.

138. The contested mark will therefore be registered for these goods/services and refused for all the other goods/services.

### **Costs**

139. The opposition has succeeded to a far greater extent than it has failed. The opponent is therefore entitled to a contribution towards its costs. I assess these as follows:

£450 for filing a notice of opposition and considering counterstatement;

£200 for official fee for Form TM7;

£1100 for filing evidence;

£800 for filing skeleton argument and attending hearing.

Total: £2550

- less £500 to reflect partial success of applicant.

140. I therefore order Shenzhen Tuohong Technology Co.,Ltd to pay PayPal, Inc. the sum of £2050. This sum to be paid within 21 days of the end of the period allowed for appeal or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings (subject to any order of the appellate tribunal).

**Dated this 10<sup>th</sup> day of May 2023**

**Allan James**  
**For the Registrar**

## **Annex A**

### **Class 9**

Downloadable computer software for use as a digital wallet; Downloadable computer software for use as an electronic wallet; Secure digital (SD) card readers; Computer operating programs, recorded; Computer peripheral devices; Computer programs, recorded; Computer programs, downloadable; Computer software applications, downloadable; Security tokens [encryption devices]; Downloadable mobile applications; Computer software for encryption.

### **Class 35**

Provision of an online marketplace for buyers and sellers of goods and services.

### **Class 36**

Financing services; Financial management; Hire-purchase financing; Financial analysis; Financial consultancy; Providing financial information; Mutual funds; Capital investments; Business liquidation services, financial; Stock brokerage services; Debt advisory services; Providing financial information via a website; Investment of funds; Stocks and bonds brokerage; Trusteeship; Financial trust management; Financial exchange; Financial investment brokerage; Financial advice; Financial information and evaluations; Financial information processing; Financial information and advisory services.

### **Class 38**

Communications by computer terminals; Computer aided transmission of messages and images; Providing access to databases; Streaming of data.

### **Class 42**

Data encryption services; Computer software design; Computer software design and development; Maintenance and updating of computer software; Maintenance and

upgrading of computer software; Computer hardware development; Testing of computer programs; Testing of computer software; Computer hardware rental; Computer programming; Consulting services in the field of cloud computing; Cloud computing; Software as a service [SaaS].

## **Annex B**

### Trade Mark 901362565

#### Class 9

Software for processing electronic payments to and from others; authentication software.

#### Class 36

Clearing and reconciling financial transactions via a global computer network; providing a wide variety of banking and financial services via a global computer network.

### Trade Mark 801222763

#### Class 9

Computer software for processing electronic payments and for transferring funds to and from others; authentication software for controlling access to and communications with computers and computer networks; magnetically encoded credit cards and payment cards.

#### Class 35

Promoting the goods of others, namely, providing information regarding discounts, coupons, rebates, vouchers and special offers for the goods of others; promoting the goods and services of others by providing hypertext links to the web sites of others; promoting the goods and services of others by providing a web site featuring links to

the online retail web sites of others; business consulting services in the field of online payments; managing and tracking credit card, debit card, ACH, prepaid cards, payment cards, and other forms of payment transactions via electronic communications networks for business purposes; business information management, namely, electronic reporting of business analytics relating to payment processing, authentication, tracking, and invoicing; business management, namely, optimization of payments for businesses.

#### Class 36

Financial services, namely, electronic funds transfer; clearing and reconciling financial transactions; providing a wide variety of payment and financial services, namely, credit card services, issuing credit cards and lines of credit, electronic payment services involving electronic processing and subsequent transmission of bill payment data, bill payment services with guaranteed payment delivery, all conducted via a global communications network; credit card and debit card transaction processing services; reimbursement of funds for disputed items in the field of electronic payment purchases; providing purchase protection services for goods and services purchased by others via a global computer network and wireless networks; credit card transaction processing services; credit services, namely, providing revolving credit account services; bill payment services; providing electronic mobile payment services for others; credit card and payment processing services; electronic foreign exchange payment processing; payment processing services, namely, providing virtual currency transaction processing services for others.

#### Class 42

Providing temporary use of on-line non-downloadable software for processing electronic payments; providing temporary use of on-line non-downloadable authentication software for controlling access to and communications with computers and computer networks.

Trade Marks 918285035/6

Class 9

Computer software; computer software for processing electronic payments and for transferring funds to and from others; computer software for creating, preparing, managing, sending, processing, tracking, and reconciling invoices; computer software for issuing receipts regarding mobile payment transactions; mobile application software for processing electronic payments and for transferring funds to and from others; authentication software for controlling access to and communications with computers and computer networks; computer hardware for making, authenticating, facilitating, operating, managing, and processing payment transactions with credit cards, debit cards, prepaid cards, payment cards, gift cards, and other payment forms; electronic devices, namely point of sale terminals, chip card readers, credit card readers, payment card readers, mobile card readers, charging stands; magnetic encoded and coded card readers; card readers; card readers for payment and credit cards; credit cards; magnetically encoded credit cards and payment cards; parts and fittings for all of the aforesaid.

Class 36

Financial services; financial services, namely, electronic funds transfer; clearing and reconciling financial transactions; financial payment services; providing a wide variety of payment and financial services, namely, credit card services, issuing credit cards and lines of credit, electronic payment services involving electronic processing and subsequent transmission of bill payment data, bill payment services with guaranteed payment delivery, all conducted via a global communications network; credit card and debit card transaction processing services; providing payment and financial services, namely, creating, preparing, managing, sending, processing, tracking, and reconciling invoices; reimbursement of funds for disputed items in the field of electronic payment purchases; providing purchase protection services for goods and services purchased by others via a global computer network and wireless networks; credit card transaction processing services; credit services; credit services, namely, providing revolving credit

account services; bill payments services; providing electronic mobile payment services for others; credit card and payment processing services; electronic foreign exchange payment processing; payment processing; payment processing services; payment processing services, namely, providing virtual currency transaction processing services for others; information, consultancy and advisory services in relation to all of the aforesaid.

## Class 42

Software as a services [SAAS] services; platform as a service [PAAS] services; providing temporary use of online non-downloadable software; providing temporary use of online non-downloadable software for processing electronic payments; providing temporary use of online non-downloadable software for creating, preparing, managing, sending, processing, tracking, and reconciling invoices; providing temporary use of online non-downloadable software for issuing receipts regarding mobile payment transactions; providing temporary use of online non-downloadable authentication software for controlling access to and communications with computers and computer networks; information, consultancy and advisory services in relation to all of the aforesaid.

## **Annex C**

Computer software; computer software for processing electronic payments and for transferring funds to and from others; computer software for creating, preparing, managing, sending, processing, tracking, and reconciling invoices; computer software for issuing receipts regarding mobile payment transactions; mobile application software for processing electronic payments and for transferring funds to and from others; authentication software for controlling access to and communications with computers and computer networks; computer hardware for making, authenticating, facilitating, operating, managing, and processing payment transactions with credit cards, debit cards, prepaid cards, payment cards, gift cards, and other payment forms; electronic devices, namely point of sale terminals, chip card readers, credit card readers, payment card readers, mobile card readers, charging stands; magnetic



encoded and coded card readers; card readers; card readers for payment and credit cards; credit cards; magnetically encoded credit cards and payment cards; parts and fittings for all of the aforesaid.

Promoting the goods of others, namely, providing information regarding discounts, coupons, rebates, vouchers and special offers for the goods of others; promoting the goods and services of others by providing hypertext links to the web sites of others; promoting the goods and services of others by providing a web site featuring links to the online retail web sites of others; business consulting services in the field of online payments; managing and tracking credit card, debit card, ACH, prepaid cards, payment cards, and other forms of payment transactions via electronic communications networks for business purposes; business information management, namely, electronic reporting of business analytics relating to payment processing, authentication, tracking, and invoicing; business management, namely, optimization of payments for businesses.

Financial services; financial services, namely, electronic funds transfer; clearing and reconciling financial transactions; financial payment services; providing a wide variety of payment and financial services, namely, credit card services, issuing credit cards and lines of credit, electronic payment services involving electronic processing and subsequent transmission of bill payment data, bill payment services with guaranteed payment delivery, all conducted via a global communications network; credit card and debit card transaction processing services; providing payment and financial services, namely, creating, preparing, managing, sending, processing, tracking, and reconciling invoices; reimbursement of funds for disputed items in the field of electronic payment purchases; providing purchase protection services for goods and services purchased by others via a global computer network and wireless networks; credit card transaction processing services; credit services; credit services, namely, providing revolving credit account services; bill payments services; providing electronic mobile payment services for others; credit card and payment processing services; electronic foreign exchange payment processing; payment processing; payment processing services; payment processing services