BL O/1204/24

IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NUMBER 3,698,996 IN THE NAME OF WUHAN MAOREN YUNSHANG TECHNOLOGY CO LTD

AND IN THE MATTER OF THE OPPOSITION UNDER NUMBER 431,981 IN THE NAME OF TARGET BRANDS, INC

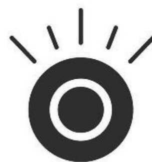
AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF JUNE RALPH (O/505/24) DATED 17 APRIL 2024

DECISION

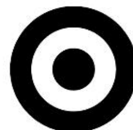
Introduction

1. This is an appeal from the decision of June Ralph, for the Registrar, dated 3 June 2024 (O/505/24). Target Brands, Inc opposed the application of Wuhan Maoren Yunshang Technology Co Ltd under sections 5(2)(b) and 5(3) of the Trade Marks Act 1994. The opposition failed in its entirety. Target Brands, Inc appeals.

2. Wuhan Maoren Yunshang Technology Co Ltd applied to register the following mark (No. 3,698,996) in relation to goods and services in Classes 25 and 35:



3. The Appellant relied on three earlier marks. The first and second earlier marks are the same and are the following figurative mark:



4. The first earlier mark (No 3,506,029) is registered in Class 25 and the second earlier mark (No 3,207,260) is registered in Class 35.

5. The third earlier mark (No 3,301,115) is for the following figurative mark, which is also registered in Class 35:

6. The Appellant relied on all three earlier marks in relation to the opposition under section 5(2)(b) and only the second and third earlier mark in relation to the opposition under section 5(3).

Standard of appeal

7. 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.

8. When considering this appeal, and applying these principles, it is important to remember the high bar set.

Grounds of appeal

9. The Appellant challenges the Hearing Officer's decision on two grounds. The first ground of appeal is that the Hearing Officer erred by failing to take into account all the evidence before her when she made her assessment of the reputation of the earlier marks for the purposes of section 5(3). The second ground of appeal was that the Hearing Officer erred in her assessment of the similarity of the marks.

Ground 1: Reputation for the purposes of section 5(3)

10. Mr Andrew Norris KC, on behalf of the Appellant, submits that the Hearing Officer erred in two respects in her assessment of reputation of the second and third earlier mark for the purposes of section 5(3). First, he says that it is not apparent that she considered the evidence of the collaborations between the Appellant and fashion designers, such as that with Alice Temperley. Secondly, he argues that she improperly relied on her assessment of enhanced distinctiveness when determining whether the Appellant's marks had a reputation.

11. I can deal with the first point quite quickly. The Hearing Officer discussed the Appellant's collaborations with fashion designers and the press coverage they achieved (such as the article in *Vogue*) in her evaluation of the evidence set out in paragraphs 19 to 22 of her Decision. She referred once more to the collaborations when considering enhanced distinctiveness at paragraph 62 of her Decision.

12. It is well established that an appellate tribunal is entitled to assume, absent good reason to the contrary, that the Hearing Officer has taken all of the evidence into account. Accordingly, I see no reason to conclude that the Hearing Officer failed to give proper weight to the evidence she identified in relation to the collaborations and the buzz surrounding them when assessing reputation (and enhanced distinctiveness). I therefore dismiss this criticism of the Hearing Officer's decision.

13. Mr Norris's second criticism of the Hearing Officer follows from a brief line in paragraph 78 of her Decision:

> I made an analysis of the evidence at paragraph 62 [where the Hearing Officer found the Appellant's marks had no enhanced distinctiveness] and for the reasons I gave there, I also find there is no reputation in the UK.

14. It is said by the Appellant that the Hearing Officer erred by relying on her findings in relation to whether the Appellant's marks enjoyed enhanced distinctiveness for assessing whether the second and third earlier marks enjoyed a reputation. I do not think the Hearing Officer was mistaken in the approach she took for the following reasons.

15. First, any indication of enhanced recognition amongst the relevant public should be taken into account for the purposes of enhanced distinctiveness. But there is a threshold requirement for establishing a reputation even if it may not be a particularly onerous one: *Och-Ziff Management Europe Ltd v Och Capital LLP* [2010] EWHC 2599 (Ch) at [126]; C-375/97 *General Motors v Yplon* [1999] ECR I-5421 at [23].

16. Secondly, the kind of test (and evidence) used to establish enhanced distinctiveness through use is the same as that used to establish reputation for the purposes of section 5(3): see, by analogy, *EUIPO Examination Guidelines* (2024), C-5-3.1.3.

17. Thirdly, there is an interdependence between the public's recognition of a mark and its distinctive character in that the more a mark is recognised by the public the more the distinctive character of the mark is strengthened: T-277/04 *Vitakraft-Werke Wührmann v OHIM* [2006] ECR II-2211 at [34].

18. Fourthly, it is possible for a mark to enjoy an enhanced distinctive character but not have a reputation sufficient to cross the threshold for section 5(3): *Vitakraft-Werke Wührmann*, [34]; T-500/10 *Dorma GmBH v OHIM* [2011] ECR II-411 at [45].

19. Accordingly, it follows that a mark cannot enjoy a reputation for the purposes of section 5(3) unless it also enjoys some degree of enhanced distinctiveness (also see *CX02* (O/393/19) at [39]). This means that once the Hearing Officer concluded that the Appellant's marks did not enjoy any enhanced distinctiveness at all any opposition under section 5(3) based on the same marks was bound to fail.

20. I therefore dismiss this ground of appeal and uphold the Hearing Officer's decision.

Ground 2: Similarity of the marks

21. The second ground of appeal also has two limbs. The first challenge to the Hearing Officer's decision is based on an assertion that she artificially dissected the mark improperly. The second challenge is that her finding on conceptual similarity is incomplete.

22. Mr Norris acknowledges that the Hearing Officer correctly directed herself as to the law on the comparison of marks; and, in particular, she directed herself that she should not artificially dissect the mark: see paragraphs 51 and 52 of her Decision. However, he suggests that this is precisely what she went on to do when she discussed the thickness of the circles in the respective marks at paragraph 57:

> In a visual comparison there are similarities in that the respective marks all contain a three concentric circle arrangement. The thickness of the circles varies between the applicant's and opponent's marks and in addition as a point of visual difference the application has an additional feature of five lines of different lengths radiating out above its concentric circles…

23. The thickness of the circles does vary between the marks and the Hearing Officer was right to point this out when explaining her findings on visual similarity. She was describing the mark, rather than improperly dissecting it. Indeed, she would have been open to criticism for ignoring these differences between the marks. I therefore reject this aspect of Mr Norris's challenge.

24. Mr Norris also criticises the Hearing Officer's reasoning in relation to conceptual similarity in paragraph 58 (footnotes omitted):

> In a conceptual comparison, the opponent states in its skeleton argument that "the marks convey an impression of an archery or rifle target". I accept that this is the case for the opponent's marks. The devices appear to be the visual representation of the opponent's name, i.e. Target Brands. The opponent notes the additional five lines element of the applicant's mark and states that the impression of a target may be "lessened" but states a target concept is still "clearly understood". I do not agree that the concept of the applicant's mark will be clearly understood as a target. The additional five lines, in my view, give a different concept to the applicant's mark. The applicant states in its counterstatement,
>
> > "[its] mark resembles an eye, with the black circle being a pupil, the outer annulus outlining an eyeball, and the black, radiating lines defining the eyelashes. In fact, the eye is open wide and consequently conveys a surprised look."
>
> It is settled case law that for a conceptual message to be relevant it must be capable of immediate grasp by the average consumer. I acknowledge that the additional five lines element may give the applicant's mark an impression of an eye to some consumers. However it is doubtful that all consumers will immediately perceive the applicant's mark in this way. Taking these factors into account I find the respective marks are conceptually different.

25. In essence, it is suggested by Mr Norris that the Hearing Officer's reasoning did not explain how the middle group of average consumers would see the mark. In that, the Hearing Officer rejected the Appellant's argument that the Respondent's mark would be seen as a target. And it is clear that she thought "some consumers" would see the

mark as an eye. Yet, as Mr Norris points out, it is not clear how “other” consumers would see the mark (as they would see it neither as a target nor an eye).

26. It may well be that the Hearing Officer believed that “other” consumers would consider the Respondent’s mark to have no concept at all. But she did not say so. Her failure to set out her finding cannot be seen as an example of reasoning in a “highly compressed form” (see *Extreme Networks Ltd v Extreme E Ltd* [2024] EWCA Civ 1386, [31]), rather it is the case that an important factual finding is absent. Accordingly, I think Mr Norris is right and, in this respect, the Hearing Officer’s decision fell into error.

27. This error compels me to remit the matter to the Hearing Officer to complete her reasoning. But it appears to me that the course of action that the Appellant *should* have taken was to apply to the Hearing Officer to elucidate her reasoning. Had this been done then it might have negated the need for any appeal (and the attendant costs): see *English v Emery Reimbold & Strick Ltd* [2002] EWCA Civ 605, [2002] 1 WLR 2409 at [25]; *The One* (O/164/16) at [19] and [20].

Conclusion

28. Therefore, I have to remit the case back to the Hearing Officer to elucidate her reasoning in respect of the conceptual understanding that “other consumers” have of the Respondent’s mark and to complete any assessment that follows.

29. For the reasons set in paragraph 27, I make no order for costs.

PHILLIP JOHNSON
THE APPOINTED PERSON
18 December 2024

Representation

For the Appellant: Mr Andrew Norris KC (instructed by Cleveland Scott York)

The Respondent did not take part in the appeal.