

O-291-13

TRADE MARKS ACT 1994

**IN THE MATTER OF REGISTRATION No. 1580479
STANDING IN THE NAME OF
ANDRE BALDET LIMITED**

AND

**IN THE MATTER OF A REQUEST FOR A DECLARATION
OF INVALIDITY THERETO UNDER No.84623
BY AUTOMOTIVE ADS LIMITED**

AND IN THE CONSOLIDATED ISSUE

**IN THE MATTER OF APPLICATION No. 2617324
BY PENDRAGON PLC
TO REGISTER THE SERIES OF FOUR TRADE MARKS
IN CLASSES 12, 35, 36, 37, 39 & 42**

AND

**IN THE MATTER OF OPPOSITION THERETO
UNDER No. 103637 BY
AUTOMOTIVE ADS LIMITED**

BACKGROUND

Invalidity

1) The following trade mark is registered in the name of Andre Baldet Limited (hereinafter ABL):

Mark	Number	Filing and registration date	Class	Specification
SWOP SHOP SWAP SHOP Registration of these mark shall give no right to the exclusive use, separately, of the words "Swop" and "Shop", and "Swap" and "Shop".	1580479	03.08.94 / 27.12.96	12	Cars; parts and fittings for all the aforesaid goods; all included in Class 12.

2) By an application dated 13 December 2012 Automotive Ads Limited (hereinafter AA) applied for a declaration of invalidity in respect of this registration. The grounds are, in summary:

- a) The mark in suit consists of a phrase designating a mode of sale of goods, and it is not capable of distinguishing the goods and services of one undertaking from those of other undertakings and so offends against Section 3(1)(a) of the Act.
- b) The mark is not capable of identifying a product as originating from a particular undertaking. "SWAP" and "SHOP" are ordinary words. Any trader may sell at a shop where swapping is a feature of the transaction. The juxtaposition is not distinctive in any way, and the average consumer would understand the term to refer to a mode of sale, rather than the goods or services originating from any particular undertaking. It therefore offends against section 3(1)(b) of the Act.
- c) The mark consists exclusively of the phrase "swap shop" and a variant spelling thereof. As such it consists exclusively of indications which may serve to designate the kind or quality of the goods, and the manner in which they are sold. If the rights under this trade mark were valid it would give the proprietor a monopoly in the use of an ordinary phrase which accurately describes a widely used mode of sale in relation to cars and parts. As such it offends against Section 3(1)(c) of the Act.
- d) Several undertakings carry out sales of items, in particular cars; parts and fittings, which are accurately designated "swap shops" because the sale includes an element of swapping. The average consumer would understand the term to refer to a mode of sale, rather than the goods or services originating from any particular undertaking. The mark offends against Section 3(1)(d) of the Act.

3) ABL provided a counterstatement, dated 4 March 2013, in which it denies the above grounds

Opposition

4) On 12 April 2012 Pendragon Plc (hereinafter PP) applied to register under number 2617324 the following series of four marks: SWOP SHOP; SWAP SHOP; SWOPSHOP and SWAPSHOP in respect of the following goods and services:

Class 12: Motor land vehicles; parts of and fittings and accessories for motor land vehicles.

Class 35: Advertising and promotional services relating to the sale, hire and leasing of vehicles provided over the Internet; compilation of advertisements relating to the sale, hire and leasing of vehicles, for use as web pages on the Internet; advisory services and tax consultations, all for the private motorist.

Class 36: Preparation, completion and management of leasing, lease-purchase and contract-hire agreements; insurance services relating to motor vehicles; consultancy, information and advisory services relating to insurance services for motor vehicles; financial services, all relating to the sale, hire and leasing of motor land vehicles.

Class 37: Vehicle repair, restoration and maintenance; vehicle cleaning, washing and polishing services and provision of facilities for all the aforesaid; inspecting, advising on and reporting on the condition of motor land vehicles.



Class 39: Motor vehicle hire services; motor vehicle breakdown recovery services; hire and loan of vehicles; transportation and delivery of vehicles; contract hire of vehicles and parts and fittings therefore; vehicle rental services; consultancy, advisory and information services relating to all of the aforesaid.

Class 42: Certifying the condition of motor land vehicles.

5) The application was examined and accepted, and subsequently published for opposition purposes on 1 June 2012 in Trade Marks Journal No.6942.

6) On 14 August 2012 AA filed a notice of opposition, subsequently amended. The grounds of opposition are in summary:

a) The opponent is the registered proprietor of the following trade marks:

Mark	Number	Date of filing and registration date	Class	Specification
	2591175	17.08.11 / 06.04.12	35	Advertising services relating to the sale of motor vehicles, advertising services relating to motor cars.
	2595675	23.09.11 / 06.01.12	41	Training services relating to the selling of vehicles; Training relating to sales; Training services relating to retail management; Training services relating to retail marketing; Arranging of conferences relating to advertising; Arranging of seminars relating to advertising; Sales training services for retailers; Staff training services relating to the retail trade; Copy writing; Editing of video-tapes; Film

				production; Lecture services relating to marketing skills; Presentation of radio programmes; Presentation of television programmes; Promotions [entertainment]; Publishing of newsletters; Publishing of newspapers; Publishing of printed matter; Scriptwriting services; Services for the provision of music.
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b) The opponent contends that its trade marks are used to advertise the sale of vehicles at an establishment where items are swapped. Insofar as the term “Swap Shop” has any distinctive character, the proposed mark is visually, aurally and conceptually similar to the earlier marks and is proposed to be used for identical or similar goods and services. The opponent contends that the mark applied for is similar to its registered marks shown above and that the goods and services are similar. It contends that the mark in suit offends against Section 5(2)(b) of the Act.

c) The mark in suit consists of a phrase designating a mode of sale of goods, and it is not capable of distinguishing the goods and services of one undertaking from those of other undertakings. Any undertaking may manage and provide a swap shop where items are sold in the context of exchange of goods. The mark offends against Section 3(1)(a) of the Act.

d) The mark is not capable of identifying a product as originating from a particular undertaking. “SWAP” and “SHOP” are ordinary words. Any trader may sell at a shop where swapping is a feature of the transaction. The juxtaposition is not distinctive in any way, and the average consumer would understand the term to refer to a mode of sale, rather than the goods or services originating from any particular undertaking. It therefore offends against Section 3(1)(b) of the Act.

e) The mark may serve to designate the fact that goods are sold in a particular way. It may serve to designate the kind of services relating to the sale, hire and leasing of motor vehicles and ancillary services. If the rights under this trade mark were valid it would give the proprietor a monopoly in the use of an ordinary phrase which accurately describes a widely used mode of sale in relation to cars and parts. It would prevent other traders from using plain words to describe their activities. As such it offends against Section 3(1)(c) of the Act.

f) Several undertakings carry out sales of items, in particular cars, parts and fittings, using a forum whereby old cars are swapped for new. This is accurately designated a “swap shop”. The average consumer would understand the term to refer to a mode of sale, rather than the goods or services originating from any particular undertaking. The mark offends against Section 3(1)(d) of the Act.

7) On 19 October 2012, the applicant filed a counterstatement which basically denied the opponent’s contentions, but did not put the opponent to strict proof of use. They prey in aid use of the mark since 1994 by a wholly owned subsidiary, Andre Baldet Ltd (ABL).

8) In March 2013 the cases were consolidated. Only AA filed evidence. Both parties seek an award of costs in their favour. Neither side wished to be heard. Only AA filed written submissions which I shall take into account as and when required.

EVIDENCE OF AA

9) AA filed two witness statements. The first, dated 2 May 2013, is by Nigel Falkiner, the joint Managing Director of AA. He states that as a manager of Dixon Motor Holdings (DMH) in Hull in 1994 he devised a process to facilitate selling cars. A client would be given a valuation for their car which could be used in a trade-in or DMH would simply buy the vehicle for the stated amount. The cars on sale had prices written upon them, and it was simply a matter of deducting the valuation for their car against the price of those on sale. There was no negotiation and no test drives. He states: "Effectively, the process involved trading in, or swapping old cars for new and was called "swopshop"." He states that in 1994 DMH registered the marks "SWAP SHOP" and SWOP SHOP" in Class 12.

10) Mr Falkiner states that since then a number of other companies have copied the concept. He provides images upon which the words "swap shop"; "swop shop" and "car swap" along with various devices can be seen, along with images of cars. However, no dates are visible and few of the details are legible, apart from one advertisement which Mr Falkiner states was issued in September 2012 (after both relevant dates). He states that the term is widely used by businesses outside the motor trade, such as Marks and Spencer. He states that as at 17 October 2012 he searched Google and found that there were between 253,000 and 1,720,000 results for the words "Swop shop" and "swopshop" and between 4,320,000 and 46,200,000 search terms involving the slightly different spelling "Swapshop" and "Swap Shop". He states that the term is generic and that since 2007 the Sandiccliffe group of motor traders have held 21 swapshop events involving all branches and franchises. He does not provide any details as to how long the events lasted, how they were promoted or what the public made of the use of the term. He states that PP commenced running their own swopshop type sale events from 2007, having taken over the intellectual property rights from DMH. He states that in 2007 he took the words SWAP SHOP and added a logo device and registered the mark himself. He states that Sandiccliffe have since 2007 been using his mark with his permission. He states that Sandiccliffe currently operate on nine different sites in and around the Nottingham / Leicester area. He provides details as to when the events were held, how long they lasted and how many cars were sold. Prior to the relevant date in the opposition case, 12 April 2012, 17 events were held averaging just under 4 days in duration, with 3686 cars in total being sold across the group. There have been on average four events per annum since 2007. He states that these were promoted by way of advertisements on television and the radio, using local stations.

11) The second witness statement, dated 2 May 2013, is by Mike Cater the owner of Caters Automotive Marketing Agency. He states that his company has performed all the creative and press booking for Sandiccliffe Motor Group for the last twenty years. He states that his company devised the logo trade mark for Mr Falkiner in 2007 and that Mr Falkiner owns the design rights. In 2012 a minor change was made to the speech marks in the logo.

12) That concludes my review of the evidence. I now turn to the decision.

DECISION

13) Sections 47, 1 and 3 of the Trade Marks Act 1994 read:

“47.-(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.”

And:

“1.-(1) In this Act a “trade mark” means any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings.

3.-(1) The following shall not be registered-

- (a) Signs which do not satisfy the requirements of Section 1(1),
- (b) trade marks which are devoid of any distinctive character,
- (c) trade marks which consist exclusively of signs or indication which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,
- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the *bona fide* and established practices of the trade.

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

14) AA have applied for invalidity under the grounds of section 3(1)(a), (b), (c) and (d). Under each of these grounds the relevant date is the date of application 3 August 1994. The relevant goods are “cars; parts and fittings for all the aforesaid goods”, the relevant public is therefore anyone who is old enough to have a licence and is seeking to purchase a car or someone working in the automotive industry engaged in buying/selling cars and parts or repairing/maintaining cars. I turn first to consider the ground under section 3(1)(c). In *JanSport Apparel Corp v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-80/07*, the General Court (GC) gave a helpful summary of the considerations to be taken into account in relation to Article 7(1)(c) of the regulation, that being the equivalent of section 3(1)(c) of the Act. It said:

“18 Under Article 7(1)(c) of Regulation No 40/94, trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service are not to be registered. In addition, Article 7(2) of Regulation No 40/94 (now Article 7(2) of

Regulation No 207/2009) states that, paragraph 1 shall apply notwithstanding that the grounds of non-registrability obtain in only part of the Community”.

19 By prohibiting the registration of such signs, that article pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the characteristics of goods or services in respect of which registration is sought may be freely used by all. That provision accordingly prevents such signs and indications from being reserved to one undertaking alone because they have been registered as trade marks (Case C-191/01 P *OHIM v Wrigley* [2003] ECR I-12447, paragraph 31).

20 Furthermore, the signs covered by Article 7(1)(c) of Regulation No 40/94 are signs regarded as incapable of performing the essential function of a trade mark, namely that of identifying the commercial origin of the goods or services, thus enabling the consumer who acquired the product or service to repeat the experience, if it proves to be a positive, or avoid it, if it proves to be negative, on the occasion of a subsequent acquisition (Case T-219/00 *Ellos v OHIM (ELLOS)* [2002] ECR II-753, paragraph 28, and Case T-348/02 *Quick v OHIM (Quick)* [2003] ECR II-5071, paragraph 28).

21 The signs and indications referred to in Article 7(1)(c) of Regulation No 40/94 are thus only those which may serve in normal usage from a consumer’s point of view to designate, either directly or by reference to one of their essential characteristics, goods or services such as those in respect of which registration is sought (see the judgment of 9 July 2008 in Case T-323/05 *Coffee Store v OHIM (THE COFFEE STORE)*, not published in the ECR, paragraph 31 and the case-law cited). Accordingly, a sign’s descriptiveness can only be assessed by reference to the goods or services concerned and to the way in which it is understood by the relevant public (Case T-322/03 *Telefon & Buch v OHIM-Herold Business Data (WEISSE SEITEN)* [2006] ECR II-835, paragraph 90).

22 It follows that, for a sign to be caught by the prohibition set out in that provision, there must be a sufficiently direct and specific relationship between the sign and the goods and services in question to enable the public concerned immediately to perceive, without further thought, a description of the goods and services in question or one of their characteristics (see Case T-19/04 *Metso Paper Automation v OHIM (PAPERLAB)* [2005] ECR II-2383, paragraph 25 and the case-law cited).

23 It must finally be pointed out that the criteria established by the case-law for the purpose of determining whether a word mark composed of several word elements is descriptive or not are identical to those applied in the case of a word mark containing only a single element (Case T-28/06 *RheinfelsQuellen H. Hövelmann v OHIM (VOM URSPRUNG HER VOLLKOMMEN)* [2007] ECR II-4413, paragraph 21).”

15) In *Koninklijke KPN Nederland NV v Het Benelux MerkenBureau* Case C-363/99 the Court of Justice of the European Union (CJEU) stated:

“98. As a general rule, a mere combination of elements, each of which is descriptive of characteristics of the goods or services in respect of which registration is sought, itself remains descriptive of those characteristics for the purposes of Article 3(1)(c) of the Directive. Merely bringing together without introducing any unusual variations, in particular as to syntax or meaning, cannot result in anything other than a mark consisting exclusively of signs or indications which may serve, in trade, to designate characteristics of the goods or services concerned.”

“102. It is also irrelevant whether the characteristics of the goods or services which may be the subject of the description are commercially essential or merely ancillary. The wording of Article 3(1)(c) of the Directive does not draw any distinction by reference to the characteristics which may be designated by the signs or indication of which the mark consists. In fact, in the light of the public interest underlying the provision, any undertaking must be able freely to use such signs and indications to describe any characteristic whatsoever of its own goods, irrespective of how significant the characteristic may be commercially.”

16) In *Alcon Inc v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case C-192/03 P* it was held that use after the date of the application could be used to draw conclusions as to the position at the date of application. Such use can also go to the issue of foreseeability in relation to use of the term (see *Wm Wrigley Jr Company Case C-191/01P*). In the instant case there is scant evidence of use of the words Swop Shop/Swap Shop in relation to goods in Class 12. The only details provided are of the Sandcliffe group of companies based in the East Midlands and where use began in 2007 and has been used on 21 occasions since. There are images of other companies' claimed use but not actual details and no evidence from these companies. The practice of using a car that you currently own to partially pay for a new car is more commonly referred to as part exchange (part ex) or trade in, and AA have failed to show that the term “SWAP SHOP/SWOPSHOP” will be seen by the average consumer as a characteristic of the goods, in the instant case cars and their parts and fittings. Despite the recent use demonstrated by AA the invalidity action in relation to Section 3(1)(c) fails.

17) I next turn to the ground under section 3(1)(d) of the Act. I take note of the GC's comments in *Telefon & Buch Verlagsgesellschaft mbH v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-322/03* where it stated:

“49 Article 7(1)(d) of Regulation No 40/94 must be interpreted as precluding registration of a trade mark only where the signs or indications of which the mark is exclusively composed have become customary in the current language or in the bona fide and established practices of the trade to designate the goods or services in respect of which registration of that mark is sought (see, by analogy, Case C-517/99 *Mertz & Krell* [2001] ECR I-6959, paragraph 31, and Case T-237/01 *Alcon v OHIM* –Dr. Robert Winzer Pharma (*BSS*) [2003] ECR II-411, paragraph 37). Accordingly, whether a mark is customary can only be assessed, firstly, by reference to the goods or services in respect of which registration is sought, even though the provision in question does not explicitly refer to those goods or services, and, secondly, on the basis of the target public's perception of the mark (*BSS*, paragraph 37).

50 With regard to the target public, the question whether a sign is customary must be assessed by taking account of the expectations which the average consumer, who is deemed to be reasonably well informed and reasonably observant and circumspect, is presumed to have in respect of the type of goods in question (*BSS*, paragraph 38).

51 Furthermore, although there is a clear overlap between the scope of Article 7(1)(c) and 7(1)(d) of Regulation No 40/94, marks covered by Article 7(1)(d) are excluded from registration not on the basis that they are descriptive, but on the basis of current usage in trade sectors covering trade in the goods or services for which the marks are sought to be registered (see, by analogy, *Merz & Krell*, paragraph 35, and *BSS*, paragraph 39).”

18) In *Stash Limited v Samurai Sportswear Ltd* BL O/281/04 Professor Annand, sitting as the appointed person, stated:

“33. In the event, I do not believe this issue of the interpretation of section 3(1)(d) is central to the outcome of the appeal. “Customary” is defined in the Oxford English Reference Dictionary, 1995 as: “usual; in accordance with custom”. In my judgment, the Opponent has failed on the evidence to prove that at the relevant date STASH contravened section 3(1)(d) as consisting exclusively of signs or indications which have become customary either in the current language or in trade practices for the goods concerned.”

19) In order to succeed under this ground, AA must establish that at the date of application, the terms “SWOP SHOP /SWAP SHOP” were “customary” in the current language or in the *bona fide* and established practices of the car trade. There is no evidence of use of such terms by anyone prior to the application and the only documented use is by AA beginning in 2007. I reject the objection under section 3(1)(d).

20) I next turn to the grounds under section 3(1)(a) & (b) of the Act. In *Combi Steam Trade Mark* (BL O/363/09) the Appointed Person commented on section 3(1)(b) of the Act in the following terms:

“7. It has been said that lack of distinctive character is the essence of any objection under section 3(1)(b), (c) or (d) of the Act and that, despite its position in the list, section 3(1)(b) performs “a residual or sweeping-up function”, backing up the other two provisions, which contain specific and characteristic examples of types of marks that lack distinctive character: Procter & Gamble Ltd’s Trade Mark Application [1999] RPC 673 (CA) per Robert Walker LJ at 679. If a trade mark is entirely descriptive of characteristics of goods or services (and thereby prohibited from registration under section 3(1)(c)), it will also be devoid of any distinctive character under section 3(1)(b): Case C-363/99 Koninklijke KPN Nederland BV v Benelux-Merkenbureau (POSTKANTOOR) [2004] ETMR 57 (ECJ) at [86]. However, the converse is not true: a mark which is not descriptive may nevertheless be devoid of distinctive character for other reasons (*ibid.*).

8. When a trade marks examiner assesses the distinctiveness of a trade mark within the meaning of section 3(1)(b), s/he must do so firstly by reference to the goods or services listed in the specification, and secondly by reference to the perception of the mark in relation to such goods or services by the relevant public, which consists of average consumers of the goods or services in question, who are deemed to be reasonably well informed, observant and circumspect: Joined Cases C-53/01 to C-55/01 Linde AG, Winward Industries Inc and Radio Uhren AG [2003] ETMR 78 at [41].

9. It is not necessary to show that a mark has a particular level of creativity or originality in order to establish distinctive character: Case C-329/02P SAT.1 Satelliten Fernsehen GmbH v OHIM [2005] ETMR 20 (ECJ) at [41]. While the Court of First Instance (“CFI”) has repeatedly referred to “a minimum degree of distinctive character” as being sufficient to avoid article 7(1)(b) of the CTMR/article 3(1)(b) of the Directive (for example, Case T-34/00 Eurocool Logistik GmbH & Co. KG v OHIM (“EUROCOOL”) [2003] ETMR 4 at [39]; Case T-128/01 Daimler Chrysler Corp v OHIM [2003] ETMR 87 at [33]; Case T-320/03 Citicorp v OHIM (“LIVE RICHLI”) at

[68]), the ECJ has not adopted this wording and has deemed it unnecessary to give any more precise definition to the possible dividing line between lack of distinctiveness and the minimum distinctiveness to which the CFI refers: *Deutsche Krankenversicherung AG v OHIM* (“COMPANYLINE”) [2002] ECR I-7561 at [20].

10. The ECJ approaches the issue of distinctiveness by reference to the underlying purpose of article 3(1)(b) of the Directive/7(1)(b) CTMR, which in the Court’s view is to preclude registration of trade marks that are incapable of performing the essential function of guaranteeing the identity of the origin of the marked product to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin: *SAT.1 v OHIM* at [23]; *Case C-37/03 P BioID AG v OHIM* [2005] ECR I-7975 (ECJ) at [27].”

21) I must also be aware that the test is one of immediacy or first impression, as confirmed by the European Court of First Instance (now the General Court) which, in its decision on *Sykes Enterprises v OHIM*, T-130/01(Real People Real Solutions), stated the following:

“...a sign which fulfils functions other than that of a trade mark is only distinctive for the purposes of Article 7(1)(b) of Regulation No 40/94 if it may be perceived immediately as an indication of the commercial origin of the goods or services in question, so as to enable the relevant public to distinguish, without any possibility of confusion, the goods or services of the owner of the mark from those of a different commercial origin.”

22) AA contend that the mark in suit is not distinctive in any way and that the average consumer would understand the term to refer to a mode of sale, rather than the goods originating from any particular undertaking. Given that the evidence shows no use by anyone prior to the relevant date, and only evidence of use by one party from 2007, it is difficult to accept this contention. As I have said earlier it has long been common practice when buying a car to be offered a trade in value for your existing car. The consumer then has a choice to either hand over their existing car and the cash balance or buy the car they wish for cash and sell their existing car elsewhere. The terms usually associated with this action are “part-exchange /part ex” or “trade-in”. The applicant for invalidity has not shown, at the relevant date, that the average consumer would view the mark in suit as referring to a mode of sale in general, rather than being specific to the registered proprietor and a badge of origin. The fact that AA has registered a mark in which the same words appear as the dominant element weakens their contention. The invalidity action in respect of Section 3(1)(a) and (b) fail.

23) The invalidity action has failed completely on all grounds.

24) I now turn to the consolidated opposition. I shall first consider the ground of opposition under Section 5(2)(b) which reads:

“5.-(2) A trade mark shall not be registered if because -

(a)....

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

25) An “earlier trade mark” is defined in section 6, the relevant part of which states:

“6.-(1) In this Act an "earlier trade mark" means -

- (a) a registered trade mark, international trade mark (UK) or Community trade mark which has a date of application or registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks.”

26) AA is relying upon its trade marks listed in paragraph 6 above which are clearly earlier trade marks. PP did not put AA to strict proof of use.

27) When considering the issues under Section 5(2)(b) and the likelihood of confusion, I take into account the guidance from the settled case law provided by the CJEU in *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG & Adidas Benelux BV* [2000] E.T.M.R. 723, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH* C-120/04 and *Shaker di L. Laudato & C. Sas v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) C-334/05 P (LIMONCELLO)*. In the recent case of *La Chemise Lacoste SA v Baker Street Clothing Ltd* [ALLIGATOR O/333/10] Mr Hobbs QC acting as the Appointed Person set out the test shown below which was endorsed by Arnold J. in *Och-Ziff Management Europe Ltd and Oz Management Lp v Och Capital LLP; Union Investment Management Ltd & Ochocki*, [2010] EWCH 2599 (Ch).

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

(e) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite 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 in that mark;

(f) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa;

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

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

(i) 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;

(j) if the association between the marks causes the public to wrongly believe that the respective goods or services come from the same or economically linked undertakings, there is a likelihood of confusion.

Distinctive character of AA's earlier trade marks

28) AA has provided evidence of sales of cars at specific events when the mark has been used. Given that these events took place at the dealership which is always present, one has to question whether all these sales were as a result of the use of the marks at paragraph 6 or as a result of the normal advertising which the dealerships would carry out and the signs attached to the premises advertising their wares. However, as the marks are registered they are presumed to be valid and have a degree of inherent distinctiveness for the services for which they are registered, notwithstanding the contentions that AA has made about the words "SWOP SHOP" under their grounds of opposition in respect of sections 3(1)(a), (b), (c) and (d).

The average consumer and the nature of the purchasing process

29) I must now determine the average consumer for AA's services and for PP's goods and services. AA has in its registered specification advertising services in class 35 which could be used both by the trade but also members of the general public seeking to sell their own vehicle. Also in its specification, in class 41, are (*inter alia*) training services relating to sales, retail management, retail marketing, arranging conferences and seminars on selling and advertising and general media services. These class 41 services are clearly aimed at businesses and not the general public.

30) All of the goods and services included in PP's application are for both the general public and businesses.

31) To my mind anyone purchasing a vehicle (class 12); having it repaired, maintained or restored (class 37); seeking to finance or insure a vehicle (class 36); hiring or transporting

a vehicle (class 39); obtaining a view on the condition of a vehicle (class 42); advertising a vehicle or services relating to vehicles (class 35); or providing training on selling, management and advertising, arranging seminars and conferences and general media services (class 41) will take considerable care and attention. This would not vary whether it was a business or member of the public. Most of these goods and services are relatively expensive, legally important, relate to safety issues, or affect the success of a business, and are not an everyday purchase.

Comparison of goods and services

32) The accepted test for comparing goods is that set out by Jacob J. in *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 28 TREAT, which was effectively endorsed by the Advocate General in *Canon*; ETMR 1. The factors to be taken into account are:

- a) The respective uses of the respective goods;
- b) The respective users of the respective goods;
- c) The physical nature of the goods;
- d) The respective trade channels through which the goods 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 are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods in the same or different sectors.

33) I also take into account the comments of Jacob J. in *Avnet Incorporated v. Isoact Ltd* [1998] FSR 16 where he said:

“In my view, specifications for services should be scrutinised carefully and they should not be given a wide construction covering a vast range of activities. They should be confined to the substance, as it were, the core of the possible meanings attributable to the rather general phrase.”

34) The question of complementary goods/services has been considered by the GC in *Boston Scientific Ltd v Office for Harmonization in the Internal Market* (Trade Marks and Designs) (OHIM) Case T- 325/06. The GC stated:

“It is true that goods are complementary if there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking (see, to that effect, Case T-169/03 Sergio Rossi v OHIM – Sissi Rossi (SISSI ROSSI) [2005] ECR II-685 , paragraph 60, upheld on appeal in Case C-214/05 P Rossi v OHIM [2006] ECR I-7057 ; Case T-364/05 Saint-Gobain Pam v OHIM – Propamsa (PAM PLUVIAL) [2007] ECR II-757 , paragraph 94; and Case T-443/05 El Corte Inglés v OHIM – Bolaños Sabri (PiraÑAM diseño original Juan Bolaños) [2007] ECR I-0000 , paragraph 48).”

35) The specifications to be compared are reproduced below for ease of reference:

PP's specification	AA's specification
Class 12: Motor land vehicles; parts of and fittings and accessories for motor land vehicles.	Class 35: Advertising services relating to the sale of motor vehicles, advertising services relating to motor cars.
Class 35: Advertising and promotional services relating to the sale, hire and leasing of vehicles provided over the Internet; compilation of advertisements relating to the sale, hire and leasing of vehicles, for use as web pages on the Internet; advisory services and tax consultations, all for the private motorist.	
Class 36: Preparation, completion and management of leasing, lease-purchase and contract- hire agreements; insurance services relating to motor vehicles; consultancy, information and advisory services relating to insurance services for motor vehicles; financial services, all relating to the sale, hire and leasing of motor land vehicles.	
Class 37: Vehicle repair, restoration and maintenance; vehicle cleaning, washing and polishing services and provision of facilities for all the aforesaid; inspecting, advising on and reporting on the condition of motor land vehicles.	Class 41: Training services relating to the selling of vehicles; Training relating to sales; Training services relating to retail management; Training services relating to retail marketing; Arranging of conferences relating to advertising; Arranging of seminars relating to advertising; Sales training services for retailers; Staff training services relating to the retail trade; Copy writing; Editing of video-tapes; Film production; Lecture services relating to marketing skills; Presentation of radio programmes; Presentation of television programmes; Promotions [entertainment]; Publishing of newsletters; Publishing of newspapers; Publishing of printed matter; Scriptwriting services; Services for the provision of music.
Class 39: Motor vehicle hire services; motor vehicle breakdown recovery services; hire and loan of vehicles; transportation and delivery of vehicles; contract hire of vehicles and parts and fittings therefore; vehicle rental services; consultancy, advisory and information services relating to all of the aforesaid.	
Class 42: Certifying the condition of motor land vehicles .	

36) In the submissions provided by AA, no mention is made of why any of the goods and services of the two parties should be regarded as similar. I therefore have to consider the matter as best I can from what has been filed in evidence, and my own knowledge. Clearly AA's Class 35 services are identical to the following part of PP's Class 35 services "Advertising and promotional services relating to the sale, hire and leasing of vehicles provided over the Internet; compilation of advertisements relating to the sale, hire and leasing of vehicles, for use as web pages on the Internet." However, the remainder of PP's Class 35 specification "advisory services and tax consultations, all for the private motorist" are, to my mind, quite different on the basis that whilst the users may be similar, the uses and trade channels will be different and they are not in competition. Indeed when comparing AA's class 35 services to the rest of the goods and services of PP listed above, the uses and trade channels are different, the services are not competitive and in the case of the class 12 goods of PP even the physical nature is different.


37) Turning to AA's class 41 services, and comparing them to the whole of PP's specification, to my mind it is clear that the uses and trade channels are different and they are not in competition. There may be a degree of overlap in users in the sense that business users of AA's services could consume the goods and services of PP.

38) I next consider whether the goods and services of PP are complementary to the services of AA. In my opinion they are not complementary as the average consumer will not believe that the goods and services offered by PP originate from AA.

39) I am fortified in my above findings by the submissions made on behalf of AA in the cross invalidity action that was originally consolidated with these proceedings, but was withdrawn prior to this decision. In defence of their marks 2591175 and 2595675 AA claimed that their services in classes 35 and 41 were dissimilar to ABL's class 12 goods.

Comparison of trade marks

40) Although AA has two marks registered they are identical and so I shall treat them as a single mark for this comparison. The trade marks to be compared are as follows:

PP's mark applied for	AA's mark
SWOP SHOP SWAP SHOP SWOPSHOP SWAPSHOP	

41) It is well established that the average consumer is considered to be reasonably well informed, circumspect and observant but perceives trade marks as wholes and does not pause to analyse their various details. In addition, he rarely has the chance to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them he has kept in his mind. In reaching a conclusion on similarity, I must identify what I consider to be the distinctive and dominant elements of the respective trade marks and, with that conclusion in mind, I must go on and compare the respective trade marks from the visual, aural and conceptual perspectives.

Distinctive and dominant components

42) In my opinion, AA's mark has, as its dominant component, the words "SWOP SHOP". The device element may have an independent role, but I believe that most consumers would simply ignore the device element as an irrelevance. There are also colour elements in the mark, but these are not claimed and would not be viewed as distinctive by the average consumer. Clearly, the series of four marks applied for are very similar to AA's mark visually and conceptually and are aurally identical.

Likelihood of confusion

43) I must now take all the above into account and consider the matter globally taking into account the interdependency principle- a lesser degree of similarity between trade marks may be offset by a greater degree of similarity between goods and services and vice

versa. Clearly the following services in class 35 “Advertising and promotional services relating to the sale, hire and leasing of vehicles provided over the Internet; compilation of advertisements relating to the sale, hire and leasing of vehicles, for use as web pages on the Internet” are identical and so there is a likelihood of confusion. However, the remainder of PP’s Class 35 specification “advisory services and tax consultations, all for the private motorist” and the other goods and services in PP’s application are so different to the services of AA that there is no likelihood of consumers being confused into believing that the goods and services provided by PP are those of AA or provided by some undertaking linked to them. **The opposition under Section 5(2)(b) therefore succeeds in relation to class 35 “Advertising and promotional services relating to the sale, hire and leasing of vehicles provided over the Internet; compilation of advertisements relating to the sale, hire and leasing of vehicles, for use as web pages on the Internet” but fails in relation to all other goods and services.**

44) I now turn to consider the grounds of opposition under Sections 3. I have set out the wording of the Act and also the relevant authorities in paragraphs 13-22 above and do not propose to repeat them here. Instead I shall simply consider the submissions of AA and take these into account against the relevant date, which is the date of the application, 12 April 2012. AA describes the business of PP thus:

“Pendragon is a car dealership. All the activities in which the sign is proposed to be used relate to dealing in, as opposed to manufacturing cars. The application is in several classes almost entirely connected with retail hire, advertising, and after-sale care in relation to vehicles. The application in Class 12 in relation to cars, parts and fittings is only one of several classes connected with dealership and retail services. The real proposed function of the mark is not to indicate origin of the cars and fittings, or to advertise a particular type of car (which would be the functions of the manufacturers’ indicia), but to advertise and promote a particular activity relating to retail and dealership of vehicles, whereby Pendragon would provide services in buying and selling used cars.”

45) However, I cannot accept this truncated viewpoint of the proposed activities of PP. They have applied for goods in Class 12 and a variety of services, most of which relate to a car dealership as stated by AA, however when considering whether the mark applied for is acceptable I have to consider it in the light of the goods and services actually applied for and not what the applicant has been involved in to date.

46) I shall first consider the opposition under Section 3(1)(c). AA contends that the process behind a swapshop is obvious in that it is a shop where vehicles are swapped. It is contended that use is widespread in the motor retail trade and that “it is an essential characteristic of the services [applied for] in this case that they may be carried out in the context of part exchange – a “swapshop”.” AA also makes reference to POSTKANTOOR and in particular paragraphs 112-117 which read:

“112 Although an undertaking may apply for registration of a mark in respect of all the goods or services falling within such a class, nothing in the Directive prohibits it from seeking registration solely in respect of only some of those goods or services.

113 Likewise, when registration of a mark is sought in respect of an entire class within the Nice Agreement, the competent authority may, pursuant to article 13 of

the Directive, register the mark only in respect of some of the goods or services belonging to that class, if, for example, the mark is devoid of any distinctive character in relation to other goods or services mentioned in the application.

114. By contrast, where registration is applied for in respect of particular goods or services, it cannot be permitted that the competent authority registers the mark only in so far as the goods or services concerned do not possess a particular characteristic.

115 Such a practice would lead to legal uncertainty as to the extent of the protection afforded by the mark. Third parties-particularly competitors-would not, as a general rule, be aware that for given goods or services the protection conferred by the mark did not extend to those products or services having a particular characteristic, and they might thus be led to refrain from using the signs or indications of which the mark consisted and which were descriptive of that characteristic for the purpose of describing their own goods.

116 Since the Directive precludes such a practice, there is no need to examine the request for an interpretation of the Paris Convention.

117 In those circumstances, the answer to the eighth question must be that the Directive prevents a trade mark registration authority from registering a mark for certain goods or services on condition that they do not possess a particular characteristic.”

47) AA contends that PP will use the mark on its dealerships and ancillary services and “The process of part-exchanging vehicles is an essential characteristic of such services”. AA contends that the mark should be freely available to all and state that it is widely used both within and outside the motor trade. The evidence of use of the words “Swop Shop/Swap Shop” is somewhat scant. The only details provided are of the Sandcliffe group of companies based in the East Midlands and where use began in 2007 and has been used on 17 occasions prior to the relevant date, 12 April 2012. Each event lasted an average of four days, and whilst AA provides the number of cars sold under these events, it is questionable whether they were sold under the opponent’s marks relied upon in the instant case or under the marks which would appear on the dealerships each and every day of the year, including during these events. Reference has also been made to the fact that 46 million hits were received when the words were searched on Google. I note that in the evidence it is stated that the hits included all kinds of activities including M&S. The fact that words may have a meaning in other industries is of little interest to the instant case. I have no way of knowing how many of the hits relate to the goods and services applied for as opposed to perhaps picking up references to the television programme Noel Edmonds Multicoloured Swop Shop. I accept that there are images of other car retail companies apparently using the term in their advertising but no actual details of when this use occurred and how extensive it was or what took place is provided. The practice of using a car that you currently own to partially pay for a new car is more commonly referred to as part exchange (part ex) or trade in. I note that in the submissions from AA they refer frequently to the part exchange of vehicles. To my mind AA have failed to show that the term “SWAP SHOP/SWOPSHOP” will be seen by the average consumer as a characteristic of the goods or services which the applicant seeks to register. **The opposition in relation to Section 3(1)(c) fails.**

48) I next turn to the ground of opposition under section 3(1)(d). AA contends that the mark in suit has been used in the motor trade and points to the evidence of Mr Falkiner. However, as I have already commented in this decision, this evidence is unconvincing in that it details use of the term by AA on a number of occasions since 2007. It claims to show use by others but this is not documented. The search results are not focussed and would include all manner of use which is not relevant to the instant case. AA has failed to show that the term “swap shop / swop shop” were “customary” in the current language or in the *bona fide* and established practices of the car trade, or indeed any trade. **The ground of opposition under section 3(1)(d) therefore fails.**

49) Lastly, I turn to the grounds of opposition under Section 3(1)(a) and (b). AA contends that any trader or retailer can carry out a swap shop in relation to any goods. Therefore, the term cannot distinguish one undertaking from another. AA also states:

“18.1.3 . The sign consists of two common words, “swap” (and variant spellings) and “shop”. Both of these words are wholly non-distinctive in the retail and sales sector, particularly in the context of car dealerships where part-exchange is common practice.”

And:

“18.1.6 *SWAP SHOP* is not unusual. In fact it is commonplace. The large number of enterprises in various retail sectors (evidenced in the witness statement of Mr Falkiner at paragraphs 16-17) using the term “swap shop” and variants is testament to the phrase being non-distinctive. The term cannot distinguish the “swapshop” conducted by, for example Evans Halshaw, from such an event carried out by another undertaking, such as Sandicliffe or Marks and Spencer. It will be submitted, below at paragraph 18.3) that this renders the sign unregistrable under section 3(1)(a), but even if this is not accepted, it is submitted that this renders the sign unregistrable under s3(1)(b).”

50) As I have stated earlier in this decision, in my opinion the evidence does not back up any of these contentions and so the **grounds of opposition under section 3(1)(a) and 3(1)(b) fail.**

CONCLUSION

51) The invalidity action under Sections 3(1)(a)(b)(c) and (d) failed. The mark of ABL therefore remains on the Register unaltered. With regard to the opposition to PP’s application it succeeds under Section 5(2)(b) in relation to class 35 “Advertising and promotional services relating to the sale, hire and leasing of vehicles provided over the Internet; compilation of advertisements relating to the sale, hire and leasing of vehicles, for use as web pages on the Internet” but fails under section 5(2)(b) in relation to all other goods and services. The opposition under sections 3(1)(a), (b), (c) and (d) all fail.

COSTS

52) ABL and PP have been successful for the most part and they are therefore entitled to a contribution towards their costs. In each case, I make the award on the following basis:

Preparing a statement and considering the other side's statement	£300
Considering the other sides evidence	£400
TOTAL	£700

53) I order Automotive Ads Limited to pay Andre Baldet Limited the sum of £700. I also order Automotive Ads Limited to pay Pendragon plc the sum of £700. Both sums to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 17th day of July 2013

**G W Salthouse
For the Registrar
the Comptroller-General**