

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION m 2027747
HARRY FRANCIS DRNEC
TO REGISTER THE TRADE MARK

MOTHER PUCKER'S CITRUS BREW

AND

IN THE MATTER OF OPPOSITION
THERE TO UNDER OPPOSITION m 45700
INCORPORATED BEVERAGES (ICB) JERSEY LTD
AND
INTERCONTINENTAL BRANDS (ICB) LTD.

DECISION

Harry Francis Drnec applied on 21 July 1995 to register the trade mark MOTHER PUCKER'S CITRUS BREW in classes 32 and 33. Following examination, the application was advertised for opposition purposes for the following goods:

5 'Alcoholic beverages, containing or flavoured with citrus' (Class 32)

and

'Alcoholic beverages, containing or flavoured with citrus' (Class 33).

10 The application is opposed by Incorporated Beverages (ICB) Jersey Limited and Intercontinental Brands (ICB) Limited.

Their grounds of opposition is that the application would be contrary to

! s 5(4)(a) because its use in the UK is liable to be prevented by virtue of the law of passing off and,

15 ! s 3(6) because the trade mark applied for is made without bona fide belief in entitlement, that is bad faith.

20 The Opponents also ask for the registration to be refused in the exercise of the Registrar's judgement and discretion. However, under the Trade Marks Act 1994 the Registrar does not have discretion to refuse an application as he did under the old law. An application can only be refused if it fails to comply with the requirements of the Act and Rules in one or more respects. I therefore will not consider this ground any further, but will take account of any evidence submitted to support it where this is relevant to the other grounds cited.

The Opponents have also applied for the trade mark:

MARK	m.	GOODS	Date of application
MRS PUCKERS	2111977	Beer, stout, lager, porter, ale; mineral and aerated waters; non-alcoholic drinks; drinks containing not more than 1.2% (by volume of alcohol); non-alcoholic fruit juice beverages; sparkling non-alcoholic drinks; alcoholic coolers; syrups and other preparations for making beverages.	03.10.1996

25 A counter statement is provided by the Applicants denying the grounds of opposition, but they have supplied no evidence. Both Opponents and Applicants ask for their costs.

Neither party has requested a hearing and both accept that the Registrar should make his decision on the basis of the submitted, written evidence. Acting on the Registrar's behalf and after a careful study of all the papers, I now give this Decision.

5 In the Statement of Grounds the Opponents explain that Incorporated Beverages (ICB) Jersey Limited is the owner and licensor of a portfolio of trade marks which are used in the UK and elsewhere by Intercontinental Brands (ICS) Limited as licensee. The relationship between the Joint Opponents is that of licensor and licensee. The Opponents provide one Statutory Declaration from Mr Paul Burton who is a joint Managing Director of ICB. This document is taken up with the history of a joint venture, between the Opponents and Applicants, to market
10 an alcoholic lemonade.

Mr Burton says that prior to July 1995 his Company had embarked on a project to launch its own alcoholic drinks. He says '[a]t around the same time' his Company was approached by Mr Harry Francis Drnec (the Applicant) with a proposal to launch a joint product. Mr Burton states that his Company was to be responsible for sales whilst Mr Drnec would have
15 responsibility for production, and that it '..was very much a joint concept and a shared brand.' In evidence of this the Opponents have produced a copy of the letter of intent (Exhibit PB 1) which was signed by them and Mr Drnec on 20 October 1995.

However, Mr Burton also states that Mr Drnec had already conceived the name MOTHER PUCKER'S, but because of the connotations of using this name, it was jointly agreed that it
20 would be shortened to MRS PUCKERS and/or MRS PUCKERS CITRUS BREW.

Mr Burton explains that one reason behind the 50% split of the ownership of the brand, as shown in Exhibit PB1, is that his Company wished to realise a capital profit in the event of a sale. He states that his Company had agreed to invest time and money building the MRS PUCKERS brand in the United Kingdom and would not have done this without being granted
25 some rights over the brand in return. Mr Burton states that his Company's contribution (other than a commendable sales performance) includes the suggested name change to MRS PUCKERS, flavour extensions, the choice of clear lemonade as opposed to cloudy lemonade, the 'diet' concept which led to the launch of the SKINNY PUCKERS brand, the recommended strength of the product of 5.5% alcohol (by volume) and input in the label
30 design and wording.

Late in 1995 Mr Burton states that he became aware through the trade press of Mr Drnec having set up a new company, Thornlodge Limited. Further, as this was a start up company, it was necessary for his Company to guarantee supplies on Thornlodge's behalf and, though no evidence is supplied to show this, his Company paid invoices rendered by Beatson Clark (glass
35 manufacturers), Holden's (bottling company) and Marstons' Brewery. Mr Burton alleges that the sums paid on behalf of Thornlodge were in excess of £100,000. Documentary evidence of a credit reference by the Opponents on behalf of Applicants (Thornlodge) is provided in exhibit PB3. Mr Burton says 'Without the incentive of joint ownership, it is clear that My Company would not have agreed to guarantee the debt on Thornlodge's behalf.'

Exhibit PB4 provides further evidence of the agreement between ICB and Thornlodge. This exhibit is described by Mr Burton as a letter sent by Thornlodge to a supermarket referring to an industry code of practice for the marketing of alcoholic drinks, especially 'alcopops'. The letter states 'Thornlodge and ICB are the brand owners of the MRS PUCKERS and Skinny Pucker's range'.

Evidence of the Applicants' perception of the arrangement between them and the Opponents is given in Exhibit PB5. Mr Burton explains that his Company is currently in dispute with Thornlodge regarding a claim for monies due in relation to sales of the MRS PUCKERS product. Obviously this dispute is not relevant to this case but PB5, an affidavit allegedly sworn by Mr Drnec on 15 August 1997, makes clear reference to the agreement with the Opponents, to the joint brand ownership (clause 4.2) and contains the following statement: 'the intellectual property rights for the brand in the UK would be jointly shared by ICB and Thornlodge as a protection against Thornlodge selling the brand ie thereby determining ICB's distribution contract'.

Mr Burton alludes to evidence of strain in the relationship between his Company and the Applicants by March 1996 when, in a meeting with Mr Drnec and Mr Walford of Thornlodge, he says the latter made a proposal to re-structure the trade mark ownership in a different way than previously agreed, i.e. it was proposed that the MRS PUCKERS brand be owned exclusively by Thornlodge as they were then intending to manufacture the product for the USA in their own name. Mr Burton says that he made it quite clear that his Company would not be prepared to accept any changes to the initial agreement of joint ownership. The Opponents' separate application (number 2111977) for MRS PUCKERS in Classes 32 and 33, made in October 1996, was made because '..of the continued intransigence of Thornlodge and Mr Drnec and their apparent unwillingness to recognise the joint ownership of the brand..' Mr Burton says that 'Before then my Company had relied on the oral agreement of August 1995, the subsequent letter of intent of October 1995 and the repeated assurances by Mr Drnec and/or Thornlodge that the brand is 50% owned and would be registered jointly.' He also says that he was aware from the outset that an application for the mark MOTHER PUCKER'S CITRUS BREW had been filed by Mr Drnec (the subject of these opposition proceedings), but adds '..it was agreed that both the brand and the trade mark application would be held in joint ownership in accordance with the letter of intent dated 20 October 1995.'

The next part of the evidence relates to the reputation that has been built up in the MRS PUCKERS trade marks, but first Mr Burton notes the similarity between the marks at issue, saying that the two are sufficiently similar to be confused and that it is quite clear that one is an abbreviated form of the other and that it is clearly intended to relate to one and the same product.

Mr Burton explains that ICB is engaged in the sale and distribution of a wide range of alcoholic beverages including, inter alia, the goods covered by the current Application. He says that ICB has established a significant reputation in relation to a range of alcoholic carbonates under the MRS PUCKERS and MRS PUCKERS CITRUS BREW name and

trademark which has been distributed by them throughout the United Kingdom since September 1995 (he refers to the labelling on Exhibit PB2, a sample bottle of the product MRS PUCKERS CITRUS BREW, which shows that ICB is the distributor.)

5 Mr Burton gives the total turnover in goods under the Trade Mark in the United Kingdom since the date of first use in September 1995 is £2,386,000. He produces in evidence a selection of invoices showing use of the MRS PUCKERS brand and says that the approximate amount spent on advertising and promoting goods under the Trade Mark in the United Kingdom since September 1995 extends to several hundred thousand pounds. Other promotions efforts, according to Mr Burton, have included:

- 10 ! the MRS PUCKERS road show which achieved substantial exposure in the Daily Star;
- ! press advertising, trade exhibitions and extensive sales promotions;
- ! advertisements and/or features relating to the mark in such publications as Independent Caterer, Catering Update, Caterer and Hotel Keeper, The Grocer, 15 Off Licence News and newspapers such as The Mail on Sunday, Daily Star and Daily Record;
- ! the MRS PUCKERS Joke of the Week column which ran in The Licensee and the Morning Advertiser during 1996 (evidence of an award of a prize is included); and
- 20 ! posters, tickers, leaflets and tee-shirts (various promotional items are produced in evidence).

Finally, Mr Burton says that the MRS PUCKERS product was listed initially in Tesco, Asda, Cellar 5 and the Co-Op with a representative distribution throughout the United Kingdom. He also states that the product subsequently achieved nationwide distribution and was regularly 25 listed in Makro and Booker Cash & Carry, Tesco and Asda and as 'on sales' in Butlins.

Turning now to the objections raised against this Application, the first ground of opposition is stated as 'passing off' under s 5(4)(a), which is:

'(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented-

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

S 5(4)(a) is associated with Article 4(4)(b) of EC Directive 89/104 and it is clear from the wording of the Directive that the right to prevent use of the mark applied for must have existed prior to the date of the application or, where appropriate, the date of any priority 35 claim. The crucial issue is, therefore, whether the Opponents were in a position to assert rights under the law of passing off at the date the application at issue was filed, i.e. 21 July 1995.

It is clear from Mr Burton's evidence that they cannot not. In paragraph 11 of his Declaration Mr Burton states: 'The products under the MRS PUCKERS brand was first introduced into the United Kingdom in September 1995..'. This, and the other evidence he alludes to, shows that any goodwill the product generated arose well after the application in suite had been made. Consequently, this ground of opposition fails.

Next I wish to consider the Opponents' case under s 3(6) where they state that the application has been made in bad faith. S 3(6) of the Act reads as follows:-

'A trade mark shall not be registered if or to the extent that the application is made in bad faith'

The Act does not indicate what is meant by 'bad faith' and it must therefore be for the Registrar or the Court to decide in a particular case this amounts to. However, in the 'Notes on the Trade Marks Act 1994'¹ one of the examples given where bad faith might be found is:

'..where the applicant was aware that someone else intends to use and/or register the mark, particularly where the applicant has a relationship, for example as employee or agent, with that other person..'

A relationship which has characteristics in common with those of the two examples given ('employee' or 'agent') would include a business arrangement governed by a contract of some sort. Mr Burton has certainly established to my satisfaction from the evidence above that this sort of relationship existed between his Company and the Applicant and that this relationship (if bad faith is proved) is enough to bring it within the scope of s 3(6). However, the important point is whether this relationship existed *before* the Applicants made the application for the MOTHER PUCKER'S CITRUS BREW trade mark. This application is dated 21 July 1995. It seems to me that the accusation of bad faith asserted in this case cannot be proved if Mr Drnec had made his application before a relationship had begun.

Certainly the 'letter of intent' in exhibit PB1, dated 20 October 1995, was signed nearly three months after the application date and though Mr Burton is vague on this issue, there are enough allusions to dates in the material before me to come to the conclusion that no relationship had been established before the application to the Registry was made.

In paragraph 3 of his Declaration Mr Burton states: 'Prior to July 1995, My Company had embarked upon a project to launch its own alcoholic drinks.....**At around this time** my company was approached by Mr Harry Francis Drnec...with a proposal to launch a joint product...' (my emphasis). Later on he says (paragraph 6) 'During the initial conversations in July/August 1995, several other issues were agreed..' Mr Burton is more specific in paragraph 10 of his declaration, where he refers to '..the oral agreement of August 1995..'

Though this does little to help me Mr Burton is clear (paragraph 4) that Mr Drnec had already conceived of the name MOTHER PUCKER'S, that is, he came to their negotiations with this

¹A publication called 'Notes on the Trade Marks Act 1994' which was prepared for the use by Parliament during passage of the Bill.

name in existence. However, plainer evidence appears later on in paragraph 9 where Mr Burton states: 'I was aware from the outset that an application for the mark MOTHER PUCKER'S CITRUS BREW **had been filed** by Mr Drnec..'. (my emphasis). Mr Burton uses the past tense in referring to the application, indicating that it happened before 'the outset'. I think it is reasonable for me to conclude that the latter is referring to 'the outset', that is the beginning, of their relationship. It also seems to me that if a relationship had been established before the application date, the Applicants would have applied with the MRS PUCKERS version of the marks, as adopted in the discussions. Instead they used MOTHER PUCKER'S CITRUS BREW mark.

Further evidence appears in Exhibit PB5, where the Applicants' view of the timing of the agreement is given. Clause 4.1 states: 'In about August 1995, I had a meeting with Paul Burton and John Hibberd, the Directors of ICB. It seems that they had also been working on a project to produce and market similar alcoholic drinks. It was felt that, rather than competing with each other, there was potential for us to work together, pooling our different skills, and sharing the profits.' And later on (clause 4.2) '[d]uring August 1995 an oral agreement was made.'

In view of the above, I believe that I am right to conclude that bad faith has not been proved. Mr Burton makes the claim (paragraph 9) that '..it was agreed that both the brand name and trade mark application would be held in joint ownership in accordance with the letter of intent dated 20 October 1995.' Whether this is true or not - the letter of intent clearly applies to the MRS PUCKERS marks - bad faith cannot be retrospective. The application was already made and something that happened subsequent to it can have no bearing on its bona fides. This also applies to Mr Burtons reference to clause 4.2 of the statement by Mr Drnec (Exhibit PB5) that 'the intellectual property rights for the brand in the UK would be jointly shared by ICB and Thornlodge as a protection against Thornlodge selling the brand ie thereby determining ICB's distribution contract'. Again the application was in place before this undertaking was given and thus was not 'made' in bad faith.

I therefore find the Opponents unsuccessful in their opposition under Section 3(6) of the Act and, as a result the Opposition fails.

The Applicants, having been successful in these proceedings, are entitled to a contribution towards the costs of opposing the application. I therefore order the Opponents to pay to the Applicant the sum of £135.00

Dated this 5th day of November 1998

Dr W J Trott
Principal Hearing Officer
For the Registrar, the Comptroller-General