

O-596-20

TRADE MARKS ACT 1994

**IN THE MATTER OF
APPLICATION NO. 3268245
BY VEHICLE SMART LTD
TO REGISTER AS A UK TRADE MARK:**



VehicleSmart

FOR GOODS AND SERVICES IN CLASSES 9, 39, 42 AND 45

AND

**THE OPPOSITION THERETO BROUGHT UNDER NO. 411772
BY DAIMLER AG**

BACKGROUND AND PLEADINGS

1. On 3 November 2017, Vehicle Smart Ltd (“**the Applicant**”) applied for a UK trade mark registration of the figurative trade mark shown on the cover of this decision, in respect of the following goods and services:

Class	Goods and services applied for
9	Downloadable mobile applications for the management of vehicles; Computer application software for mobile phones; Computer software for mobile applications that enable interaction and interface between vehicles and mobile devices; Downloadable applications for use with mobile devices; Downloadable mobile applications for the management of data; Downloadable mobile applications for the management of information; Downloadable mobile applications for the transmission of data; Downloadable mobile applications for the transmission of information; Downloadable mobile applications for use with wearable computer devices; Downloadable software in the nature of a mobile application; Downloadable software in the nature of a mobile application for playing games; Software and applications for mobile devices; Software applications for use with mobile devices; Vehicle automatic driving control devices; Vehicle autonomous driving systems featuring interactive displays; Vehicle navigation systems featuring interactive displays; Vehicle speed control apparatus and instruments; Vehicle tracking apparatus; Vehicle tracking systems; Software for computers; Software for tablet computers; Computer software for use as an application programming interface (API)
39	Providing vehicle servicing booking services via mobile applications; Providing vehicle testing booking services via mobile applications; Providing Automatic Number Plate Recognition (ANPR) services via mobile applications; Vehicle location services
42	Design and development of software in the field of mobile applications; Development and design of mobile applications; Software as a service [SaaS].
45	Online social networking services accessible by means of downloadable mobile applications

2. The application was published for opposition purposes on 24 November 2017, and on 26 February 2018, Daimler AG (“**the Opponent**”) filed a Form TM7 notice in opposition to

registration.¹ The Opponent bases its objections on grounds under **sections 5(2)(b) and 5(3)** of the Trade Marks Act 1994 (“**the Act**”), relying (to the extent indicated) on the following two trade mark registrations.

The Opponent’s EUTM

European Union trade mark (**EUTM**): **140186** for the word mark:

SMART

Filing date: 1 April 1996

Registration date: 2 May 2005

Registered for goods and services including:

Class 12: *Automobiles (vehicles) and their parts²*

Class 39: *Arranging replacement vehicles for hire-purchase or rented vehicles; providing of parking places for vehicles; Transport of persons and goods by motorised vehicles; Organizing and arranging travel; Arranging of motor vehicle transport*

and

The Opponent’s UK mark

UK trade mark No 2319991, also for the word mark:

SMART

Filing date: 3 March 2003

Registration date: 16 April 2004

Registered for goods including:

Class 12: *Passenger cars.*

3. Since both the trade mark registrations relied by the Opponent have filing dates that predate that of the applied-for mark, each is therefore an “earlier trade mark” under the Act.³ Each of the earlier trade marks had been registered for more than five years when the contested application was published for opposition;⁴ each is therefore subject to the

1 The opponent reported (in its July 2020 submissions) that ownership of the trade marks relied on in this opposition has been transferred to a new subsidiary company Smart Automobile Co Ltd. The transfer has been recorded in the register and the submissions confirm that Smart Automobile Co Ltd assumes all rights and liabilities in this opposition.

2 The wording on the register is “Motor vehicles and their parts, included in class 12”, but the wording as expressed in the Form TM7 falls within it and it is acceptable to rely on that narrower expression of it.

3 Section 6(1)(a)

4 This accords with the provisions in force at the commencement of these opposition proceedings.

proof of use provisions under section 6A of the Act, and the Opponent's Form TM7 included a statement of use in relation to all of the goods and services it relies on (those set out above).

4. On the basis of **section 5(2)(b)**, the Opponent contests the application only in relation to the goods and services applied for in classes 9, 39 and 42. (Formally it relies on its EUTM to contest the goods and services in those three classes, and relies on its UK mark to contest only the goods in class 9; however, since the EUTM and the UK trade mark involve only the same word SMART and the Opponent's goods in class 12 are more or less equivalent under both the UK and EUTM, that formal distinction has little significance.) The Class 45 services are not contested under the section 5(2)(b) ground. I also note here that in submissions filed during the evidence rounds the Opponent appears (perhaps) to reduce the scope of the goods and services that it contests under each of its claimed grounds. For the avoidance of doubt, this decision deals with all of the goods and services such as they are identified under the claims in Notice of opposition.
5. The Opponent claims in its statement of grounds to have used its earlier marks in relation to "motor vehicles and various mobility related services for around 20 years in the EU and UK." It claims that the applied-for mark comprises "the word Vehicle and SMART and a non-distinctive vehicle silhouette and as such is similar to the Opponent's sign" and that it covers "identical or similar goods and services" for which the earlier marks have been used (those in classes 12 and 39 above) and that there therefore exists a likelihood of confusion.
6. On the basis of **section 5(3)**, the Opponent contests the application in its entirety. It claims a reputation under the mark SMART for *automobiles* (as expressed in the specification of its EUTM) and for *passenger cars* (as expressed in the specification of the Opponent's UK mark). The bare claim is that in relation to all of the Applicant's goods and services use of the applied-for mark would take unfair advantage of, or be detrimental to, the distinctive character or reputation of the earlier trade mark. The section 5(3) claim is expressed only in the following terms: that "*the Opponent has a high reputation in the SMART name for its vehicles and the use of Vehicle Smart by the Applicant for vehicle-related goods and services will inevitably, whether intentionally or not, lead people to make a link between the Applicant and the Opponent.*" It particularised no other basis for its claim, nor what the advantage to the Applicant would be or why it would be unfair.

The defence

7. The Applicant filed a Form TM8 notice of defence, including a counterstatement.⁵ The Form TM8 included a request for the Opponent to provide proof of use of its earlier EUTM in relation to services in classes 36, 37, 39, 41 and 42; however, since the services on which the Opponent relies are limited to Class 39, no question of proof of use arises in relation to classes 36, 37, 41 and 42. The Applicant did not request proof of use in relation to the class 12 goods under the earlier marks.
8. In response to the section 5(2)(b) claim, the counterstatement set out various submissions, including as to the visual, aural and conceptual differences between the marks, concluding that the marks are dissimilar; it denied identity or similarity between the parties' goods and services and denied that there is a likelihood of confusion on the part of the public. It put the Opponent to strict proof on all aspects of this ground of opposition.
9. In response to the section 5(3) claim, the (amended) counterstatement admitted that the Opponent has a reputation for passenger vehicles, but stated that that in no way means that the Opponent's reputation extends to goods and services in classes 9, 39 and 42.⁶ The counterstatement denied that use of the applied-for trade mark would take unfair advantage of, or be detrimental to the reputation in the earlier mark. It referred to the global assessment necessary and referred to a previous finding by the tribunal (in relation to the earlier sign SMART) as follows: "*SMART is not an invented word. Its distinctive character is tied to the opponent's cars but as soon as it is applied to other, dissimilar services, such as the applicant's, that distinctiveness dissipates and SMART becomes descriptive if applied to the services indicating intelligence (as in smartphone) or at least allusive of something which is clever or chic*".⁷

Representation and papers filed

10. In these proceedings, Briffa acts for the Applicant; Jensen & Son for the Opponent. During the evidence rounds, the Opponent filed evidence in chief, the Applicant filed both evidence and submissions (dated 26 May 2020) and the Opponent then filed submissions in reply (30 July 2020). This decision includes a summary of the evidence. I refer to

5 The Applicant filed an amended Form TM8/counterstatement following a case management conference dealing with part of the evidence filed by the Opponent.

6 The applicant does not refer to its applied for services in Class 45 and appears to proceed on the basis that the opposition under section 5(3) is equally confined two classes 9 39 and 42. However my reading of the Form TM7 Notice of opposition is that the Section 5(3) ground is directed against the whole of the application.

7 Paragraph 47 of the decision of Hearing Officer Judi Pike in opposition decision BLO-373-14 ("FleetSmart the business").

points of evidence, as well as to points in submission, where appropriate in this decision. Neither party requested an oral hearing, but both parties filed submissions in lieu. I make this decision having read all the papers filed.

EVIDENCE

The Opponent's evidence

11. The Opponent's evidence comprised a witness statement of David Moore, dated 7 January 2020, together with **Exhibits DM1 - DM3** and **Exhibits DM5** and **DM6**. Mr Moore states that he is a partner with the Opponent's legal representatives, and has acted for the Opponent since 1994 and has good knowledge of the Opponent's "smart" trade marks, of the manner in which they have been used in trade, by the media and by the public, and the nature of the reputation and goodwill that attach to those trade marks.
12. Mr Moore states that the smart trade mark was first publicly used by the Opponent in 1995 "when it was announced that it would be the name used for a revolutionary new small passenger car and mobility concept developed in a joint venture with the Swiss watch company Swatch."
13. He states that in 2018 – so after the contested application was filed and published - Daimler announced that the smart vehicle brand would become fully electric with sales of petrol and diesel engines ceasing, and that this step was completed in the autumn of 2019. Mr Moore refers to **Exhibit DM1** as "the current brochure for SMART". The brochure, which includes a price list for various models of a small car branded "smart EQ", states on its cover that it is "valid from January 2020 production" – so again after the contested application was filed and published. The brochure shows images of the Opponent's small cars with the word "smart" clearly visible at the front of the bonnet. Prices are shown to range between around £20,000 - £26,000 (including VAT).
14. Page 8 of Exhibit DM1 includes the paragraph headed "More smart in your phone", which reads: "With our new electric models, you enjoy the advantages of a connected car. Because the smart EQ control app makes your daily life in the city easier and always connects your smart to your smartphone. Download today." It includes icon images indicating availability for download of the smart EQ control app from the App Store (Apple) and from Google play.

15. Page 24 of the current brochure at Exhibit DM1 deals with warranty and servicing. It includes a paragraph headed “smart road assistance”, which states that “if your smart encounters trouble you’ll be able to get back on your way with smart road assistance thanks to benefit such as breakdown repair and towing, hotel accommodation and a replacement car. All smarts registered in the UK on or after 1/11/2014 will benefit from smart road assistance for three years. After this your smart road assistance will be automatically renewed for a year every time your smart goes in for an official smart service for up to 30 years.” The Page also refers to smart ServiceCare, which is described as “more flexible and affordable car servicing at your local smart Retailer”, from £20 per month, where ServiceCare guarantees the price of parts and labour for up to four services and protects against inflationary rises.
16. **Exhibit DM2** is the brochure for the smart cars as from 2013, where prices are shown to range between around £9,200 - £16,500 (including VAT). The brochure shows that for the electric model smart fortwo, “smart has teamed up with Mercedes-Benz Financial Services to offer affordable, care free access to electric mobility. With sale&care you can buy or lease the car and rent the battery without any risks.” It also provides related information on smart Finance, and refers to Motor Insurance by smart available at a discount through its website www.thesmart.co.uk. Page 25 of the 2013 brochure at Exhibit DM2 deals with warranty / servicing, which refers to the free breakdown assistance provided by the international smartmove Assistance service; it also refers to “smart Service Care” flexible and affordable car servicing at your local smart Retailer
17. Paragraph 6 of Mr Moore’s witness statement presents the figures for registrations of smart cars in “Europe” each year between 2013 and 2017, together with an indication of the market share. Those European figures range from around 55,000 cars in 2014, to over 106,000 cars in 2016 representing a high of around 0.7% market share in Europe. **Exhibit DM3** presents UK car registration figures for 2018 and up to December 2019 - so after the contested application was filed and published – which shows around 7600 smart registrations in 2018 and around and 4000 2019 (equating to a market share in the UK of around 0.3% and 0.17% in those respective years).
18. Mr Moore states that the smart car is sold at over 80 Mercedes-Benz dealerships across all four nations of the UK. He states that the smart brand has been heavily promoted since its launch with an annual UK marketing spend of around 5 million euros in a typical year and that for many years it was the lead global sponsor of beach volleyball. The

Opponent had filed, as Exhibit DM4, survey evidence in support of its claim of reputation; however, following a case management conference Exhibit DM4 was not accepted into the opposition proceedings following a concession by the Applicant to admit that the Opponent's mark "SMART" enjoyed a reputation (in the United Kingdom and European Union) in relation to passenger cars.

19. Mr Moore states that in January 2017, the Opponent announced its "CASE strategy" and a copy of the press release is attached as **Exhibit DM5**, together with a press release relating to smart specific services. Exhibit DM5 is a print-out from the global media section of the Daimler website. CASE is an acronym for the 2017 corporate strategy, which stands for "Connected", "Autonomous", "Shared & Service" and "Electric drive". One of the press releases indicates the presence of Mercedes-Benz and smart at the world's largest consumer electronics show (CES) held in Las Vegas in January 2017. Another part of the exhibit refers to "smart making life in the city easier by extending the usage spectrum of the vehicle beyond mere mobility with "ready to drop" / "ready to share". It explains that smart launched "ready to drop" in autumn 2016 with a beta test in collaboration DHL parcel service initially in Stuttgart and Cologne, with Bonn and Berlin set to follow in early 2017. The ready to drop service allows deliveries of parcels to the boot of the car, and the press release states that since autumn 2016 several 100 parcels have been sent by smart ready to drop. The same press release explains that the innovative "ready to share" service from smart (a private car sharing scheme) was due to launch with a beta test in selected cities in Germany in spring 2017. The exhibit also refers to "smart vehicles already have "car2go" software and electronics architecture for locating, opening and closing without key and starting the vehicle."

20. Mr Moore states that his evidence shows that "passenger car brands are no longer simply about selling cars but are now holistic mobility brands covering apps and services". On this point he refers also to the services section of the brochures, which I have described above. He states that smart is a pioneer in this field and has been offering apps for over 5 years. **Exhibit DM6** shows two apps which Mr Moore says are available in the UK for Android and through the App Store. The first app is the "smart guides" app, which provides the Owner's Manuals for various smart cars. The app is presented by reference



to this sign:

. It is shown to have released on 26 January 2015

(last updated on 4 November 2019) and to have been downloaded more than 10,000

times. The second app in evidence at Exhibit DM6 the smart EQ control app, which is



presented by reference to this sign: . That smart EQ control app is shown to provide updates on how charged the smart EQ car battery is, allows the setting of the temperature of car's climate control etc. However, it is shown to have released on 18 August 2018 - so after the contested application was filed and published.

The Applicant's evidence

21. The Applicant's evidence comprised a witness statement of James English, dated 26 May 2020 together with Exhibits JE1 – JE13. Mr English is a software developer and has been a director and shareholder of the Applicant since its incorporation. The Applicant has developed and marketed an app to help the public buy and sell used cars safely. The app uses data sourced from the police the DVLA, DVSA, insurance and finance companies to alert users to vehicles with potential issues so that they can make an informed decision before purchasing them.
22. Fuller detail of the nature of the actual goods and services marketed by the Applicant, is given by **Exhibit JE5**, which shows a short profile in the November 2018 edition of Classics Monthly (described by Mr English as the leading auto enthusiast magazine in the UK). The article explains that downloading the Vehicle Smart app alerts the user to when matters such as MOT, tax, insurance, breakdown cover or service items are due; it also allows the user to store and manage useful maintenance information such as oil, paint codes, tyre sizes and pressures etc; it can also check whether the vehicle has been stolen, written off or is subject to outstanding finance, and can reveal any plate changes, previous owners and MOT history (including advisories). The app is available free for basic features, or a premium version for one-off payment of under £4. The article directs the reader to visit www.getvehiclesmart.com.
23. Mr English's evidence shows that the Applicant's app has been well received and successful in its field, with exhibits showing regard expressed from various quarters including from the police and from the host of a car show on Channel 4. **Exhibits JE8** and **JE9** are print-outs of data from app stores showing that at least by 2020 the Applicant's app is among the top apps for vehicle utilities. **Exhibit JE10** shows over half a million installations of the app in the UK via the Apple store; **Exhibit JE11** indicates that on Android the number of users is in excess of 800,000, with an associated revenue of

almost 450,000 pounds and with an average user rating of approaching five out of five stars.

24. Mr English states that the Applicant has been trading since 2016 and that during this time, not one of around 33,000 emails received by the Applicant has mentioned the Opponent's smart nor shown any indication of confusion.

PROOF OF USE

Statutory provisions

25. Section 6A of the Act deals with the requirements for proof of use in opposition proceedings. The relevant provisions are:

Raising of relative grounds in opposition proceedings in case of non-use

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), (b) 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 period of five years ending with the date of publication.
- (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 period of five years ending with the date of publication of the application the earlier trade mark 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 differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, 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) In relation to a European Union trade mark or international trade mark (EC), any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Union.
- (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.

26. Section 100 of the Act makes it clear that the burden of proof falls on the Opponent to show that it has used its mark.

Case law on genuine use

27. In *Walton International Ltd & Anor v Verweij Fashion BV* [2018] EWHC 1608 (Ch) Arnold J (as he then was) summarised the law relating to genuine use as follows:

“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 Bunderversvereinigung Kamaradschaft ‘Feldmarschall Radetsky’* [2008] ECR I9223, 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].
- (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].”

28. In making my determination as to whether the evidence presented shows the necessary genuine use, I also take account of judicial comment as to probative and evidential issues in such cases. In *Dosenbach-Ochsner*⁸, Geoffrey Hobbs Q.C., sitting as the Appointed Person stated that:

“22. When it comes to proof of use for the purpose of determining the extent (if any) to which the protection conferred by registration of a trade mark can legitimately be maintained, the decision taker must form a view as to what the evidence does and just as importantly what it does not ‘show’ (per Section 100 of the Act) with regard to the actuality of use in relation to goods or services covered by the registration. The evidence in question can properly be assessed for sufficiency (or the lack of it) by reference to the specificity (or lack of it) with which it addresses the actuality of use.”

29. Along with the general case law requirements around genuine use that the mark is used in accordance with its essential origin function, and to create or preserve an outlet for those goods or services, I note that use must be shown to be *in relation to* particular goods and/or services under the registration relied on. Even where the sign is not physically affixed to the goods, there is use “*in relation to goods or services*” for these purposes where the sign is in such a way that a link is established between the sign which constitutes the company, trade or shop name of the third party and the goods marketed or the services provided by the third party.⁹
30. And finally on relevant case law, since the services in respect of which proof of use must be shown are registered in respect of the European Union; it is also necessary to bear in mind judicial comment in leading cases that have considered the geographic extent of the use required to be shown.
31. In *Leno Merken BV v Hagelkruis Beheer BV*, Case C-149/11, the CJEU stated that a Community trade mark (equivalent to what is now an EU trade mark) is put to ‘genuine use’ when “used in accordance with its essential function and for the purpose of maintaining *or* creating market share within the European Community for the goods or services covered by it” and that the assessment of whether the conditions are met is to take “account of all the relevant facts and circumstances, including the characteristics of the market concerned, the nature of the goods or services protected by the trade mark and the territorial extent and the scale of the use as well as its frequency and regularity.”¹⁰ The CJEU also stated:

“36. ... the territorial scope of the use is not a separate condition for genuine use but one of the factors determining genuine use, which must be included in the overall analysis and examined at the same time as other such factors.”

And

“50. Whilst there is admittedly some justification for thinking that a Community trade mark should – because it enjoys more extensive territorial protection than a national trade mark – be used in a larger area than the territory of a single Member State in order for the use to be regarded as ‘genuine use’, it cannot be ruled out that, in certain circumstances, the market for the goods or services for

⁹ See paragraphs 17 to 20 of the decision Daniel Alexander Q.C. as the Appointed Person in *Aegon UK Property Fund Limited v The Light Aparthotel LLP*, BL O/472/11

¹⁰ Paragraph 58 of that judgment.

which a Community trade mark has been registered is in fact restricted to the territory of a single Member State. In such a case, use of the Community trade mark on that territory might satisfy the conditions both for genuine use of a Community trade mark and for genuine use of a national trade mark.”

32. The conclusion of Arnold J in *The London Taxi Corporation Limited v Frazer-Nash*, having reviewed the case law since the *Leno* case, confirmed that the assessment is a multi-factorial one which includes the geographical extent of the use.¹¹

The relevant period

33. The relevant period in which genuine use must be shown is the five years ending with the date on which the Applicant’s contested trade mark application was published for opposition purposes – i.e. **25 November 2012 - 24 November 2017**.

Decision on genuine use

34. The Applicant submitted that “the evidence provided by the Opponent is insufficient to prove that the EU Mark has been used in the United Kingdom specifically in relation to classes 9, 39 or 42 of the Application (the classes against which the opposition is directed).”¹²
35. It should of course be understood that the Opponent is not required to show use in relation to the classes against which the opposition is directed; rather, the obligation on the Opponent in respect of proof of use in this case is to establish, on the basis of its filed evidence (and in light of the relevant legal principles), that it has put its mark “SMART” to genuine use in the relevant period, in the relevant territory and to the extent that proof of use has been legitimately requested in respect of whichever of its goods or services that are relied on.
36. Thus, in this case, the relevant territory for use of the earlier EUTM is the European Union and the services for which proof of use must be shown are its services relied on in Class 39, namely: *arranging replacement vehicles for hire-purchase or rented vehicles; providing of parking places for vehicles; transport of persons and goods by motorised vehicles; organizing and arranging travel; arranging of motor vehicle transport*.

11 *The London Taxi Corporation Limited v Frazer-Nash Research Limited & Ecotive Limited*, [2016] EWHC 52 – at paragraph 230, but see also paragraphs 228 -230.

12 Paragraph 5 of its submissions dated 26 May 2020.

37. For the purposes of opposing the contested trade mark application the Opponent is able to rely on its Class 12 goods under the two earlier marks i.e. *passenger cars* and *Automobiles (vehicles) and their parts*, since no proof of use was requested in respect of those goods. The Opponent is able rely on its Class 39 services only to the extent that the evidence has established genuine use of the smart mark in relation to those services; I consider each of the specified services below.

Arranging replacement vehicles for hire-purchase or rented vehicles

38. **Exhibit DM1** explicitly mentions providing a replacement car in the event of breakdown as part of “smartmove Assistance service” – but that evidence anyway falls outside the relevant period. **Exhibit DM2** also references the “smartmove Assistance service”, and that evidence is within the relevant period. However, I am not satisfied that “smartmove Assistance service” equates to genuine use of the earlier mark “smart” (solus).

39. On another tack, it is clear that the Opponent manufactures cars which are sold under the earlier mark. **Exhibit DM2** provides brochure evidence from within the relevant period, which refers to the offered option of buying or leasing the car. From my own knowledge as an average consumer, I understand this is common practice in the car industry and that a consumer may lease a car on hire-purchase then replace the car periodically with a new model. The evidence shows significant sales in the UK and more widely in Europe. It seems to me reasonable to infer that a substantial proportion of those sales may entail lease agreements. While the evidence as to “***arranging replacement vehicles for hire-purchase or rented vehicles***” is thin (to put it lightly), I am prepared to construe the evidence as satisfying genuine use of the earlier mark for these services but the vehicles in question being limited to the goods of the Opponent (and any fair specification would need to reflect that limitation).

Providing of parking places for vehicles;

40. The evidence does not show genuine use of the earlier mark for these services.

Transport of persons and goods by motorised vehicles; organizing and arranging travel;

41. While it is clear that the Opponent makes and sells (and leases) cars, which are of course motorised vehicles which may transport people or goods or enable travel, the consumer

of such goods cannot realistically be considered to be in receipt of the above specified transport or travel services. The evidence refers to the involvement of Opponent's smart cars in a parcel delivery scheme – but this service is offered not by reference to the sign “smart” but referred to as “ready to drop”; the scheme is anyway shown to have been limited to just a few German cities and to have operated on a very small scale in the relevant period. That scheme does not establish genuine use for these services under the earlier mark. The evidence refers to a private car sharing scheme involving the Opponent's smart cars, but that service appears to have been offered by reference to the sign “ready to share” and that nascent scheme was due to operate at beta test stage in just a few German cities in Spring 2017. That scheme does not establish genuine use for these services under the earlier mark in the relevant period.

Arranging of motor vehicle transport

42. Facilitation of a private car sharing scheme might potentially be considered a service covered by *arranging of motor vehicle transport*; so too may alternative arrangements put in place to rescue a customer whose car has broken down. However, for the reasons I have explained above, the evidence does not establish genuine use of these services by reference to the earlier mark.
43. **Conclusion on genuine use:** In light of my findings above, the goods and services on which the Opponent may rely are:

Class 12: *Automobiles (vehicles) and their parts; passenger cars*

Class 39: *arranging replacement vehicles for hire-purchase or rented vehicles, (such vehicles being “smart” passenger cars)*

DECISION OF CLAIMS

The section 5(2)(b) grounds

44. Section 5(2)(b) of the Act, reads as follows:

“5. – [...]

(2) A trade mark shall not be registered if because – [...]

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

45. Determination of a section 5(2)(b) claim must be made in light of the following principles, which 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 are:

- (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 will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

Comparison of the goods and services

The goods and services on which the Opponent can rely

46. In light of my findings as to genuine use, the goods and services on which the Opponent may rely are Class 12: *Automobiles (vehicles) and their parts; passenger cars* and Class 39: *arranging replacement vehicles for hire-purchase or rented vehicles, (such vehicles being “smart” passenger cars)*. It is in relation to those earlier goods and services that I compare the goods and services specified by the Applicant, and contested by the Opponent, to assess the extent to which they may be considered similar to one another.

The contested goods and services of the Applicant

47. In its Notice of opposition, the Opponent confined its challenge under section 5(2)(b) only to the Applicant’s goods and services in Classes 9, 39 and 42 (not the Class 45 services). However, both during the evidence rounds and in lieu of an oral hearing, the Opponent filed submissions that may suggest that its intended target of the applied-for goods and services was narrowed further still and makes several points concerned with actual use. For example, in its submissions during evidence rounds (30 July 2020) the Opponent requests refusal of the application in respect of the goods and services identified in paragraphs 11 and 15 of those submissions, which make no mention of the services applied for in Class 39, nor of the certain services specified in Class 42.¹³ For the

¹³ At paragraph 14 of those submissions, the Opponent identifies goods and services that it claims are similar to apps for which it claims to have shown use; however, I note again that my task is to compare the parties’ relevant goods and services as specified. The comparison is not centrally concerned with the goods and services that may (or may not) have thus far been in fact used by the Applicant; nor is the comparison concerned with goods or services that are not

avoidance of doubt, I shall carry out a comparison in relation to all of the goods and services such as they are identified under the claims in Notice of opposition.

Applicable law

48. Section 60A(1)(b) of the Act makes clear that goods are not to be regarded as being dissimilar from each other on the ground that they appear in different classes under the Nice Classification. Rather, in considering the extent to which there may be similarity between goods, I take account of the guidance from relevant case law. Thus, in *Canon* the Court of Justice of the European Union (“**the CJEU**”) stated that:

“In assessing the similarity of the goods ... all the relevant factors relating to those goods .. themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary”.¹⁴

49. In *Boston Scientific*, the General Court described goods as “complementary” in circumstances where “... *there is a close connection between [the goods], 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*”.¹⁵ I also take note that in *Kurt Hesse v OHIM*, the CJEU stated that complementarity is an autonomous criterion capable of being the sole basis for the existence of similarity between goods.¹⁶

50. The relevant factors identified by Jacob J. (as he then was) in the *Treat* case¹⁷ for assessing similarity were:

- (a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;

goods or services specified under the earlier marks relied on by the Opponent, or which are specified, but for which no genuine use has been established.

14 Case C-39/97, at paragraph 23.

15 *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, Case T-325/06

16 Case C-50/15 P

17 *British Sugar PLC v James Robertson & Sons Ltd* [1996] R.P.C. 281

- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be, found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive.

51. I also bear in mind the need for specifications of services, which are inherently less precise than specifications of goods, to be “interpreted in a manner which confines them to the core of the ordinary and natural meaning rather than more broadly”.¹⁸

52. The goods applied for in **Class 9** are these:

Downloadable mobile applications for the management of vehicles; Computer application software for mobile phones; Computer software for mobile applications that enable interaction and interface between vehicles and mobile devices; Downloadable applications for use with mobile devices; Downloadable mobile applications for the management of data; Downloadable mobile applications for the management of information; Downloadable mobile applications for the transmission of data; Downloadable mobile applications for the transmission of information; Downloadable mobile applications for use with wearable computer devices; Downloadable software in the nature of a mobile application; Downloadable software in the nature of a mobile application for playing games; Software and applications for mobile devices; Software applications for use with mobile devices; Vehicle automatic driving control devices; Vehicle autonomous driving systems featuring interactive displays; Vehicle navigation systems featuring interactive displays; Vehicle speed control apparatus and instruments; Vehicle tracking apparatus; Vehicle tracking systems; Software for computers; Software for tablet computers; Computer software for use as an application programming interface (API)

53. These applied-for goods are largely types of computer software, although some of the goods involve hardware – such as *Vehicle autonomous driving systems featuring interactive displays; Vehicle navigation systems featuring interactive displays*. As the Opponent submitted, some of the goods are widely framed, for example, *Software and*

¹⁸ (per Arnold J in *FIL v Fidelis Underwriting* [2018] EWHC 1097 (Pat) at [86]
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applications for mobile devices; others are specified in relation to vehicles. The Opponent's earlier goods in Class 12 are *Automobiles (vehicles) and their parts; passenger cars*. Since the Opponent was not put to proof of use in respect of its Class 12 goods, it is able to rely on them for its section 5(2)(b) claims without reference to evidence.

54. In my view, the extent to which the parties' goods may be considered similar varies across the terms specified in the Class 9 application. Some are not similar, or at most similar to a very low degree – where any similarity may arise from an overlap in user, channel of trade and potentially a degree of complementarity; others of the specified goods may arguably be considered *parts of Automobiles (vehicles)* and on that premise, to be identical. I group the goods accordingly below.

Dissimilar
<p>Class 9: <i>Computer application software for mobile phones; Downloadable applications for use with mobile devices; Downloadable mobile applications for the management of data; Downloadable mobile applications for the management of information; Downloadable mobile applications for the transmission of data; Downloadable mobile applications for the transmission of information; Downloadable mobile applications for use with wearable computer devices; Downloadable software in the nature of a mobile application; Downloadable software in the nature of a mobile application for playing games; Software and applications for mobile devices; Software applications for use with mobile devices; Software for tablet computers; Computer software for use as an application programming interface (API)</i></p> <p>I have noted Mr Moore's submission in his evidence that "passenger car brands are no longer simply about selling cars but are now holistic mobility brands covering apps and services". While it is the case that apps are ubiquitous and touch on a truly enormous array of consumer and business matters, including aspects of car retail, I consider it overreaching to extend the notion of similarity to find it to exist to any significant extent (if at all) between parts of a car and the applied-for software-based goods. This is the case even though <i>parts of Automobiles (vehicles)</i> is a term not confined to traditional components, like engines, exhaust pipes and braking pads, but includes digital parts (of and within a car) that may communicate with external software. I do not consider</p>

that external software part of the car – those apps are used on mobile devices. Taking account of the relevant factors, including nature, purposes, method of use, whether goods compete against another and trade channels I find the above goods to be **dissimilar** to *Automobiles (vehicles) and their parts; passenger cars*.

Moreover, although software may have a role in making arrangements to replace a rented vehicle, I find no material similarity arises between the above goods and the Opponent's services in Class 39: ***arranging replacement vehicles for hire-purchase or rented vehicles***.

Very low similarity

Class 9: *Software for computers;*

This term includes “computers”, which could include computer components that are parts of the car (unlike apps, which are not). However, it does not seem to me (and it has not been established on the evidence) that businesses that make cars and their parts are necessarily also the source of the software on such computers (parts). At most these goods, by virtue of their potentially being within a component part of a car could be considered to have a marginally greater degree of similarity to the app-type goods I considered above (which I found dissimilar), but the similarity, if it exists at all, is **very low**.

Class 9: *Downloadable mobile applications for the management of vehicles; Computer software for mobile applications that enable interaction and interface between vehicles and mobile devices*

These goods are particular forms of mobile apps. I have found mobile apps at large to be dissimilar to the Opponent's goods in Class 12 and its services in Class 39. However, since these apps are explicitly specified in relation to the management of and interaction with vehicles, and noting the evidence filed at Exhibit DM1 and Exhibit DM6, relating the app used in connection with the Opponent's smart EQ car (the smart EQ control app), I find a degree of similarity between *Downloadable mobile applications for the management of vehicles; Computer software for mobile applications that enable interaction and interface between vehicles and mobile devices* and the Opponent's

goods in Class 12. That similarity is based on an overlap in user, channel of trade and potentially a degree of complementarity, but the similarity is **very low** as the goods differ in the other relevant factors.

High similarity / identity

Class 9: *Vehicle automatic driving control devices; Vehicle autonomous driving systems featuring interactive displays; Vehicle navigation systems featuring interactive displays; Vehicle speed control apparatus and instruments; Vehicle tracking apparatus; Vehicle tracking systems*

These specified goods of the Applicant may arguably be considered *parts* of *Automobiles (vehicles)*. I recognise that they are not standard features of all cars, but in my view they could be described as part of a car and increasingly feature in modern cars. On that analysis, I find these goods to be *parts* of *Automobiles (vehicles)* and therefore to be **identical** with the Opponent's Class 12 goods **or else highly similar** based on the relevant factors.

55. I move now on to the applied-for services that are contested under this ground.

Class 39: *Providing vehicle servicing booking services via mobile applications; Providing vehicle testing booking services via mobile applications; Providing Automatic Number Plate Recognition (ANPR) services via mobile applications; Vehicle location services*

56. Notwithstanding Mr Moore's submission as to passenger car brands covering services, services are fundamentally different in nature from goods. Taking account of the relevant factors (including nature, purposes, method of use, whether they compete against another), none of the goods or services on which the Opponent is able to rely for this opposition is strongly similar to the contested services in Class 39.

57. The contested services *Providing vehicle servicing booking services via mobile applications; Providing vehicle testing booking services via mobile applications* – i.e. services that are booking a car in, via an app, for a service or for a test - could be considered similar to **a low degree (at most)** to the Opponent's Class 12 goods or its replacement car services in Class 39, based on an overlap in user, channel of trade and potentially a degree of complementarity. As for the remaining terms - *Providing*

Automatic Number Plate Recognition (ANPR) services via mobile applications; Vehicle location services – these are in my view **dissimilar** to the Opponent's goods and Class 39 services.

Class 42: *Design and development of software in the field of mobile applications; Development and design of mobile applications; Software as a service [SaaS]*

58. I find these contested services in Class 42 to be **dissimilar** in comparison to the Opponent's *Automobiles (vehicles) and their parts; passenger cars* and Class 39: *arranging replacement vehicles for hire-purchase or rented vehicles*.
59. I note the following observation of Patten J in *Intel Corp*¹⁹: *"It is clear that the flexibility inherent in [the] global approach [to assessment of likelihood of confusion] leaves intact the threshold requirement for a recognisable degree of similarity between the goods and services in question. The distinctiveness and strength of the earlier mark may lessen the degree of similarity required, but it does not eliminate it."* I also note the later observation by Lady Justice Arden in *eSure v Direct Line*²⁰ that she considered *"...no useful purpose is served by holding that there is some minimum threshold level of similarity that has to be shown. If there is no similarity at all, there is no likelihood of confusion to be considered. If there is some similarity, then the likelihood of confusion has to be considered but it is unnecessary to interpose a need to find a minimum level of similarity."*
60. Since some similarity of goods is essential to a claim under section 5(2)(b) of the Act, the opposition based on this ground must fail in relation to the goods and services in classes 9, 39 and 42 that I have above found to be dissimilar. However, since I have found similarity in respect of the other contested goods and services, it is still necessary for me to address the global assessment of likelihood of confusion in respect of those, which entails consideration of interdependent factors, including the degree to which the marks are similar, the distinctiveness of the earlier mark and factors in the purchasing process. Those goods and services remaining for such assessment are:

Class 9: *Downloadable mobile applications for the management of vehicles; Computer software for mobile applications that enable interaction and interface between vehicles and mobile devices*

¹⁹ *Intel Corp v Sihra* [2004] ETMR 44 at [12]

²⁰ *eSure Insurance v Direct Line Insurance*, [2008] ETMR 77 CA, at paragraph 49. See too *Waterford Wedgwood plc v OHIM* – C-398/07 P (CJEU)

Vehicle automatic driving control devices; Vehicle autonomous driving systems featuring interactive displays; Vehicle navigation systems featuring interactive displays; Vehicle speed control apparatus and instruments; Vehicle tracking apparatus; Vehicle tracking systems

Class 39: *Providing vehicle servicing booking services via mobile applications; Providing vehicle testing booking services via mobile applications*

The average consumer and the purchasing process

61. In *Hearst Holdings Inc*,²¹ Birss J explained that “... *trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect ... the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The word “average” denotes that the person is typical*”.
62. The Applicant’s goods in Class 9 (those for which I have found similarity, as recapped at paragraph 60 above) are, broadly put, in the line of vehicle-related apps for mobile devices and various vehicle-related apparatus. The remaining contested services of the Applicant in Class 39 are for those who may wish to book in a car, via an app, for a service or for a test. The average consumer for those goods and services will be a member of the general public at large, in particular car drivers. The average consumer group may also include businesses, who may for example be interested in *Vehicle tracking apparatus; Vehicle tracking systems*. The apps goods in Class 9 entail little or no cost, but they are fairly niche purchases, made infrequently and the average consumer will engage **at least a medium level of care** to ensure that what is being downloaded is fit for its purpose. Likewise in accessing the Class 39 services. The other goods in Class 9 – i.e. *Vehicle automatic driving control devices; Vehicle autonomous driving systems featuring interactive displays; Vehicle navigation systems featuring interactive displays; Vehicle speed control apparatus and instruments; Vehicle tracking apparatus; Vehicle tracking systems* – are likely to be more costly, will be infrequent and their purchase will engage an **above average level of care** to ensure compatibility.
63. The average consumer for the Opponent’s goods (cars) will be the same members of the general public (including a business public). The Opponent’s goods entail considerable

21 *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), at paragraph 60.

cost and will be carefully considered purchases, made infrequently, with a **high degree of attention**. Purchasing parts for the same will entail an **above average level of care** to ensure compatibility. The average consumer accessing the Opponent's services in Class 39 - *arranging replacement vehicles for hire-purchase or rented vehicles, (such vehicles being "smart" passenger cars)* - will again be members of the general public (including a business public) paying **at least a medium level of care**.

64. The average consumer will encounter the marks on some of the goods themselves – such as cars or apps, or potentially on things like *Vehicle navigation systems featuring interactive displays*. For all the goods and services at issue the average consumer will encounter the marks in advertising or promotional materials. Consequently, visual considerations are likely to dominate the selection process, but I do not discount that there may also be an aural component to the purchases, given the potential for oral recommendations and that advice may be sought from retail assistants.

Comparison of the marks

65. It is clear from *Sabel* that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The CJEU stated in *Bimbo* 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, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”²²
66. It would therefore be wrong to dissect the trade marks artificially, but it is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features that are not negligible and therefore contribute to the overall impressions created by the marks. The marks to be compared are shown below:

²² *Bimbo SA v OHIM, Case C-591/12P* (at paragraph 34)

The earlier trade mark:	SMART
The contested mark:	

67. The overall impression of the earlier word mark(s) of the Opponent is that it is the word SMART, which is a common word in English, with various meanings that will be familiar to the average consumer.
68. The contested mark is a composite mark where textual and graphical elements contribute variously to the overall impression. The car device at the top of the mark is quite large, and certainly not negligible, but despite a hint of jolliness in its colours and composition, the device is ultimately somewhat banal and its role in the overall mark is less dominant and distinctive than the text beneath it, which involves two common words in English, put together to form a two-word phrase. The word-phrase – along with the car device - is allusive in relation to the Applicant’s contested goods and services that I compared above since they are all vehicle-related; this has a diminishing impact on its distinctiveness, but taken overall, the contested mark including the word phrase is still moderately distinctive.

Visual similarity

69. The parties’ marks overlap visually in that the whole of the Opponent’s mark is contained within the contested mark. Case law affords plain word marks broad protection that allows their use in different fonts and typefaces, so I do not consider the font differences to be significant.²³ The word “Smart” in the contested mark is anyway in an unremarkable font and the word is made clearer in the textual component by virtue of its being presented in a different colour and in a marginally thicker font than its companion word “Vehicle”. However, a notable visual difference between marks is created by the presence of that word “Vehicle”, which opens the word phrase and which word is a little longer than the shared word. Taken with the presence of the non-negligible device, I find the marks to visually similar to **a low degree**.

²³ See Case T-24/17 *La Superquímica v EUIPO*, EU:T:2018:668 at paragraph 39; see too paragraphs 11 and 12 of the appeal decision BL O/091/19, Professor Phillip Johnson as the Appointed Person.

Aural similarity

70. The aural comparison is only between the word phrase “vehicle smart” and the single word “smart”. The average consumer will of course voice “smart” in the same way in each case. However, a notable aural difference between marks is created by the presence of that word “Vehicle”, which will be voiced first in the word phrase and which involves three syllables whereas the shared word is a single syllable. Taking account of the distinctive and dominant components of the marks I find the respective marks to be **aurally similar to a degree that is no more than between low and medium.**

Conceptual similarity

71. The concept attaching to the Opponent’s mark must come from that single word. The general public will know various meanings for the word, including that it can signify *intelligent, savvy, chic* or *well presented*. The concept arising from the applied-for mark is more focused; the effect of the adjective following the noun in the two-word phrase, is that it implies savviness in connection with vehicles – just as ‘street smart’ has a different and more focused implication from ‘smart street’. The presence of the opening word “Vehicle” creates a significant conceptual difference. While I allow for a degree of conceptual similarity in the marks since the same word is common to both, the message conveyed is different and I consider the **conceptual similarity** between the marks to be **low**.

Distinctiveness of the earlier mark

72. The distinctive character of the earlier mark must be assessed, as, potentially, the more distinctive the earlier mark, either inherently or through use, the greater the likelihood of confusion.²⁴ In *Lloyd Schuhfabrik*, 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-2779, paragraph 49).

²⁴ *Sabel* at [24]

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)".

73. Registered trade marks possess varying degrees of inherent distinctive character, ranging from the very low, because they are suggestive or allusive of a characteristic of the goods or services, to those with high inherent distinctive character, such as invented words which have no allusive qualities. The distinctive character of a mark may be enhanced by virtue of the use that has been made of it.
74. The earlier mark involves the common and ordinary word smart, which may be considered to be allusive to a quality of the goods and services on which the Opponent is able to rely. On an inherent basis, the word is therefore of low distinctiveness. However, the Applicant has admitted that the Opponent's mark "SMART" has a reputation (in the United Kingdom and European Union) in relation to passenger cars. This has been acquired through use, and Mr Moore's evidence shows respectable sales and market share. Although the UK figures at **Exhibit DM3** are after the contested application was filed and published the evidence shows European sales in 2016 of 100,000+ cars under the brand, representing a high of around 0.7% market. Moreover, typical annual marketing spend in the UK is stated to have been around 5 million euros.
75. I find that the Opponent's mark has, through its use, an enhanced level of distinctive character in relation to passenger cars, which appears to have supplanted the more descriptive messages of SMART to that extent. In relation to the goods and services on which the Opponent is able rely, the distinctiveness of the mark has been enhanced to a level that may be considered **at least reasonably high**.

Conclusion as to likelihood of confusion

76. In my global assessment of likelihood of confusion, I take account of my findings set out in the foregoing sections of this decision and of the case law principles outlined in

paragraph 45 above. Central points from my analysis above may be summarised broadly as follows:

- Many of the Applicant's goods and services lack the required similarity or complementarity and I have therefore ruled out success under section 5(2)(b) in respect of those. However, I found that some of the goods and services were similar – some to a very low or low degree, such as *Providing vehicle servicing booking services via mobile applications*; others to a high degree or to the point of identity, such as *Vehicle speed control apparatus and instruments*.
- The average consumer will be members of the public (which may include businesses) who, in the purchasing process, will pay at least a medium level of attention (with greater level of care for some of the goods and services).
- The consumer will primarily encounter the marks visually and the marks are visually similar to a low degree; aural factors are also relevant and the marks are aurally similar to no more than a degree that is between low and medium. Even if the common element warrants a low degree of conceptual similarity, there is a significant conceptual difference between the marks.
- The Opponent's mark has, through its use, an enhanced level of distinctive character in relation to passenger cars such that in relation to the goods and services on which the Opponent is able to rely, the distinctiveness of the mark has been enhanced to a level that may be considered at least **reasonably high**.

77. The question is whether there is a likelihood of confusion amongst a significant proportion of the relevant public;²⁵ occasional confusion by a small minority is not sufficient to find a likelihood of confusion. The relative weight of the factors is not laid down by law, but is a matter of judgment for the tribunal on the particular facts of each case.²⁶ The legal test 'likely to cause confusion amongst the average consumer' is inherently imprecise, not least because the average consumer is not a real person; it involves a prediction as to how the public might react to the presence of two trade marks in ordinary use in trade and it is often very difficult to make such prediction with confidence.²⁷ Confusion can be direct or indirect. Whereas direct confusion involves the average consumer mistaking one trade mark for the other, indirect confusion is where the average consumer realises

²⁵ Kitchin L.J. in *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation* [2016] EWCA Civ 41 at §34

²⁶ See paragraph 33 of the decision of Iain Purvis QC sitting as the Appointed Person in Case No. O-079-17, (*Rochester Trade Mark*).

²⁷ Again see comments of Iain Purvis as the Appointed Person, *ibid*.

that the trade marks are not the same but puts the similarity that exists between the trade marks/goods down to the responsible undertakings being the same or related.

78. In my view, even to the extent that the goods of the parties may be regarded as identical, the differences between the marks rule out the possibility that the average consumer would mistake them: there is no likelihood of direct confusion. I turn therefore to consider whether there is a risk of indirect confusion. Iain Purvis QC, sitting as the Appointed Person, considered indirect confusion (and the difference between direct confusion) in *L.A. Sugar Limited v By Back Beat Inc*,²⁸ stating as follows:

“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 recognised that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: “The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark.

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

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

²⁸ Case BL-O/375/10

(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).”*

79. None of those (example) instances applies in this case and I see no reason to find indirect confusion merely because of the shared presence of the word SMART. I must take account of the common element in the context of the later mark.²⁹ The overall perception of the marks in the minds of the relevant public is paramount in the assessment of the visual, aural, and conceptual similarities between the marks; the perception of the marks by the average consumer of the goods or services in question plays a decisive role in the global assessment of any likelihood of confusion. The applied-for mark is different in its structure and composition such that it looks and sounds quite different and conveys a different message from the word SMART solus. Notwithstanding that that word (singly) has been enhanced through use such that its distinctiveness in relation to passenger cars is at least reasonably high. The applied-for mark will not be indirectly confused with the earlier mark(s), even where I have found a high level of similarity or even identity between the goods and services. **The claim based on section 5(2)(b) fails.**

The section 5(3) ground

80. Section 5(3) of the Act states that a trade mark that is identical or similar to an earlier trade mark shall not be registered 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. Section 5(3A) states that those provisions apply “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.”

81. The relevant case law for section 5(3) can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel Corporation*, [2009] ETMR 13, Case C-408/01, *Adidas-Salomon*, [2004] ETMR 10 and C-487/07, *L’Oréal v Bellure*, Case C-487/07 and Case C-323/09, *Marks and Spencer v Interflora*. The law appears to be as follows:

²⁹ As highlighted by James Mellor QC Case BL O-547-17 *Eden Chocolat be more chocstanza (word & device) v Heirler Cenovis GmbH* (27 October 2017) (at paragraph 81.4).

- (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 Salomon, 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) 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.*
- (g) 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.*
- (h) 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.

- (i) 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*).

82. The Opponent submitted that its "*reputation in SMART lies in the field of passenger cars, where the dictionary meaning has been displaced. SMART in the motor industry will always be linked with the Opponent.*" As I have noted, the Applicant admitted in its (amended) counterstatement that the Opponent has a reputation for passenger vehicles, but denied that the reputation extended to the contested goods and services, or denied that, on a global assessment, use of the applied-for trade mark would take unfair advantage of, or be detrimental to the reputation in the earlier mark.

83. The Opponent also submitted: "*4. There is no doubt that the Apps are genuine use by the Opponent on a reasonably substantial scale in the United Kingdom in respect of its passenger car business. Such Apps are a standard part of the business and ownership of a modern passenger car and so can be viewed as similar goods to passenger cars in the same way as, for example, an exhaust (Class 7) on an internal combustion engine car would be.*" I have already noted that some of the evidence of the Opponent's use of apps is outside the relevant period; the app that is within the relevant period appears no more than the manual for the car. I have also already noted that my analysis must be confined to the specified goods and services on which the Opponent can rely – i.e. those for which it has a trade mark registration and has satisfied the proof of use requirements; the Opponent has no registration for apps, let alone a reputation for apps. It has a reputation for passenger cars, which includes relevant parts thereof, but I do not consider an app to fall into the category of parts for a car. The Opponent risks overstating matters

in its submission that “*SMART in the motor industry will always be linked with the Opponent.*”

84. Section 5(3) does not require confusion – it merely requires calling to mind, which is not an especially high bar. However, in my view, irrespective of how close or distant from one another may be the goods or services at issue in this case, the section 5(3) claim is bound to fail since the later contested mark will not call to mind the earlier reputed mark. The average consumer on seeing the mark or hearing the phrase “vehicle smart” will make no link to the Opponent’s smart branded passenger cars (or parts thereof). The use of the word “smart” will be perceived not as referencing an existing trade mark, but merely as performing its ordinary adjectival function, making the unconnected two-word phrase “vehicle smart” as I discussed in my analysis of the marks earlier.

OUTCOME: The opposition fails under section 5(3) and overall. Subject to any successful appeal, the application may proceed to registration in its entirety.

COSTS

85. The Applicant is entitled to a contribution towards its costs in defending these proceedings, in line with the scale published in the annex to Tribunal practice notice (2/2016).

Reviewing the statement of grounds and preparing a counterstatement:	£300
Considering and responding to the other side’s evidence:	£600
Submissions in lieu of an oral hearing:	£300
Total	£1200

86. I order Daimler AG to pay Vehicle Smart Ltd the sum of £1200 (one thousand two hundred pounds). This sum is 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 26th day of November 2020

Matthew Williams

For the Registrar