

O-153-08

**TRADE MARKS ACT 1994**

**IN THE MATTER OF INTERNATIONAL REGISTRATION  
No. 877516 AND A REQUEST BY NECKER CYRIL  
TO PROTECT IN CLASS 33 THE TRADE MARK**



**AND**

**IN THE MATTER OF OPPOSITION THERETO  
UNDER No. 71389 BY RED SQUARE BEVERAGES LIMITED**

## BACKGROUND

1) On 19 January 2006, Necker Cyril, on the basis of a French registration, requested protection in the United Kingdom under the terms of the Madrid Protocol, in respect of “wine and spirits” in Class 33, for the following trade mark:



2) I note that the request for protection included the following text:

“KA has no meaning”

And:

Under the heading: Descriptions of colours claimed:


“The large rectangle is light red; the small rectangle inside the large rectangle is dark red; "RED'KA" and the edge of the small rectangle are white.”

3) The United Kingdom Trade Mark Registry considered that the request satisfied the requirements for protection in accordance with Article 3 of the Trade Marks (International Registration) Order 1996 and particulars of the international registration were published in accordance with Article 10 in Trade Marks Journal No.6636 on 9 June 2006.

4) On 8 September 2006, Red Square Beverages Limited, filed notice of opposition to the conferral of protection on this international registration. The objections are in summary:

a) The opponent is the proprietor of the following registrations:

Trade Mark	No.	Application Date	Registration date	Relevant Goods
RED SQUARE	CTM 1118819	25.3.1999	6.6.2000	Alcoholic beverages in Class 33
RED SQUARE	2359262	24.3.2004	22.10.2004	32 - Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages; drinks consisting of alcoholic

				<p>beverages and non-alcoholic beverages, the non-alcoholic beverages predominating.</p> <p>33 - Alcoholic beverages (except beers); alcoholic mixed drinks; wines, spirits and liqueurs; alcoholic preparations for making beverages; spirit or wine-based cocktails and aperitifs; beverages containing wine.</p>
	2348128	7.11.2003	16.4.2004	<p>32 - Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.</p> <p>33 - Alcoholic beverages except beers.</p>

b) Objection is said to arise under sections 5(2)(b), 5(3) and 5(4)(a) of the Act against all the goods of the international registration.

5) On 18 December 2006, the applicant filed a counterstatement in which they deny the above grounds; dispute the opponent's claimed reputation in their RED SQUARE trade mark; and put the opponent to proof of use of their CTM registration. The applicant concludes its counter-statement in the following terms:

“There is clearly no visual, phonetic or conceptual similarity between the mark applied for and the opponent's trade marks. In the absence of similarity between the respective marks, the provisions of sections 5(2)(b), 5(3) and 5(4)(a) cannot apply. Furthermore, where two marks are dissimilar, there is no reason for confusion to arise between them, and the intended consumer will have no difficulty in differentiating between the respective products. This being the case, the opposition is clearly without foundation. The applicant therefore requests the Examiner dismiss the opposition as being vexatious in nature and without foundation, and that a substantial award of costs be made in favour of the applicant.”

6) Only the opponent filed evidence in these proceedings. Both sides ask for an award of costs. The matter came to be heard on 30 April 2008 when the opponent was represented by Ms Brindle of Messrs Halewood International Limited and the applicant was represented by Mr Krause of Messrs Haseltine Lake.

## OPPONENT'S EVIDENCE

7) This consists of a witness statement, dated 6 July 2007, from Simon Oldroyd. Mr Oldroyd explains that he is the Commercial Director of the opponent company, although not how long he has held this position. He confirms that he is authorised to speak on the opponent's behalf, adding that the information in his statement comes from his own knowledge or from company records.

8) The material date in these proceedings is the date of designation in the United Kingdom of the international registration i.e. 19 January 2006. I note that a number of the documents relied upon by the opponent in these proceedings and a portion of the sales and advertising figures provided by them originate from, or relate to, periods after this date; in addition, a number of the documents are undated. While I will bear these factors in mind my making my decision, given the range of documentation and sales and advertising figures provided by the opponent which originate from before the material date, I do not propose to comment on this aspect of the opponent's evidence in this summary.

9) Mr Oldroyd states that the trade marks relied upon by the opponent in these proceedings have been used in the United Kingdom since 1991 in relation to vodka, and since 1999 in relation to alcoholic mixed drinks, beverages containing wine, and spirit or wine based cocktails. He explains that RED SQUARE vodka was first sold in the United Kingdom by Halewood International Limited in 1991, adding that Red Square Beverages Limited was incorporated in 2002 and has owned the RED SQUARE trade marks since that time; both Halewood International and Red Square Beverages are, he explains, wholly-owned subsidiaries of Halewood International Plc.

10) The opponent no longer retains any RED SQUARE vodka promotional materials from the 1990s, but Mr Oldroyd points to exhibit SO1, which consists of a copy of a page from Halewood Vintners Supplementary Price List from 8 July 1991, which I note contains a reference to Red Square vodka, together with details of the percentage proof of the product (37.2%), the capacity of the bottle, the numbers in which it is sold (12x70cl), and the cost based on purchases of 200+ (£68.25) to 15-29 (£70.25).

11) Sales and volume figures for RED SQUARE vodka for the period ending June 2002 to June 2006 are provided and are as follows:

<b>Financial year ending 30 June</b>	<b>Quantity sold (bottles)</b>	<b>Net Value (£)</b>
2002	447,108	4,670,733
2003	1,360,752	5,929,191
2004	1,988,436	9,645,743
2005	2,804,892	13,507,689
2006	3,840,162	10,249,038
<b>Total</b>	<b>10,441,350</b>	<b>44,002,394</b>

12) Exhibit SO2 consists of a spreadsheet produced by AC Nielsen showing the market share and positioning of the various vodka brands in the United Kingdom. Mr Oldroyd explains that the spreadsheet shows the moving annual total of vodka sales to weeks ending 22 April 2006 and 21 April 2007, concluding that in the year leading up

to 21 April 2007, RED SQUARE vodka was the third best selling vodka in the United Kingdom.

13) RED SQUARE vodka is, says Mr Oldroyd, stocked nationwide in many leading supermarkets and cash and carry stores, and lists Tesco, Morrisons, Sainsbury's, Spar, Nisaway, Bargain Booze and Bookers as examples. He adds that distributors to the on-trade (bars, hotels, restaurants etc) include Waverley TBS, Classic Drinks, Carlsberg UK and Coors.

14) As mentioned above, Mr Oldroyd states that in 1999 the opponent expanded the use of its RED SQUARE trade marks to various ready-to-drink vodka based beverages, mentioning RED SQUARE ICE and RED SQUARE RELOADED as examples. The sales and volumes figures for these products in the period ending June 2002 to June 2006 are as follows:

<b>Financial year ending 30 June</b>	<b>Quantity in cases</b>	<b>Net Value (£)</b>
2002	24, 211,830	41, 232, 529
2003	42, 969, 126	32, 281, 457
2004	32, 311, 179	24,136, 965
2005	22, 168, 068	16, 868, 504
2006	15, 218, 235	8,350,819
<b>Total</b>	<b>136, 878, 438</b>	<b>122,870,274</b>

15) I note that these products are sold on much the same basis as RED SQUARE vodka, as explained in paragraph 13 above.

16) Mr Oldroyd explains that the RED SQUARE products are advertised extensively in the United Kingdom using a variety of media. During the period July 2003 to December 2005 he says that:

“...the value obtained from advertising the RED SQUARE products in the press, radio and billboards was as follows.”

<b>Period</b>	<b>Advertising expenditure (TV, Press, outdoor + online) (£)</b>
July 2003 – June 2004	725, 475
July 2004 – June 2005	973,981
July 2005 – June 2006	242,357

He adds that, for example, the radio advertisements in 2006 reached 2.1 million listeners and the 2006 press campaign reached 3.1 million readers.

17) Exhibit SO3 consists of the following:

- information from the opponent's promotion agency, Mediacom North in connection with RED SQUARE advertising campaigns conducted by them from 2001 to 2006;

- a range of promotional posters and campaign materials dating from 1999 onwards;
- RED SQUARE labels and sleeves from 2000 to 2006;
- point of sale kits;
- a copy of an advertising supplement to The Grocer magazine dated 29 November 2003 relating to, inter alia, the RED SQUARE brand;
- a copy of a promotional issue of national Bartender dated May/June 1999 regarding a RED SQUARE, Sky Digital promotion;
- a copy of Halewood International Limited's On Trade Brands Portfolio brochure from 2005 in which the RED SQUARE brand is featured, accompanied by excerpts from brochures from Matthew Clark and Tennent's Caledonian Breweries both of which feature the RED SQUARE brand;
- a copy of Halewood International Limited's Off Trade Brands portfolio brochure in which the RED SQUARE brand is featured;
- promotional material from 2000 and 2001 featuring the boxer Lennox Lewis in which, inter alia, the RED SQUARE brand is featured;
- promotional material from 2003 featuring the comedian Avid Merrion in which the RED SQUARE brand is featured.

18) Exhibit SO4 consists of a CD containing five television advertisements dating from 2000 and 2001 for the RED SQUARE ICE and RED SQUARE RELOADED products. Mr Oldroyd explains that a branded RED SQUARE website is operated by a third party on the opponent's behalf at [www.redsquareworld.com](http://www.redsquareworld.com), adding that in the period August 2003 to May 2007:

“...it has benefited from over 139,000 users sessions.”

19) Finally, Mr Oldroyd states that the opponent is actively involved in the sponsorship of boxing, racing and musical events in the United Kingdom, adding that such events are shown on national television channels such as BBC1 and 2, Sky Sports and MTV. As an example of this sponsorship activity, Mr Oldroyd explains that the opponent has sponsored numerous races at Haydock since the year 2000, and that since 2004 the Gold Cup at Haydock has been sponsored by RED SQUARE and is known as the RED SQUARE Gold Cup, the race attracting some 8,000 people at the event itself and being broadcast on a range of television networks.

20) That concludes my review of the evidence in so far as I consider it necessary.

## **DECISION**

21) I turn first to the objection based on section 5(2)(b) of the Act, which reads as follows:

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

(a) ....

(b) it is similar to an earlier 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.”

22) An earlier trade mark is defined in section 6 of the Act, the relevant parts of which state:

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

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

23) The trade marks on which the opponent relies are clearly earlier trade marks as defined by Section 6(1) of the Act.

24) The Trade Marks (Proof of Use, etc) Regulations 2004 apply in this case. The provision reads as follows:

**“6A Raising of relative grounds in opposition proceedings in case of non-use**

(1) This section applies where –

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

(b) there is an earlier trade mark 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 Community trade mark, any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Community.

(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.

(7) Nothing in this section affects –

(a) the refusal of registration on the grounds mentioned in section 3 (absolute grounds for refusal) or section 5(4) (relative grounds of refusal on the basis of an earlier right), or

(b) the making of an application for a declaration of invalidity under section 47(2) (application on relative grounds where no consent to registration).”

25) Only the opponent’s mark CTM 1118819, registered in June 2000, falls within the scope of the above regulation. The opponent has shown use of the mark RED SQUARE during the five year period prior to the relevant date. This evidence consists of price lists, sales and turnover figures in addition to items which show the use of RED SQUARE on the product, in particular around the neck of bottles.

26) In reaching a decision I take into account the well established guidance provided by the European Court of Justice (ECJ) in *Sabel BV v. Puma AG* [1998] E.T.M.R. 1, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* [1999] R.P.C. 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. It is clear from these cases that:

(a) the likelihood of confusion must be appreciated globally, taking account of all the relevant factors: *Sabel BV v. Puma AG*;

(b) the matter must be judged through the eyes of the average consumer of the good/services in question; *Sabel BV v. Puma AG* who is deemed to be reasonably well informed and 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; *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V.*;



- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v. Puma AG*;
- (d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV v. Puma AG*;
- (e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*;
- (f) 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; *Sabel BV v. Puma AG*;
- (g) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v. Puma AG*;
- (h) further, 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; *Marca Mode CV v. Adidas AG & Adidas Benelux BV*
- (i) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*.

27) The effect of reputation on the global consideration of a likelihood of confusion under Section 5(2)(b) of the Act was considered by David Kitchen Q.C. sitting as the Appointed Person in *Steelco Trade Mark* (BL O/268/04). Mr Kitchen concluded at paragraph 17 of his decision:

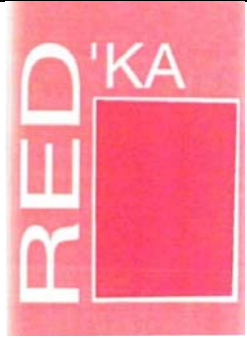
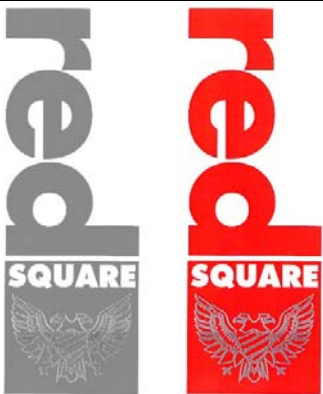
“The global assessment of the likelihood of confusion must therefore be based on all the circumstances. These include an assessment of the distinctive character of the earlier mark. When the mark has been used on a significant scale that distinctiveness will depend upon a combination of its inherent nature and its factual distinctiveness. I do not detect in the principles established by the European Court of Justice any intention to limit the assessment of distinctiveness acquired through use to those marks which have become household names. Accordingly, I believe the observations of Mr. Thorley Q.C in *DUONEBS* should not be seen as of general application irrespective of the circumstances of the case. The recognition of the earlier trade mark in the market is one of the factors which must be taken into account in making the overall global assessment of the likelihood of confusion. As observed recently by Jacob L.J. in *Reed Executive & Ors v Reed Business Information Ltd & Ors*, EWCA Civ 159, this may be particularly important in the case of marks which contain an element descriptive of the goods or services for which they have been registered. In the case of marks which are descriptive, the average consumer will expect others to use similar descriptive marks and thus be alert for details which would differentiate one mark from another. Where a mark has

become distinctive through use then this may cease to be such an important consideration. But all must depend upon the circumstances of each individual case.”

28) I have to consider whether the opponent’s marks have a particularly distinctive character arising from the inherent characteristics of the marks or from use of the marks. In my opinion, the opponent’s marks RED SQUARE and RED SQUARE & device are inherently distinctive for, broadly speaking, alcoholic beverages in Class 33 and beers and other drinks in Class 32. The opponent has shown use of the marks in their evidence. The opponent has filed evidence of use which shows substantial sales figures with 2.8 million bottles of vodka being sold in the year before the mark in suit was applied for. In addition the opponent sold 22 million cases of drinks which contained a shot of vodka, albeit these were sold under the marks RED SQUARE ICE or Red SQUARE RELOADED. Whilst the opponent states that its vodka was the third best selling vodka in the UK within a year of the relevant date, we do not know the position at the relevant date, nor were figures for either the vodka or the alco-pops markets provided. It is clear that the opponent has sought to publicise its marks in a variety of ways including sponsorship of events. At the hearing I accepted that the opponent had “a fair degree of reputation in the UK” for vodka and alco-pops, but stated that it did not qualify for enhanced protection. The opponent did not disagree with this position.

29) I have to determine who is the average consumer of the goods in question. It was accepted by both parties that the average consumer is the average UK citizen who is over 18 years of age. It was suggested that purchases would not be considered very carefully. I do not accept this view. To my mind the purchase of a bottle of ardent spirits is not undertaken lightly. Even the alco-pop type of drink will not be treated as a “bag of sweets”.

30) I now consider the marks of the two parties which are as follows:

Applicant’s Mark	Opponent’s Marks	
	CTM1118819& 2359262	<b>RED SQUARE</b>
	2348128	

31) I will first compare the mark in suit with the opponent’s word only marks. Although the mark in suit has a device element this is not a powerful device, simply looking like a red label with an oblong area marked out in white. The overall impression is that it looks like a typical label that one finds on a bottle. The dominant and distinctive elements are therefore the words “RED ‘KA”. It was suggested that

the second part would be seen as an abbreviation of the word “Vodka”, as this is what the mark would be used upon. However, the applicant’s specification is not limited to vodka, although it clearly includes it. There was no evidence as to use of the mark in suit, nor any evidence on how it would be regarded by the average consumer. Whilst I believe that most would pronounce the mark as “Red Car” it is possible that others may pronounce it as “Red-K-A”. It is clear that the marks of the two parties share the first word “RED”, however the second parts of the mark are very different. The applicant’s mark having “KA” to the opponent’s “SQUARE”. The opponent contended that a customer might ask for “Red Square Vodka” and that in a public house or club this could be mistaken as “Red KA” or vice versa. I do not accept this contention. The overall length, the number of syllables and the fact that the opponent’s mark consists of two well known dictionary words whereas the applicant’s mark has a well known word and either an abbreviation or two letters, together create a considerable visual and phonetic difference. I do not accept the contention that the applicant’s mark will be seen to consist of a red square and thus be confusable with the opponent’s marks.

32) Conceptually the best that could be made from the applicant’s mark is that it is “Red Vodka”. The opponent’s mark has a very strongly recognisable meaning as most consumers in the UK would be familiar with the geographical location “Red Square” in Moscow. Few would have been there but very few would not have seen this landmark regularly on television and /or read or heard about it via newspapers or radio. To most it will bring to mind an image of military processions in front of a group of grey geriatrics. To my mind the marks are conceptually very different. I am fortified by the view expressed by Geoffrey Hobbs Q.C. acting as the Appointed Person in the *Cardinal Place* case [O-339-04] where at paragraph 15 he stated:

“15. The perceptions and recollections triggered by the earlier mark are likely to have been ecclesiastical whereas the perceptions and recollections triggered by the Applicant’s mark are likely to have been locational as a result of the qualifying effect of the word PLACE upon the word CARDINAL. A qualifying effect of that kind can be quite powerful as indicated by the examples cited in argument on behalf of the Applicant: SOMERSET as compared with SOMERSET HOUSE; COUNTY as compared with COUNTY HALL; CANARY as compared with CANARY WHARF.”

33) With regard to the opponent’s device mark the same arguments apply. The fact that the word “RED” is written vertically in both parties marks is a factor but does not change my overall view. The opponent’s device mark also has the double headed eagle device which is usually associated with Russia and which merely emphasises the geographical location aspect.

34) I now turn to the specifications of the two parties. For ease of reference I have shown only the Class 33 specifications:

Applicant’s specification	Opponent’s specifications		
Wine and spirits in Class 33	Alcoholic beverages in Class 33	33 - Alcoholic beverages (except beers); alcoholic mixed drinks; wines, spirits and liqueurs; alcoholic preparations for making	33 - Alcoholic beverages

		beverages; spirit or wine-based cocktails and aperitifs; beverages containing wine.	except beers.
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35) Clearly the opponent's specifications of "Alcoholic beverages" incorporates "wines and spirits". The specifications are therefore identical.

36) I must now consider the issue globally, taking account of all of the above and also the concept of imperfect recollection. I believe that despite the reputation of the opponent and the fact that the goods are identical there is not a likelihood of consumers being confused into believing that the goods provided by the applicant are those of the opponent or provided by some undertaking linked to them. The opposition under Section 5(2)(b) therefore fails.

37) At the hearing it was accepted that the outcome of the opposition based on Section 5(4) (a) would follow the outcome of the 5(2)(b) claim. The finding that use of the mark in suit, actual or on a fair and notional basis would not result in confusion with the opponent's marks means that the necessary misrepresentation required by the tort of passing off would not occur. Therefore, the opposition under 5(4)(a) also fails.

38) Lastly, I turn to consider the ground of opposition under Section 5(3) which, in its original form, reads:

"5-(3) A trade mark which -

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

(b) is to be registered for goods or services which are not similar to those for which the earlier mark is protected,

shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark, in the European Community) 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."

39) By virtue of regulation 7 of the Trade Mark (Proof of Use, etc) Regulations 2004, Section 5(3)(b) has now been repealed. The equivalent provision in Section 10 of the Act dealing with infringement has also been amended. As the explanatory note indicates:

"These amendments implement the decision of the European Court of Justice in *Davidoff & Cie SA and Zino Davidoff SA v Gofkid Ltd* of 9th January 2003 (C-292/00) which was confirmed by its decision in *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd* of 23rd October 2003 (C-408/01). Those decisions determined that Article 5(2) of the Directive, which on the face of it, grants a right to the proprietor of a trade mark to prevent third parties from using an identical or similar trade mark in relation to goods or services which are *not similar* where the earlier trade mark has a reputation and use of that sign takes unfair advantage or is detrimental to the distinctive

character of that earlier trade mark, also applies to goods or services which are similar or identical to those for which the earlier trade mark is registered."

40) It is on the basis that the goods are similar that the opponent relies upon under this ground of opposition.

41) The scope of Section 5(3) has been considered in a number of cases notably *General Motors Corp v Yplon SA (Chevy)* [1999] ETMR 122 and [2000] RPC 572, *Premier Brands UK Limited v Typhoon Europe Limited (Typhoon)* [2000] RPC 767, *Daimler Chrysler v Alavi (Merc)* [2001] RPC 42, C.A. *Sheimer (M) Sdn Bhd's TM Application (Visa)* [2000] RPC 484, *Valucci Designs Ltd v IPC Magazines (Loaded) O/455/00, Mastercard International Inc and Hitachi Credit (UK) Plc* [2004] EWHC 1623 (Ch), *Electrocoin Automatics Limited and Coinworld Limited and others* [2005] FSR 7 and *Davidoff & Cie SA v Gofkid Ltd (Davidoff)* [2003] ETMR 42.

42). The points that come out of these cases are as follows:

a) "Reputation" for the purposes of Section 5(3) means that the earlier trade mark is known by a significant part of the public concerned by the products and services covered by that trade mark (paragraph 26 of the ECJ's judgement in *Chevy*);

b) Protection is available where the respective goods or services are similar or not similar (paragraph 29 of the Advocate General's opinion in *Chevy* and *Davidoff*);

c) The provision is not intended to give marks "an unduly extensive protection" – there must be actual detriment or unfair advantage (not merely risks) which must be substantiated to the satisfaction of the national court or tribunal (paragraph 43 of the Advocate General's opinion in *Chevy* and paragraph 88 of Pumfrey J's judgment in the *Merc* case);

d) The provision is not aimed at every sign whose use may stimulate the relevant public to recall a trade mark which enjoys a reputation with them (per Neuberger J in the *Typhoon* case);

e) The stronger the earlier mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it (paragraph 30 of the ECJ's judgment in the *Chevy* case);

f) Confusion as to the trade source of the goods or services offered for sale under the later mark is not a necessary condition before there can be detriment; but is one form of detriment (paragraph 88 of Pumfrey J's judgment in the *Merc* Case);

g) Detriment can take the form of either making the earlier mark less attractive (tarnishing) or less distinctive (blurring) (paragraph 88 of Pumfrey J's judgment in the *Merc* Case);

h) Unfair advantage can take the form of feeding on the fame of the earlier mark in order to substantially increase the marketability of the goods or services offered under the later trade mark (per G Hobbs QC in *Visa* at page 505. lines 10-17).

43) I also note the following comment from Mr Geoffrey Hobbs Q.C. (sitting as a Deputy Judge) in *Electrocoin Automatics Limited and Coinworld Limited and Others* [2005] FSR 7:

“ 102. I think it is clear that in order to be productive of advantage or detriment of the kind prescribed, ‘the link’ established in the minds of people in the market place needs to have an effect on their economic behaviour. The presence in the market place of marks and signs which call each other to mind is not, of itself, sufficient for that purpose.”

44) Earlier on in this decision I found that the opponent has a reasonable reputation in vodka and vodka based alco-pops in the UK. The opponent contends that the applicant’s mark would be detrimental to their marks by the “potential diversion of sales and also the potential of tarnishing the opponent’s goodwill”. Whilst there are undoubtedly similarities in the respective marks, there are differences which far outweigh the similarities. It is possible, just, that a consumer familiar with the opponent’s marks, on seeing the applicant’s mark may call to mind the mark they already know, but I do not consider the similarities to be such that they will believe that they are seeing the same marks or goods from that source. In *Inlima S.L.’s* application [2000] RPC 61 Mr Simon Thorley QC, sitting as the Appointed Person, said:

“The word ‘similar’ is a relative term. One has to ask the question ‘similar for what purpose’. The question of similarity accordingly can only be answered within the context of a particular set of facts, once one has identified both the facts and the purpose for which similarity is required. In the case of section 5(3), the purpose of requiring similarity is so that the possibility of detriment or unfair advantage might arise. In any particular case, a conclusion as to whether it does arise must depend not only upon the degree of similarity but on all the other factors of the case, not least, the extent of the reputation.

I therefore conclude that the same global appreciation as is required for confusion under section 5(2) is likewise to be applied to the changed circumstances of section 5(3).”

45) Adopting this composite approach advocated, the conclusions that I have set out above naturally lead me to the view that there is no advantage for the applicants to derive. As far as detriment is concerned, Ms Brindle suggested that this would result in the opponent’s goodwill being tarnished and sales being diverted. I do not consider that registration of the applicant’s mark could have an impact in these respects. The ground under Section 5(3) fails accordingly.

## **COSTS**

46) As the opponent was unsuccessful the applicant is entitled to a contribution towards its costs. I order the opponent to pay the applicant the sum of £2,000. This sum 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 4<sup>th</sup> day of June 2008**

**George W Salthouse  
For the Registrar,  
the Comptroller-General**