

**O/134/18**

**TRADE MARKS ACT 1994**

**APPLICATION No. 501542 BY PEPSICO, INC.**

**FOR A DECLARATION THAT TRADE MARK REGISTRATION No. 3175612**

**IN THE NAME OF TENG YUN INTERNATIONAL PTE LIMITED**

**IS INVALID AND SHOULD BE CANCELLED**

## Background and pleadings

1. This is an application by PepsiCo, Inc. (“the applicant”) for trade mark registration 3175612 to be declared invalid and cancelled. The contested trade mark is shown below.



2. The application to register the trade mark was filed on 20<sup>th</sup> July 2016 (“the relevant date”) by Teng Yun International Pte Limited (“the proprietor”). The mark was entered in the register on 14<sup>th</sup> October 2016.

3. The contested trade mark is registered in class 32 in relation to *soft drinks and non-alcoholic drinks*.

4. Section 47 of the Act states that:

“(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.

(2) The registration of a trade mark may be declared invalid on the ground-

- (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or
- (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.”

The applicant is the proprietor of the following earlier trade marks.<sup>1</sup>

| Trade mark  | Number     | Goods   |   |
|---|------------|---|---|
|  <p>Mark description: The black outline is not a feature of the mark.</p> | UK2499537  | Mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages. | Date of application<br>7/10/08<br>Registered<br>23/01/09  |
|  <p>Colours indicated: red, white, blue</p>                              | EU11727856 | As above  | Date of application<br>10/04/13<br>Registered<br>21/08/13 |

5. The applicant claims that the contested mark is similar to the earlier trade marks and is registered for identical goods. Additionally, the applicant claims that the earlier

<sup>1</sup> The applicant also relied on trade mark 2499538 but it was accepted at the hearing that this added nothing to the applicant’s case.

marks are highly distinctive as a result of the extensive use made of the marks in the UK. According to the applicant, there is a likelihood of confusion on the part of the public. Therefore registration of the contested mark was contrary to s.5(2)(b) of the Trade Marks Act 1994 (“the Act”).

6. Additionally or alternatively, the applicant claims that the earlier marks have a reputation in the UK and EU, respectively. According to the applicant, use of the contested mark would, without due cause, take unfair advantage of the reputation, and/or tarnish the reputation/dilute the distinctive character, of the earlier marks. Therefore registration of the contested mark was contrary to s.5(3) of the Act.

7. Additionally or alternatively, the applicant claims to have used the mark shown in paragraph 4 above, and the variant mark shown below, in the UK since 2009 in relation to *soft drinks and non-alcoholic drinks*. Consequently, the applicant claims that such marks are distinctive of its UK business and the associated goodwill.



8. According to the applicant, use of the contested mark would amount to a misrepresentation to the public that the proprietor’s goods are connected with the applicant, which would damage its goodwill. Therefore use of the contested mark would be contrary to the law of passing off and registration of it was contrary to s.5(4)(a) of the Act.

9. Additionally or alternatively, the applicant claims to be the owner of the copyright in the logos shown above and says that use of the contested mark would breach its copyright. Accordingly, registration of the contested mark was contrary to s.5(4)(b) of the Act.

10. Finally, the applicant claims the proprietor was aware of the earlier marks when it decided to adopt a look-alike product in order to unfairly compete with the applicant.

The contested mark was part of that plan. The application to register the mark was therefore made in bad faith contrary to s.3(6) of the Act.

11. The proprietor filed a counterstatement denying the grounds for invalidation and putting the applicant to proof of its claims. Initially this included proof of use of trade mark UK 2499537, but the proprietor subsequently accepted that the mark had been used and was therefore entitled to protection under s.5(2) and s.5(3) of the Act as an (enforceable) earlier trade mark.

12. Both sides seek an award of costs.

### **The evidence**

13. Only the applicant filed evidence. This consists of a witness statement by Paul Lee, who is an Assistant Secretary at PepsiCo, Inc. Mr Lee explains that the applicant has over 250k employees worldwide and in 2016 generated worldwide revenue of \$63 billion. The applicant's brands include Pepsi, Pepsi Max and Diet Pepsi.

14. The "Pepsi Globe" was first used in the 1960s. At that time the word PEPSI ran through the centre of the device. The globe became a separate element of Pepsi branding in 1991. The current version of the globe, as represented by the earlier trade marks, was introduced in the UK in 2009. Since then it has featured on all Pepsi soft drinks sold in the UK. Examples are shown below.



15. The 'Pepsi globe' is also used (on its own) on some bottle caps. As can be seen from the examples on the left, the globe has been portrayed on the standard Pepsi product against a blue background. Such use commenced in 2009.

16. Between them, Pepsi Max (6%) and Pepsi (5%) had 11% of the UK carbonated drinks market in 2015.<sup>2</sup> In that year 6.64 million people in the UK consumed Pepsi MAX and 5.7 million Pepsi. 4.2 million people consumed Diet Pepsi.<sup>3</sup>

17. Pepsi soft drinks with the Pepsi globe have been advertised extensively in the UK, including TV advertising featuring the pop star Beyonce (from 2013).<sup>4</sup> The Pepsi brand, prominently featuring the Pepsi globe, was also shown on TV as a result of the applicant's sponsorship of the X-Factor TV series in 2012.<sup>5</sup> The applicant also sponsored the Champions League for the 2015/16 season and this gave further exposure to the Pepsi Max brand and the Pepsi globe.<sup>6</sup>

<sup>2</sup> According to research conducted by Euromonitor at exhibit PL7

<sup>3</sup> According to statistics available on the website [www.statistica.com](http://www.statistica.com). See exhibit PL8

<sup>4</sup> See exhibit PL9

<sup>5</sup> See PL10

<sup>6</sup> An example is at page 152 in exhibit PL11

18. The Pepsi globe is also used extensively on social media sites. Examples from 2012-2017 are in evidence.<sup>7</sup> The Pepsi Max UK Twitter account has 62k followers, the UK specific YouTube channel has over 120k subscribers, and the Facebook page has over 1 million 'likes'.

19. Pepsi and the Pepsi globe device was ranked the 23<sup>rd</sup> in a ranking of global brands in 2015 by Interbrand. Forbes ranked the same (composite) mark as the 29<sup>th</sup> most valuable brand in the world in 2016.<sup>8</sup>

20. With regard to the creation of the marks shown in paragraphs 4 and 7 above, Mr Lee gives evidence that:

“The Copyright Works were design (sic) in 2008 by Peter Arnell, an employee of Arnell Group LLC, a United States advertising agency. The Copyright Works were original works which were commissioned by and designed for PepsiCo exclusively. Under the terms of the agreement between PepsiCo and Arnell Group LLC, all intellectual property rights, including copyright, created by employees of Arnell Group LLC in the course and scope of their employment at Arnell Group LLC were assigned to PepsiCo.”

21. In support of his evidence on this point Mr Lee provided a copy of the agreement between Arnell Group LLC and PepsiCo subsidiary Pepsi-Cola Advertising and Marketing, Inc. on behalf of its affiliates, dated 1 April 2006, as well as a “letter agreement addendum” dated 8 July 2008. These documents do not identify any particular works, but they bear out Mr Lee’s claim that ownership of any works created by the Arnell Group LLC for Pepsi were assigned to the applicant.

22. Mr Lee says that the Copyright Works at issue were first published in the United States of America in 2008 when PepsiCo began to use the Copyright Works on its Pepsi, Pepsi MAX and Diet Pepsi products and associated marketing and promotional materials.

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<sup>7</sup> See PL12

<sup>8</sup> See PL13

23. The applicant first became aware of the proprietor's mark when it was used outside the UK. An example of such use is in evidence and is shown below.<sup>9</sup>



24. The above picture appears to have been posted on social media in August 2016 by a Singapore-based company called Boisson Singapore Private Limited, which offered to provide One-Top cola. The parties' lawyers subsequently exchanged letters which resulted in the proprietor providing the applicant with further artwork for its cola product. This is similar to that shown above, except that the words 'One Top' were superimposed over the bottom half of the circular device element.<sup>10</sup>

## Representation

25. The applicant is represented by D Young & Co LLP, Chartered Trade Mark Attorneys. The proprietor is represented by Stevens, Hewlett & Perkins, Chartered Trade Mark Attorneys. A hearing took place on 20<sup>th</sup> February 2018 at which Mr Jonathan Moss appeared as counsel for the applicant. Ms Julie Gonard of Stevens, Hewlett & Perkins appeared on behalf of the proprietor.

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<sup>9</sup> See exhibit PL16

<sup>10</sup> See PL17



## **Proof of use**

26. The proof of use provisions in s.6A of the Act do not apply to earlier EU mark 11727856. The proof of use provisions do apply to earlier UK mark 2499537, but by the time of the hearing the proprietor no longer disputed that the UK mark had been put to genuine use. Consequently, the applicant can rely on the earlier marks in these proceedings in respect of all the goods for which they are registered.

## **Section 5(2)(b)**

27. Section 5(2)(b) of the Act is 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”.

## Comparison of goods

28. The proprietor does not dispute that the respective goods are similar. However, bearing in mind the ‘inclusion’ principle set out in *Gérard Meric v OHIM*,<sup>11</sup> I find that the goods must be considered as being identical. The required ‘global comparison’ must be carried out on this basis.

## Global comparison

29. The following principles 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,

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<sup>11</sup> Case T- 133/05, at paragraph 29 of the judgment

*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*

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

#### Average consumer and the selection process

30. The average consumer in this case is a member of the general public. Although many consumers have an attachment to their favourite brand(s), soft drinks are not an expensive or highly considered purchase. Consumers are therefore likely to pay a below average degree of attention when selecting such goods. Sometimes they will be impulse purchases.

31. The selection process is likely to involve choosing the goods from shelves or chiller cabinets in shops or from shopping pages on websites. Therefore, the visual similarities and differences between the marks are more important than how they might sound if verbalised.

#### Comparison of marks

32. The CJEU stated at paragraph 34 of its judgment in *Bimbo SA v OHIM*, 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.”

It would be wrong, therefore, to artificially dissect the trade marks, although, it is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

33. As there is no material difference between the earlier marks, I will conduct the comparison on the basis of UK2499537. The respective trade marks are shown below:



34. Both marks consist of, or (in the case of the contested mark) contain as a central element, a circular device. In both cases the circular device is divided into irregular coloured sections.

35. The bottom section of the earlier mark is blue. The dividing line between this and the white section above curves increasingly upwards from left to right. The top section of the device is red, offset to the left, and concave in the way it meets the white section below. The white section is smaller than the other two sections, thin on the left hand side but flaring outwards to create a much greater degree of separation

between the red and blue sections on the right hand side of the device. The circular device has a white border.

36. The bottom section of the contested mark is also blue and also curves upwards from left to right, in this case forming an overt wave which curls back to the left at its tip. At the tip of the wave is a small silhouette of surfer shown in white. The wave-like significance of the blue section is emphasised by the inclusion of 'splashes' of white protruding outwards from the circular device along the sides of the 'wave'. The top section of the device is in shades of orange, ranging from a deep-orange-bordering-on-red on the right to a shade of mid-orange on the left. Although less pronounced than in the earlier mark, the orange top section of the circular device is also thicker on the left than on the right. The circular device in the contested mark does not include a discrete white section as in the earlier mark. However, the use of a relatively thick white line between the blue and orange sections and the presence of the white surfer give the impression of white separating the blue and orange sections of the device.

37. Mr Moss for the applicant stressed the overall similarity of the circular devices with their orange/red, white and blue sections and the wave or wave-like divisions between the sections. He submitted that, by contrast, the small surfer figure was not a dominant feature of the contested mark. Therefore, its absence from the earlier mark was not a strong point of distinction.

38. Ms Gonard for the proprietor submitted that the silhouette of a surfer was the focal point of the contested mark, and emphasised that the mark was not red/white/blue, but orange/white/blue. She also pointed to the less uniform way in which the colours of the contested mark were divided (compared to the earlier mark) and the fact that the circular device in the contested mark appears on a blue background, which is absent from the earlier mark. According to Ms Gonard, the contested mark is a more complex device than the earlier mark with a 3D aspect not found in the applicant's mark.<sup>12</sup>

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<sup>12</sup> I cannot see this myself, so will say no more about it.

39. I find that *prima facie* the blue background to the circular device in the contested mark contributes very little to the overall impression conveyed by that mark.<sup>13</sup> The dominant and distinctive element of the contested mark is the central circular device with its colour scheme, wave feature and (to a slightly lesser extent) the surfer atop the wave.

40. The dominant and distinctive element of the earlier mark is the circular device with its colour scheme and the irregular and specific way in which the colours are divided.

41. I find that there is certain degree of similarity between the dominant and distinctive elements of the marks in that:

- (i) They are both circular devices;
- (ii) The colours are similar, although not the same;
- (iii) The distribution of the colours is similar, although not the same;
- (iv) The blue section of the earlier mark has a wave-like profile, although it is not clearly a wave as in the contested mark.

42. Additionally, the surfer figure in the contested mark has no counterpart in the earlier mark.

43. Considering the similarities and differences in the context of the marks as wholes, I find that there is a low degree of visual similarity between them.

44. Neither side suggested that aural similarity was relevant in the assessment of these figurative marks.

45. As to conceptual similarity, Ms Gonard submitted that the contested mark conveyed the concept of a surfer atop a blue wave against a sunset, whereas the earlier mark conveyed no concept. Mr Moss's skeleton included an argument that the marks are conceptually identical, but in the way he put it at the hearing it

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<sup>13</sup> It is not appropriate to take the reputation of the earlier mark into account in assessing the degree of similarity between the marks. See *Ravensburger AG v OHIM*, Case T-243/08, General Court, at paragraph 27.

appeared to be more that neither mark had any conceptual meaning beyond merely being circular figurative devices in three colours (which is not a conceptual meaning in the sense discussed in the case law).

46. I find that the surfer atop the wave in the contested mark conveys a concept that is absent from the earlier mark. However, as the surfer figure is relatively small and, by itself, not a dominant feature of the contested mark, I find that there is only a mild conceptual difference between the marks.

#### Distinctive character of the earlier trade mark

47. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* 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-0000, paragraph 49).

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).”

48. There is no doubt on the evidence that the earlier marks have received huge exposure in the UK and EU since 2009. The proprietor disputes that the marks have thereby acquired a highly distinctive character, primarily on the grounds that all the use has been alongside the word mark PEPSI. In *Société des Produits Nestlé SA v Mars UK Ltd*<sup>14</sup> the CJEU held that:

“The distinctive character of a mark referred to in Article 3(3) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks may be acquired in consequence of the use of that mark as part of or in conjunction with a registered trade mark.”

49. There is therefore nothing in point of law which prevents a trade mark from acquiring a highly distinctive character when it is used with, or even as part of, another trade mark. I accept that, as a matter of fact, it may be harder to show that a mark has acquired a distinctive character, or a more distinctive character, when it has been used only, or predominantly, with another more distinctive mark. However, this is likely to be more of a difficulty where the mark at issue is non-distinctive. In those circumstances there may be some doubt as to whether the secondary mark would be seen as a mark at all. By contrast, in a case such as this where the mark at issue is clearly a trade mark, the fact that it is consistently used with a very distinctive word mark does not mean that the device mark is unlikely to have acquired a high level of distinctiveness in its own right. On the contrary, massive exposure of the device alongside the word PEPSI, PEPSI MAX and DIET PEPSI is likely to have educated the UK public to see the mark as the Pepsi logo. It will not cease to be perceived in this way if it is used without the word PEPSI, as it sometimes is.

50. A similar point arose in a different context in *Marriott v Dr Sascha Salomonowitz*.<sup>15</sup> This was an appeal to the Appointed Person in a trade mark non-use revocation case. The evidence showed that the registered griffin device had been used in combination with the word MARRIOTT. At first instance I held that such composite use established genuine use of the registered mark on the basis that the

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<sup>14</sup> Case C-353/03

<sup>15</sup> BL O/547/17



registered mark functioned independently as a trade mark within the composite mark. The appellant appealed. Mr Iain Purvis QC, as the Appointed Person, said this:

“19. Before me, Mr Hicks contended that Mr James should have taken a stricter approach to the question of whether the griffin device, when seen in the Composite Sign, would be perceived by the public as having an independent distinctive character or as performing an independent distinctive role. He made two particular points:

(i) There was no actual evidence showing how members of the public actually perceived the composite sign. Mr Hicks contrasted the position in *Specsavers* [2014] EWCA Civ 1294, where such evidence was provided (see paragraph 33 of the judgment of Kitchin LJ in that case). He also suggested (by reference to the questions put to the CJEU) that the same must have been the case in *Colloseum Holdings*.

(ii) There was nothing inherent in the sign itself (for example a ‘TM’ marking) which identified the griffin as having independent distinctive character.

20. When considering the question of whether a particular element of a ‘composite’ sign performs an independent distinctive role in that sign, a tribunal is seeking to determine how the composite sign would be seen (in its context) through the eyes of the average consumer. That is a matter for overall assessment, taking into account any relevant matters, but in principle it can be dealt with simply by considering the composite sign and applying common sense.

21. Where (as here) the element in question is

(i) presented separately and apart from the rest of the sign

(ii) a device or picture (especially when the rest of sign comprises

words or letters)

(iii) is unrelated conceptually to the rest of the sign

(iv) is inherently distinctive in its own right

I believe that it is a particularly easy question to answer. The griffin device self-evidently has an independent distinctive role within the Composite Sign. Essentially, as Mr Hobbs put it in *Mary Quant*, this is a case where there are *'two marks (one verbal, the other non-verbal) in the same field of view'*.

51. I find that the question in this case is equally easy to answer. The earlier marks have an independent trade mark function in the various PEPSI combinations in which they are used. The earlier marks are used on products which together have an 11% share of the UK market for carbonated soft drinks. This is second only to Coca Cola with 15%. The earlier marks have therefore acquired a high degree of distinctive character through extensive use in relation to carbonated soft drinks.

#### Likelihood of confusion

52. Although it is true that when assessing the likelihood of confusion under s.5(2)(b) it is necessary to consider all the circumstances in which the contested mark may be used, it is not permissible to take account of matter extraneous to the earlier mark as registered.<sup>16</sup> Therefore, it is not appropriate for me to take into account that the earlier marks are used (in relation to the packaging on PEPSI, but not PEPSI MAX) on a blue background similar to that shown in the contested mark.

53. It is, however, necessary to keep in mind that the respective goods are identical and the earlier mark is highly distinctive in fact: both factors which increase the likelihood of confusion. On the other hand, the degree of visual similarity between the marks is low. The question is whether it is sufficiently low to avoid a likelihood of confusion. In answering this question it is necessary to bear in mind that a conceptual difference between the marks may play a role in counteracting the effect

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<sup>16</sup> See *O2 Holdings Limited, O2 (UK) Limited v Hutchison 3G UK Limited*, CJEU, Case C-533/06, and *J.W.Spear & Sons Ltd and Others v Zynga Inc.* [2015] EWCA Civ 290, paragraphs 46 and 47 of the judgment.

of visual similarity.<sup>17</sup> However, as the General Court observed in paragraph 50 of its judgment in *The Cola Cola Company v OHIM and Another*:<sup>18</sup>

“... it has been found that food products in Classes 29 and 30 are normally purchased in supermarkets or similar establishments and are thus selected from the shelf by consumers directly, rather than being asked for orally. Similarly, in such establishments, consumers lose little time between successive purchases and often do not read all the information on the various products, letting themselves be guided more by the overall visual impression produced by the labels or packaging. In those circumstances, for the purposes of assessing whether there is a likelihood of confusion or a link between the signs in question, the result of the analysis of the visual similarity between those signs becomes of greater importance than the result of the analysis of their aural and conceptual similarities.”

The same applies to soft drinks in class 32. Consequently, I do not consider that the mild conceptual difference between the marks at issue is likely to entirely counteract the low degree of visual similarity between the marks in this case.

54. In my view, the highpoint of the applicant's case is that the goods at issue are not usually selected with a great deal of care and attention and there is therefore potential for consumers to pick up a can or bottle of carbonated drinks bearing the proprietor's mark in the belief that they have picked up one of the well-known Pepsi products. This risk is made more credible by the tendency of the human eye to see what it expects to see when presented with an appropriate visual prompt in a relevant context. However, in my judgment, the low degree of visual similarity between the marks is more likely to mean that average consumers will be reminded of the earlier marks than that they confuse the contested mark with the earlier marks.

55. This does not rule out the possibility of occasional mistakes. Is that enough? In *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation*,<sup>19</sup> Kitchin L.J.

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<sup>17</sup> See *The Picasso Estate v OHIM*, CJEU, Case C-361/04 P at paragraph 20 of the judgment. It is sufficient that one of the marks has an immediately graspable concept, even if the other does not.

<sup>18</sup> Case T-480/12, judgment of 11<sup>th</sup> December 2014

considered a similar issue. Although this was an infringement case, the conclusion he came to in that case applies equally under s.5(2). The judge concluded that:

“if, having regard to the perceptions and expectations of the average consumer, the court concludes that a significant proportion of the relevant public is likely to be confused such as to warrant the intervention of the court then it may properly find infringement.”

56. In my view, the level of likely confusion in this case is not such as to effect a significant proportion of the relevant public, even if one considers the cumulative effect of a small level of confusion occurring over a period of time. It follows that I must reject the application for invalidation based on s.5(2)(b) of the Act.

#### **Section 5(4)(a) – The applicant’s passing-off right**

57. Section 5(4)(a) states that:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b) [.....]

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark.”

58. In *Discount Outlet v Feel Good UK*,<sup>20</sup> Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court stated that:

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<sup>19</sup> [2016] EWCA Civ 41, see paragraph 34 of the judgment

<sup>20</sup> [2017] EWHC 1400 IPEC

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the Jif Lemon case (Reckitt & Colman Product v Borden [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56 In relation to deception, the court must assess whether “a substantial number” of the Claimants’ customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

59. It follows from my earlier findings that I accept that the applicant owned a substantial UK goodwill in a business trading in carbonated soft drinks at the relevant date, and that the marks shown below were distinctive of that business.



60. Mr Moss submitted that the applicant’s case under s.5(4)(a) might be stronger than the case under s.5(2)(b) on the grounds that “initial interest confusion” was a relevant factor under the law of passing-off whereas it has attracted criticism in trade mark cases.<sup>21</sup> In this respect, he relied on *Knight v Beyond Properties Pty Ltd*<sup>22</sup> as authority for the proposition that initial interest confusion is sufficient to constitute a misrepresentation under the law of passing off. This was a case brought by the

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<sup>21</sup> See paragraph 155 of the judgment of the Court of Appeal in *Interflora v Marks and Spencer*, [2014] EWCA Civ 1403

<sup>22</sup> [2007] EWHC 1251 (Ch)

publisher of a series of books against a party using the same name – *Mythbusters* – in relation to a TV series. The headnotes in the Fleet Street Report of the case<sup>23</sup> include the following:

“H21 (7) Whilst there was scope for initial confusion in the sense of someone who knew of the books and seeing the name of the programme in television listings whether on screen or in a publication might have thought there was a connection, any such confusion would have been quickly dispelled on watching the programme. The whole approach of the programmes was so obviously different from the books that within a very short time of starting to watch the programme, the viewer would have known that there was no connection. ([80])

H22 (8) The issue of confusion had to be taken together with the issue of damage. It was sufficient if the initial confusion in the context of a television programme would cause damage to the claimant's goodwill. ([81])

H23 (9) The relevant time for determining confusion had to be defined by reference to the damage alleged to flow from it. If initial confusion of the type shown caused damage to the claimant's goodwill, it was actionable. ([84])”

61. However, these findings were obiter because the judge had already decided that the claimant lacked sufficient goodwill to bring a passing off action. According to Wadlow's *The Law of Passing-Off: Unfair Competition by Misrepresentation 5th Ed.* at 5-182:

“Neither [the English and Australian decisions in *Mythbusters*], nor that of Arnold J in *Och-Ziff Management v Och Capital* should be taken as standing for the proposition that “initial interest confusion” in the sense in which it is sometimes used in trade mark law is sufficient for passing off. The relevant criterion is not confusion in some abstract sense, but misrepresentation, and the misrepresentation must be a material one, in the sense of being really likely to cause damage.”<sup>24</sup>

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<sup>23</sup> See [2007] FSR 34

<sup>24</sup> This conclusion found favour with judge Hacon in *Moroccanoil Israel Limited v Aldi Stores Limited* [2014] EWHC 1686 (IPEC). On the other hand, transient confusion which causes no or little damage does not amount

62. The likelihood of a substantial number of consumers picking up the proprietor's product in mistake for the applicant's products would be "*really likely to cause damage*" to the applicant's business, even if they subsequently realised their mistake but went on to buy the proprietor's goods anyway. This is because such instances would be the cause of lost sales to the applicant. However, I have already held that it is unlikely that there would be instances of such confusion amongst a significant proportion of the relevant public in my findings under s.5(2)(b). I similarly find that it is unlikely that "*a substantial number*" of the applicant's customers or potential customers will be deceived in this way. Accordingly, I find this aspect of the applicant's case no stronger when comparing the same marks under s.5(4)(a).

63. There is one aspect of the applicant's case which is stronger under s.5(4)(a). The applicant's use of the earlier marks on a blue background in relation to its PEPSI product does introduce an additional point of similarity with the similar blue background to the circular device in the contested mark. Further, although a blue background is *prima facie* a banal and non-distinctive feature, I accept that it will now be recognised as part of the branding of the PEPSI product. In a situation where the PEPSI product has 5% of the UK market for carbonated soft drinks (and the recognition that goes with it), this aspect of Pepsi's branding is not wholly insignificant in the context of this case. This is because it will add to any impression of similarity between the contested mark as a whole and the earlier marks when used on the customary blue background for PEPSI.<sup>25</sup> This means that one of the applicant's earlier rights is a little closer to the contested mark than the earlier marks.

64. I have carefully considered whether this is enough to change my analysis based on the earlier marks (without a blue background). I have decided that it does not. In my judgment, the differences between the marks is still too great to lead to deception and damage on a more-than-trivial scale.

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to deception and misrepresentation: see, for example, *Amoco Plc v John Kelly Ltd* [2002] FSR 5, citing Lord Jauncey in the *Jif Lemon* case, "Mere confusion which does not lead to a sale is not sufficient."

<sup>25</sup> It is well established that the similarity between the get-up of two products may cause deception, even where the marks alone do not: see, for example, *United Biscuits (U.K.) Limited v Asda Stores Limited* [1997] RPC 513.

65. Mr Moss submitted that I should resolve any doubts in this respect in the applicant's favour because the evidence showed that the proprietor was "living dangerously." I will return to this point in my analysis of the s.5(3) ground. It is sufficient for present purposes to record that I do not accept that the similarities between the marks, or the manner in which the proprietor appears to market its products overseas, indicates a desire to deceive the public into believing that its product is a Pepsi product. And if "living dangerously" includes a desire to simply evoke the Pepsi branding through its own branding, then I do not consider this to be a good reason to change my initial analysis and find that the use complained about constitutes misrepresentation by deception.<sup>26</sup>

66. It follows from the above that the application for invalidation based on s.5(4)(a) also fails.

### **The section 5(3) ground**

67. Section 5(3) states:

"(3) A trade mark which-

(a) is identical with or similar to an earlier trade mark, 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 European Union trade mark or international trade mark (EC), in the European Union) 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."

### Case law

68. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel*, [2009] ETMR 13, Case C-408/01, *Addidas-Salomon*, [2004] ETMR 10 and C-487/07,

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<sup>26</sup> In this regard, see the comments of Lady Justice Black in paragraph 115 of the judgment of the Court of Appeal in *Specsavers v Asda Stores Ltd* [2012] EWCA Civ 24.



*L'Oreal v Bellure* [2009] ETMR 55 and Case C-323/09, *Marks and Spencer v Interflora*. The law appears to be as follows.

- 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 Saloman, 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'Oreal 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'Oreal v Bellure*).

### Reputation

69. I find that the earlier marks shown in paragraph 4 above have a strong reputation in the UK (and therefore in the EU too for the purposes of the EU mark) in relation to carbonated soft drinks.

### Link

70. As noted above, my assessment as to whether the public will make the required mental 'link' between the marks must take account of all relevant factors.

The factors identified in *Intel* are:

*The degree of similarity between the conflicting marks*

I find that there is a low degree of overall similarity between the marks, despite the mild conceptual difference.

*The nature of the goods or services for which the conflicting marks are registered, or proposed to be registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public*

The goods are identical and of the kind likely to be selected mainly by eye and with a lower than average degree of care and attention. The relevant public is the general public.

*The strength of the earlier mark's reputation*

The earlier marks have a strong reputation.

*The degree of the earlier mark's distinctive character, whether inherent or acquired through use*

The earlier marks have an average degree of inherent distinctive character, but have become highly distinctive as a result of extensive use.

*Whether there is a likelihood of confusion*

There is no likelihood of confusion.

71. Although relevant, the absence of a likelihood of confusion does not mean that the public will not make a mental link between the marks. In *Intra-Press SAS v*

*OHIM*<sup>27</sup> in relation to the equivalent and identical provisions of the Community Trade Mark Regulation, the CJEU stated that:

“The Court has consistently held that the degree of similarity required under Article 8(1)(b) of Regulation No 40/94, on the one hand, and Article 8(5) of that regulation, on the other, is different. Whereas the implementation of the protection provided for under Article 8(1)(b) of Regulation No 40/94 is conditional upon a finding of a degree of similarity between the marks at issue so that there exists a likelihood of confusion between them on the part of the relevant section of the public, the existence of such a likelihood is not necessary for the protection conferred by Article 8(5) of that regulation. Accordingly, the types of injury referred to in Article 8(5) of Regulation No 40/94 may be the consequence of a lesser degree of similarity between the earlier and the later marks, provided that it is sufficient for the relevant section of the public to make a connection between those marks, that is to say, to establish a link between them (see judgment in *Ferrero v OHMI*, C-552/09 P, EU:C:2011:177, paragraph 53 and the case-law cited).”

72. I find that the degree of similarity between the marks is sufficient for a significant section of the public to make a link between them. That is to say that the contested mark will call the earlier marks to mind.

#### Detriment to distinctive character and/or reputation

73. The applicant submits that the reputation of the earlier marks will be damaged if the proprietor markets comparable goods of an inferior quality under the mark. However, in the absence of any likelihood of confusion it is not easy to understand how simply being reminded of the earlier marks would tarnish the reputation they have with the public in the UK. Indeed, in *Unite The Union v The Unite Group Plc*,<sup>28</sup> Ms Anna Carboni as the Appointed Person rejected the proposition that a link between an earlier mark with a reputation and a later mark with the mere potential to create a negative association because of the potential quality of the goods/services

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<sup>27</sup> Joined cases C-581/13P & C-582/13P at paragraph 72 of the judgment.

<sup>28</sup> Case BL O/219/13

marketed under it was sufficient to found an opposition based on detriment to reputation. I therefore reject this head of injury to the earlier mark.

74. The complaint about detriment to distinctive character is essentially one of dilution. I bear in mind the CJEU's guidance in *Environmental Manufacturing LLP v OHIM*<sup>29</sup> that:

“The mere fact that consumers note the presence of a new sign similar to an earlier sign is not sufficient of itself to establish the existence of a detriment or a risk of detriment to the distinctive character of the earlier mark within the meaning of Article 8(5) of Regulation No 207/2009, in as much as that similarity does not cause any confusion in their minds.”

75. The CJEU made it clear in this case that there must be evidence that use of the contested mark is likely to lead to a change in the economic behaviour of consumers of the goods covered by the earlier marks. Such evidence may be based on logical deductions, but not just supposition or theoretical notions. In my view, the applicant has gone no further than the latter. The claim of damage to the distinctive character of the earlier marks is therefore also rejected.

76. This brings me to the issue of unfair advantage, which seems to me to be at the heart of the applicant's case. The claim is that the proprietor intends to free-ride on the reputation of the earlier marks in order to obtain a marketing advantage, which it has not paid for. The proprietor points out that the applicant has not filed evidence going to the particular aspects of the image of the earlier marks that it claims will transfer to the contested mark. This is true, but given that the earlier marks have the second largest share of the UK carbonated drinks market, and given also that the goods at issue are identical, I do not regard this as a critical omission in this case. In these circumstances I am prepared to infer that the image transferred will be the one that has made the earlier marks the second most purchased brand of carbonated drinks in the UK (and elsewhere). And as the CJEU stated in *General Motors*<sup>30</sup> “the

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<sup>29</sup> Case C-383/12P

<sup>30</sup> See paragraph 30 of the judgment

*stronger the earlier mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it."* In the light of:

- (i) the strength of the reputation of the earlier marks;
- (ii) the high degree of distinctiveness of the marks;
- (iii) the identity of the goods;

- I find that there exists a non-hypothetical risk that use of the contested mark in the UK could take advantage of the reputation and distinctive character of the earlier marks. Although it is not necessary to show that the proprietor intended to take advantage of the reputation of the earlier marks, this is relevant to the issue of whether there is likely to be any advantage and, if so, whether it is unfair.<sup>31</sup>

77. The applicant points to the evidence of the way in which the contested mark is used outside the UK, including that it is used on cans of soft drinks in a similar shade of blue to that used for the PEPSI product, and that the words on the can are in a similar lower case font to that used for the Pepsi brand.

78. The proprietor disputes that it is appropriate to take account of any use of the mark outside the UK.

79. A similar argument was raised before the General Court in *The Coca Cola Company v OHIM and Another*.<sup>32</sup> However, in its judgment of 11<sup>th</sup> December 2014<sup>33</sup> the court held that:

86. In the present case, it is common ground that, during the opposition proceedings, Coca-Cola provided evidence relating to Mitico's commercial use of the mark in respect of which registration was sought. That evidence included a witness statement by L. Ritchie, Coca-Cola's lawyer, dated 23 February 2011, to which she appended screen shots of Mitico's website, [www.mastercola.com](http://www.mastercola.com), printed on 16 February 2011. Those screen shots were

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<sup>31</sup> See, for example, paragraph 158 of the judgment of the Court of Appeal in *Specsavers v Asda Stores Ltd* [2012] EWCA Civ 24

<sup>32</sup> See case T-480/12

<sup>33</sup> See also the later judgment of the General court in the same case: T-61/16

intended to show that Mitico was using the mark applied for in the course of trade in the form shown below:



87. In paragraph 34 of the contested decision, the Board of Appeal stated that, if, on the basis of that evidence, it were proved to be true that Mitico had ‘deliberately adopted the same get-up, imagery, stylisation and font and packaging’ as Coca-Cola, then the latter ‘could reasonably argue that [Mitico] intended to illegitimately take advantage of the repute of the earlier trade marks. However, it could not do so in the context of the specific provision of Article 8(5) [of Regulation No 207/2009], which must only take into account [Mitico]’s mark for which registration is sought’.

88. It must be pointed out that the above assessment by the Board of Appeal departs from the case-law cited in paragraphs 82 to 85 above, pursuant to which, in essence, a finding of a risk of free-riding made on the basis of Article 8(5) of Regulation No 207/2009 may be established, in particular, on the basis of logical deductions resulting from an analysis of the probabilities and by taking account of the usual practices in the relevant commercial sector as well as all the other circumstances of the case, including the use, by the proprietor of the mark applied for, of packaging similar to that of the goods of the proprietor of the earlier trade marks. That case-law therefore in no way limits to the mark applied for the relevant evidence to be taken into consideration for the purposes of establishing a risk of free-riding (the risk that unfair advantage will be taken of the distinctive character or the repute of the earlier trade marks), but allows account also to be taken of any evidence intended to facilitate that analysis of the probabilities as regards the intentions

of the proprietor of the trade mark applied for, and — *a fortiori* — any evidence relating to the actual commercial use of the mark applied for.”

80. I take this to mean that I can take into account the way in which the contested mark is used elsewhere in determining whether the proprietor intends to take advantage of the reputation of the earlier marks in the UK, although what ultimately counts is whether the contested mark, by itself, is capable of taking unfair advantage of the earlier marks.

81. The proprietor has filed no evidence. In these circumstances, I find that its intentions elsewhere are probably also its intentions in the UK. In my view, the get-up (including the contested mark) shown in use by a company based in Singapore is sufficiently similar to the get-up of the PEPSI product so as to be intended to take advantage of it.<sup>34</sup> I therefore find that the proprietor intends to take advantage of the get-up of the PEPSI product by deriving a marketing advantage from the resemblance between its own get-up and that of the PEPSI product. The marketing advantage being the immediate familiarity of the look-alike product to consumers and the implicit suggestion that it has the same qualities as the PEPSI product.

82. Is the contested mark sufficiently similar to the earlier marks for the former to gain a marketing advantage from the latter when used without other similarities to the get-up of the PEPSI product? In my view, it is. Although the degree of similarity between the contested mark and the earlier marks is low it is sufficient to remind consumers of the earlier marks and to draw on their reputation. In my view, that was the proprietor’s calculation. I therefore find that use of the contested mark in the UK would take unfair advantage of the earlier marks.

#### Due cause

83. On behalf of the proprietor, Ms Gonard suggested at the hearing that the contested mark was intended to represent a surfer riding a blue wave against an orange sunset. She submitted that the proprietor had due cause to use such a mark.

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<sup>34</sup> See PL16



This amounts to an argument that the mark was adopted independently of the earlier marks. However, the proprietor elected to file no evidence giving the reasons for the adoption of the contested mark. In these circumstances Ms Gonard's submission is no more than her own speculation as to reasons for the adoption of the mark. This cannot be taken as representing the proprietor's motives for adopting the mark. It follows that the proprietor has not shown that it has due cause to the contested mark.

84. The ground for invalidation based on s.5(3) of the Act therefore succeeds.

### **Copyright infringement and bad faith**

85. In the light of my finding under s.5(3) there is strictly no need to deal with the further grounds for invalidation under s.5(4)(b) and s.3(6). However, for completeness I will briefly do so.

86. The applicant has provided evidence that the earlier marks were created in 2008 in the USA and that the copyright in the works was assigned to the applicant. The proprietor does not appear to dispute the first proposition, but it denies that the applicant's evidence proves that the copyright in the works was assigned to the applicant. I see nothing in this point. Mr Lee gives unchallenged evidence that the work in question was created by an advertising agency in the USA and assigned to the applicant through the agreement he identifies. If the proprietor wanted to directly challenge Mr Lee's evidence on this point it should have asked to cross examine him. Instead it makes some rather nit-picking criticisms about the agreement he provides. These miss the point. Mr Lee's narrative evidence is enough by itself to substantiate the applicant's claims of an assignment of the copyright. I accept it.

87. The earlier marks plainly qualify for copyright protection as an artistic (graphical) work. The creation of the work in the USA entitles it to copyright protection in the UK in accordance with the international arrangements for the mutual protection of such works.

88. I accept that the contested mark was inspired by the copyright works. The real issue is whether the contested mark takes enough of the qualitative aspects of the work to constitute an infringement of the applicant's copyright. In my view, it does not. It is important to bear in mind that copyright protects the expression of an idea, not the idea itself.<sup>35</sup> Consequently, the applicant cannot claim copyright protection in a tri-colour circular logo, or even a tri-colour circular logo in the colours red, white and blue (or similar colours). I find that the ways in which the colours are distributed within the circular devices in the works and the internal dividing lines drawn are not similar enough for the contested mark to be regarded as being an expression of the applicant's copyright work.<sup>36</sup> I reach the same conclusion whether I apply the substantial part test set out in *Designer's Guild*<sup>37</sup> or by asking myself whether the proprietor has copied the form of expression of the author's own intellectual creation. I see no contradiction between this finding and my finding under s.5(3). It will often be the case that a look-alike design includes sufficient branding cues so as to be able to remind consumers of an existing product, without having to copy the expression of the original artwork for the product and thereby infringe any copyright in it.

89. As to the bad faith claim, there is no doubt that the proprietor was aware of the use of the earlier marks when it adopted and applied to register the contested mark. Further, I have found that the contested mark was intended to take advantage of the reputation of the earlier marks, but without causing confusion with them and without infringing the applicant's copyright. It is true that bad faith can extend to acts which are not necessarily dishonest but which fall below the standards observed by reasonable people in the relevant trade.<sup>38</sup> On the other hand, it is important not to simply equate bad faith with "living dangerously" or any act amounting to unfair competition. It is sufficient for present purposes to find that if the application was made in bad faith it was only because the proprietor should have realised that use of the contested mark would take unfair advantage of the reputation of the earlier mark. In other words, the s.3(6) ground cannot succeed to any greater extent than the

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<sup>35</sup> See *SAS Institute Inc v World Programming Limited* [2013] EWCA Civ 1482

<sup>36</sup> The addition of the surfer figure must be disregarded for this purpose.

<sup>37</sup> *Designers Guild Ltd v Russell Williams (Textiles) Ltd* [2001] FSR 11 HL

<sup>38</sup> See, for example, *Red Bull GmbH v Sun Mark Ltd* [2012] EWHC 1929 (Ch)

s.5(3) ground. Accordingly, if I am wrong about that there is no separate issue under s.3(6).

### **Overall outcome**

90. The application for invalidation succeeds under s.47(2) because the registration of the mark was contrary under s.5(3). The registration will be cancelled with effect from 20<sup>th</sup> July 2016.

### **Costs**

91. The application has succeeded and the applicant is therefore entitled to a contribution towards its costs. I calculate these as follows:

£600 for filing the application for invalidation and considering the proprietor's counterstatement;

£900 for filing evidence in support of the application;

£750 for attending a hearing and filing a skeleton argument.

92. I order Teng Yun International Pte Limited to pay PepsiCo, Inc. the sum of £2250. This to be paid within 14 days of the end of the period allowed for appeal or, if there is an appeal, within 14 days of the conclusion of the appeal proceedings (subject to any order by the appellant tribunal).

**Dated this 28<sup>th</sup> day of February 2018**

**Allan James  
For the Registrar**