

BL O/0668/24

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NUMBERS 3,587,933, 3,587,928 and 3,587,950 IN THE NAME OF MOTUS GROUP (UK) LIMITED

AND IN THE MATTER OF THE OPPOSITIONS UNDER NO 425,625, 425,626 and 425,627 IN THE NAME OF GROUP LOTUS LIMITED

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF CLARE BOUCHER (O/45/24) DATED 23 JANUARY 2024

DECISION

Introduction

1. This is an appeal from the decision of Ms Clare Boucher, for the Registrar, dated 23 January 2024 (O/45/24). Group Lotus Limited opposed the applications of Motus Group (UK) under sections 5(2) and 5(3) of the Trade Marks Act 1994. The opposition was dismissed in its entirety and now Lotus appeals.
2. Motus Group applied to register three marks all of which were word marks: Motus Group (No 3,587,933); Motus Group UK Ltd and Motus Group (UK) Ltd (No 3,587,928) and Motus UK (No 3,587,950). Each of these applications had an identical specification, which covered the following goods and services in Classes 12, 35, 36, 37 and 41:

Class 12

Commercial vehicles; commercial motor vehicles; parts, fittings and accessories for commercial vehicles and commercial motor vehicles.

Class 35

Retail services connected with commercial motor vehicles; purchasing services connected with commercial motor vehicles; the bringing together for the benefit of others, of a range of commercial motor vehicles and commercial vehicle accessories, enabling customers to conveniently view and purchase those goods from retail premises, a commercial motor vehicle mail order catalogue or from an Internet website; advertising services related to the sale and purchase of commercial vehicles and commercial vehicle accessories; auctioning of commercial motor vehicles; importing and exporting of commercial motor vehicles; organisation, operation and supervision of an incentive scheme; organisation, operation and supervision of sales and promotional incentive schemes; information, consultancy and advisory services related to all the aforesaid services.

Class 36

Valuation services relating to commercial motor vehicles; insurance services relating to commercial motor vehicles or the purchase or hire of commercial motor vehicles; financial services relating to the purchase and sale of commercial motor vehicles; financial services relating to the leasing, hire purchase, rental or hire of commercial motor vehicles; provision of

warranties relating to the purchase, lease, hire or rental of commercial motor vehicles; financial services relating to leases, rental agreements and hire purchase agreements for commercial motor vehicles; information, consultancy and advisory services related to all the aforesaid services.

Class 37

Commercial vehicle maintenance and repair services; servicing of commercial motor vehicles; installation of parts and accessories for commercial motor vehicles; installation of alarms and vehicle security devices; valeting of commercial motor vehicles; commercial vehicle inspection services prior to maintenance; pre-delivery inspection and preparation services for commercial motor vehicles; information, consultancy and advisory services relating to all of the aforesaid services.

Class 41

Entertainment services; education and training services; publication of texts, books, magazines, newspapers, journals, manuals, periodicals and newsletters; issue of publications; sporting and cultural activities; publication of material which can be accessed from data bases or from the Internet; electronic publishing; organisation of competitions; arranging and conducting events, competitions and awards; arranging and conducting award ceremonies; presentation of awards for achievements; provision of on-line publications; organisation and provision of recreational activities and events of interested users of cars to participate in social interest groups and photo sharing via a website; display and exhibition of commercial vehicles.

3. Lotus opposed the registrations based on four earlier marks, all for the word mark LOTUS (No 771,745; 2,153,278; 900,053,884; 907,389,471). Each of these marks is more than five years old and so Lotus was required to prove use. It established use in relation to the following goods and services:

Mark No 771,745

Class 12

Motor cars (sold complete)

Mark No 2,153,278

Class 12

Motor cars, parts and fittings for such vehicles.

Class 36

Insurance and financial services relating to motor cars.

Class 37

Construction, repair and maintenance services for motor cars.

Mark No 900,053,884

Class 12

Motor cars, parts and fittings for motor cars included in Class 12.

Class 37

Repair and maintenance of motor cars; custom built construction of motor cars.

Mark No 907,389,471

Class 35

Retail services, including on-line retail services offered via the internet, in respect of motor cars and parts and fittings for motor cars; the bringing together, for the benefit of others, of a variety of motor cars and parts and fittings for motor cars, enabling customers to conveniently view and purchase those goods.

Class 41

Motor racing; organisation of motor racing events; provision of information relating to motor racing; provision of information relating to motor sports; organisation of automobile races.

Standard of appeal

4. The standard of appeal is by way of review. Neither surprise at a Hearing Officer's conclusion nor a belief that the Hearing Officer has reached the wrong decision will suffice to justify interference in this sort of appeal. Before that is warranted, it is necessary for me to be satisfied that there was a distinct and material error of principle in the decision in question or that the Hearing Officer's findings were rationally insupportable. The principles to be applied were summarised by Joanna Smith J in *Axogen Corporation v Aviv Scientific Ltd* [2022] EWHC 95 (Ch), [24] and in relation to findings of fact this should now be read in light of the summary of Arnold LJ in *Lidl Great Britain Ltd v Tesco Stores Ltd* [2024] EWCA Civ 262, [110] and in terms of evaluative decisions the Supreme Court's guidance in *Lifestyle Equities CV v Amazon UK Services Ltd* [2024] UKSC 8, [49] where it stated that:

“...on a challenge to an evaluative decision of a first instance judge, the appeal court does not carry out the balancing exercise afresh but must ask whether the decision of the judge was wrong by reason of an identifiable flaw in the judge's treatment of the question to be decided, such as a gap in logic, a lack of consistency, or a failure to take into account some material factor, which undermines the cogency of the conclusion.”
5. When considering this appeal, and applying these principles, it is important to remember the high bar set.

Grounds of appeal

6. The Appellant challenges the Hearing Officer's decision on seven different grounds. First, the Hearing Officer failed to consider post-sale confusion or other scenarios where confusion might arise. Secondly, when considering the likelihood of confusion, she took into account material that she had already found had no trade mark significance. Thirdly, she failed to assess properly the inherent distinctive character of the earlier marks. Fourthly, her reasoning gave too much weight to the difference between the first letters of the respective marks. Fifthly, the finding on indirect confusion was rationally unsupportable. Sixthly, when considering section 5(3), she failed to treat “commercial vehicles” as identical to “high-performance motor cars”. Finally, she erred when she failed to consider each of the dilution harms individually.

Ground 1: Post-sale confusion

7. Mr Benet Brandreth KC, for the Appellant, submits that when the Hearing Officer considered the likelihood of confusion she did not properly take account of post-sale confusion. His argument started somewhat ambitiously by suggesting that the relevant public might see the mark LOTUS or MOTUS only fleetingly in the post-sale context; for instance, seeing the mark on a vehicle when it drives past. Eventually, he modified his position to cover situations where the relevant public might see the mark when walking past a parked car.

8. There is no doubt that post-sale confusion can be relevant when assessing the likelihood of confusion. The nature of this sort of confusion was summarised by Arnold LJ in *Montres Breguet SA v Samsung Electronics Co Ltd* [2023] EWCA Civ 1478, [84]:

...The fact that a mark is not relied upon, or is invisible, at the point of sale does not mean that it does not function as a trade mark. It still functions as a trade mark because it operates as a badge of origin, and hence quality, after the goods have been sold. It does so not primarily to the purchaser of the goods, who is likely to be aware of their origin, but to third parties who encounter the goods after sale...
9. Post-sale confusion is only relevant where the information given to the third party is different from that given to the original purchaser.
10. As a starting point, the third party must be a member of the relevant public and so someone who might purchase the product in the future (and when doing so rely on the differing information). In some cases, this third party may be from a different relevant public from that of the original purchaser: *London Taxi Corporation Ltd (t/a the London Taxi Company) v Frazer-Nash Research Ltd* [2017] EWCA Civ 1729, [35] (taxi drivers and hirers of taxis). In this case, the relevant public includes the general public (Decision, [72]) and so simply making the representation to anyone is sufficient.
11. The information provided might be different because the third party has more information, less information, or even inaccurate information. For instance, a third party could not know there was a disclaimer at the point of sale (*C-206/01 Arsenal v Matthew Reed* [2002] ECR I-10273, [57]), the third party might view a sign differently in use from how it is seen by the original purchaser in the sales environment (*Iconix v Dream Pairs* [2024] EWCA Civ 29, [34]) or, maybe, the sign is visible to a third party on the product only after it has been sold (*Montres Breguet SA v Samsung Electronics Co Ltd* [2023] EWCA Civ 1478, [89]).
12. It is not enough that the third party paid less attention to the mark in the post-sale context or that it was possible only to view the mark fleetingly. This is evident from what was said by the Court of Justice in *C-361/04P Ruiz-Picasso v OHIM* [2006] ECR I-643, [41] to [43]:

As to the fact that the relevant public is also likely to perceive such goods and the marks relating to them in circumstances unconnected with any act of purchase and to display, where appropriate, a lower level of attention on such occasions, the Court of First Instance was also fully entitled to observe... that the existence of such a possibility does not prevent the taking into account of the particularly high level of attention exhibited by the average consumer when he prepares and makes his choice between different goods in the category concerned.

First, it is clear that, whatever the goods and marks at issue, there will always be situations in which the public faced with them will grant them only a low degree of attention. However, to require that account be taken of the lowest degree of attention which the public is capable of displaying when faced with a product and a mark would amount to denying all relevance, for the purpose of an assessment of the likelihood of confusion, to the criterion relating to the variable level of attention according to the category of goods...

Second, as observed by OHIM, the authority called upon to assess whether there is a likelihood of confusion cannot reasonably be required to establish, for each category of goods, the consumer's average amount of attention on the basis of the level of attention which he is capable of displaying in different situations.

13. Accordingly, the scenarios put forward by Mr Brandreth are not examples of post-sales confusion at all. The relevant public, when seeing a trade mark on a passing or parked car, is seeing the same information they would see if they encountered the car and trade mark in a sales environment. The fact the relevant public might pay it less attention (or be unable to pay as much attention) post-sale is, according to *Ruiz-Picasso*, not relevant. Accordingly, I dismiss this ground of appeal.

Ground 2: Considering material which had no trade mark significance

14. The Hearing Officer held at [77]:

The contested marks all begin with the word “Motus”, which is followed by words denoting the corporate structure of the applicant (“Group”, “Ltd”) and its location (“UK”). The dominant and distinctive element of the mark is “Motus”, as the other words have no trade mark significance.

15. In the next paragraph, [78], she went on to say, “The contested marks contain additional words, which provide points of visual and aural difference.” Mr Brandreth submits that the Hearing Officer erred because here she was taking into account elements she said had no “trade mark significance”.

16. It is perfectly acceptable for words like “Group” or other markers of corporate status to be treated as lacking distinctiveness: see T-541/22 *Sanity Group*, EU:T:2023:310, [37] (while this case is not binding, it is following an existing trend); T-331/16 *HELLO*, EU:T:2017:760, [40]; T-221/09 *ERGO Group*, EU:T:2011:393, [29].

17. However, this does not automatically mean that elements like “Group” or “UK” should be ignored when comparing the signs. An element should be taken into account unless it is negligible: see T-6/01 *Matratzen Concord* [2002] ECR II-4335, [33] and [34] (upheld by the Court of Justice in C-3/03P *Matratzen* [2004] ECR I-3657). This is because only negligible differences go unnoticed by the relevant public: C-291/00 *LTJ Diffusion v SADAS* [2003] ECR I-2799, [53].

18. An element of a mark lacking trade mark significance (or lacking distinctiveness) is not the same as that element being negligible: *Sanity*, [40] and *ERGO Group*, [36]. It may well have been open to the Hearing Officer to conclude that words referring to corporate status lacked both trade mark significance *and* were negligible. But this is not what she found. And it would be wrong to conclude that the first finding automatically leads to the second.

19. The Hearing Officer was therefore correct when she considered the references to corporate status in her comparison of the marks.

20. This ground of appeal is therefore dismissed.

Ground 3: Failure to properly consider inherent distinctiveness

21. In light of the Hearing Officer’s finding that the distinctiveness of the mark LOTUS had been enhanced to a high degree (Decision, [84]), the Appellant rightfully conceded that it would have made no material difference to the outcome if she had found the mark

to have a higher degree of inherent distinctiveness. Therefore, Ground 3 was not pursued before me.

Ground 4: The different first letter

22. The Hearing Officer referred to, and applied, the well-established rule that the beginnings of words tend to have more visual and aural impact: T-183/02 *El Corte Inglés v OHIM* [2004] ECR II-965 (see Decision, [78]). Mr Brandreth directs me to a host of cases which make it clear that this rule does not negate the need for there to be an overall assessment of the similarity of the mark: T-585/10 *Aitic Pento v OHIM*, EU:T:2012:251, [67]; T-569/11 *Gitana SA v OHIM*, EU:T:2013:462, [58]; T-509/12 *Advance Magazine v OHIM*, EU:T:2014:89, [40]; T-53/15 *Credentis AG v OHIM*, EU:T:2016:136, [35].
23. I entirely accept that differences at the beginning of a word mark cannot negate the need for a global comparison of the marks. But the Hearing Officer did not let this difference trump all other considerations (see Decision, [78] and [87]). She clearly considered all the elements of the mark as is clear from my consideration of Ground 2. It is apparent, therefore, that Mr Brandreth is really challenging the weight that was attached to this factor by the Hearing Officer. This is the sort of value judgment which it is not open to challenge on appeal. I therefore reject this ground of appeal as well.

Ground 5: incorrect application of indirect confusion

24. The Appellant suggests that the Hearing Officer erred in her assessment of the likelihood of confusion, which was set out at Decision, [87]:
- Even though the services are identical and I found the earlier mark to have a high degree of distinctive character, I consider that the marks are not similar enough for the average consumer to mistake one for the other, even taking imperfect recollection into account. As I have already noted, the average consumer tends to pay greater attention to the beginnings of words which, in this case, are the parts that are different. Furthermore, the contested marks have no conceptual hook to make imperfect recollection likely. I find that there is no likelihood of direct confusion.
25. Mr Brandreth's first submission was that the Hearing Officer made a mistake of principle in suggesting that there needs to be a "conceptual hook" in order to make an imperfect recollection likely. He suggests that the Hearing Officer's approach mixed up the timing; that is, that she ought to have had the average consumer's imperfect recollection as her starting point, and not looked to see if it were going to arise after the comparison of the goods or services. This error, he said, led the Hearing Officer to assume the relevant public had perfect recall of the (different) first two letters because there was no conceptual hook.
26. I agree with Mr Brandreth that the reference to "imperfect recollection" in the penultimate sentence is unhelpful. Indeed, as he rightly says, the imperfect recollection is meant to relate to picture of the earlier mark held in the head of the relevant public from which the comparison of marks is undertaken. Nevertheless, I cannot see how the Hearing Officer's reference to "imperfect recollection" means that she was working on the basis there was perfect recall of the first letters of the respective marks.

27. While it could have been expressed better, it is my view (taking account of the context of the entire paragraph) that the Hearing Officer’s reference to “imperfect recollection” was her way of explaining that she thought the conceptual differences between the marks were such that the earlier mark (LOTUS) is simply not brought to mind when the relevant public encounters MOTUS. This finding would be completely proper as it is well-established that the absence of any conceptual similarity can counterbalance any visual or aural similarity: *Ruiz-Picasso*, [18] to [28].
28. The second argument raised by Mr Brandreth was that “LOTUS” to “MOTUS” was entirely logical and consistent with a brand extension: see *LA Sugar* (O/375/10), [17(c)] (where BRAT FACE was said to be a logical and consistent extension of FAT FACE). He also drew my attention to the finding of the Court of Appeal that AMERICAN EAGLE might be seen as a brand extension of the earlier EAGLE RARE: *Liverpool Gin Distillery Ltd v Sazerac Brands, LLC* [2021] EWCA Civ 1207.
29. I do not accept this submission. Apart from the change of the first letter being a small change, there was no basis put forward by Mr Brandreth as to why the change from L to M was a logical and consistent brand extension. In both (the fictitious) BRAT FACE/FAT FACE and (the real) AMERICAN EAGLE/EAGLE RARE there is a clear conceptual similarity between the marks.
30. Indeed, the Hearing Officer’s finding that LOTUS and MOTUS had no conceptual similarity (Decision, [79]) makes it difficult to see why changing the first letter would be seen as a brand extension, particularly if the earlier mark is not brought to mind when confronted with the later mark.
31. I therefore dismiss this ground of appeal.

Ground 6: the comparison of goods for the purposes of section 5(3)

32. In her consideration of the objection under section 5(3) of the Trade Marks Act 1994, the Hearing Officer found that the mark LOTUS was found to have a strong reputation in relation to “high-performance motor cars, and parts and fittings for such vehicles”: Decision, [98].
33. Mr Brandreth submits that the Hearing Officer erred when she concluded that these goods were not identical to “commercial vehicles”. This is because, he says, “high-performance motor cars” is a sub-set of “commercial vehicles” and so the goods should be seen as identical: T-133/05 *Gérard Meric v OHIM* [2006] ECR II-2747, [29].
34. The relevant finding of the Hearing Officer was at Decision, [102]:

In my view, the average consumer would understand the phrase “commercial vehicle” to mean a goods vehicle, although I accept that there might be some consumers who would understand it to mean a vehicle intended for use in commerce. I do not go so far as to find that, for example, a family car would be thought of as a commercial vehicle, even if it were used as a taxi. Rather, they are likely to think of a coach or a bus.
35. Mr Brandreth’s submission is predicated on there being no such category of goods as “commercial” vehicles because all vehicles can be commercial. However, I agree with

the Hearing Officer that commercial vehicle means a goods vehicle or a passenger vehicle like a coach or bus. Indeed, this is the meaning given in some legislation: Motor Vehicle Tyres (Safety) Regulations 1994 (SI 1994/3117), reg 2; Motor Vehicles (International Circulation) Order 1975 (SI 1975/1208), art 5. While I am not suggesting that trade mark specifications should be construed in light of legislative definitions, it is difficult to suggest that the Hearing Officer's finding is rationally unsupportable when it accords with one found in legislation.

36. I therefore dismiss this ground of appeal as well.

Ground 7: fleeting links

37. In light of my dismissing the rest of the appeal, the final ground of appeal cannot assist the Appellant. This is because it is a challenge to an alternative finding by the Hearing Officer should an appeal tribunal consider her primary conclusion to be erroneous. Nevertheless, I will consider it for completeness. I have upheld her primary finding that the link in the mind of the relevant public between LOTUS and MOTUS required to engage section 5(3) did not exist. After making this finding, the Hearing Officer went on to say at Decision, [108]:

If I am wrong in this, and a link does arise, it would, in my view, be a fleeting one that does not give rise to any of the possible heads of damage.

38. I have addressed a similar finding in two earlier cases: *BUILDXACT* (O/934/23), [45] to [47] and *eon* (O/433/24), [48] to [51]. In both these cases, I said that where a link was brought to the mind of the relevant public it is necessary to go on to consider whether one of the necessary injuries exists. However, it is perfectly proper to address whether the necessary injury exists very briefly. In those cases, this was done by saying that any link would be dismissed as a coincidence.

39. In this case, the finding is of a similar nature. A fleeting link in the mind (something that briefly crosses the mind then is quickly dismissed) would not lead to the necessary injury; namely, that the later mark takes unfair advantage of or is detrimental to the distinctive character or repute of the earlier trade mark: see Trade Marks Act 1994, s 5(3).

40. Accordingly, if this alternative finding had been engaged, I would have dismissed this ground of appeal as well.

Conclusion

41. I have dismissed the appeal in its entirety and upheld the Hearing Officer's decision.

42. I therefore order the Appellant to pay a contribution of £3,000 towards the costs incurred by the Respondent in respect of this appeal (in addition, to the £1,850 ordered below). The total sum of £4,850 to be paid by 5pm on 6 August 2024.

PHILLIP JOHNSON
THE APPOINTED PERSON
15 July 2024

Representation:

For the Appellant: Benet Brandreth KC (instructed by Keltie LLP)

For the Respondent: Daniel Selmi (instructed by MILS Solicitors)