

TRADE MARKS ACT 1994

**IN THE MATTER OF Application N°: 2177940
by Millway Enterprises Limited
to register a Trade Mark and**

**IN THE MATTER OF Opposition N°: 49608
by Pepsi Co Incorporated.**

1. On 23rd September 1998 Millway Enterprises Limited, Mill Farm Industries Loddington Road, Great Cransley, Kettering, Northants NN14 1PY applied to register the following trade mark:



These goods were specified with the mark:

‘Water; mineral water; spring water; deionised water; carbonated, aerated, oxygenated or otherwise gasified waters; and waters enriched with oxygen’ in Class 32.

2. The opponents are Pepsi Co Incorporated, and their grounds for objection are under s. 5(2)(b) of the Act, s 5(4)(a) and s. 3(6).
3. A Counter Statement was provided by the applicants, in which the grounds of opposition are denied. Both parties ask for costs to be awarded in their favour.
4. The matter came to be heard on 11th July 2001, by telephone in Newport, with Mr Pennant representing the opponents. The applicants did put in any evidence, and did not choose to be involved in the hearing.
5. The opponents’ evidence is rather small in extent. I will return to it shortly. They are the proprietors of the following marks:

Mark	Number	Filing date	Goods
MAX	2020960	18.05.1995	Cola flavoured drinks.
PEPSI MAX	1502997	11.06.1992	Non-alcoholic beverages, syrups, concentrates and ingredients used in the preparation of such beverages; all included in Class 32.

6. On the 9th July 2001 the opponents wrote to the Registry, asking to amend their Statement of Grounds, and submitting new evidence. They stated:

‘The opponent believes that it is appropriate for the Registrar to allow the amendment to Statement of Grounds, together with the incorporation of the attached Witness Statement into evidence for these proceedings. Under r. 13(11) the Registrar is entitled to give leave for the filing further evidence. Facts contained in the Witness Statement have only become available since the time the filing of the Notice of Opposition, with the result that it would not have been possible to foresee the further claim the Opponent makes in the amended Statement of Grounds that the applicant had satisfied the provisions of s. 32(3) of the Act’.

7. The suggested amendment relates to the bad faith ground, already pleaded by the opponents, but with the following addition:

‘The mark applied for should not be registered in that the Applicant had not satisfied the requirement of s. 32(3) of the Trade Marks Act. The Opponent will show that the Applicant has not traded since its incorporation in 1998 and therefore cannot claim at the date of filing that the trade mark in question was being used or that there was any genuine *bona fide* intention that it should be so used’.

8. Without summarising the new evidence in detail, it is a Witness Statement by Jeremy Bankes Pennant, a Partner in D Young & Co (the opponents’ agents) providing the results of an investigation by Dun & Bradstreet into the applicants’ Company, Millways Limited. There is confirmation that the applicants have not filed any active accounts since its incorporation on 7th April 1998, and had not traded during the accounting year up until 30 April 1999.
9. During the hearing, Mr Pennant referred to this evidence and argued that, though the evidence was late, it raised questions about the applicants *bona fides*. He also suggested that I write to the applicants to give them time to comment.
10. I was concerned that this would result in a delay to the proceedings. Further, I am not persuaded that writing to them would be useful. The applicants’ agents, in letters dated 6th February 2001 and 9th May 2001, state that they are unable to contact their clients. It seems to me that little can be gained by suspending the proceedings to write to them again while knowing, with a fair degree of likelihood, that they will not reply.
11. Of course, it may be contended that this supports the opponents’ position on the applicants’ intention to use the mark, and this amounts to bad faith, elevating the importance of the new evidence. I am not convinced.
12. S 32(3) states:

‘The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a bona fide intention that it should be so used’.
13. It seems to me that there is a responsibility on the Registrar to refuse applications of, for example, a speculative nature, incorporating marks which may never be used, which may result in ‘clutter’ of the Register for no purpose. A reference can be made to the 8th recital in the Directive implemented by the Act (89/104/EEC; the clause is quoted in the *DEMON ALE Trade Mark Case* [2000] 9 RPC 345; that case is discussed further below):

‘Whereas in order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation;..in all these cases it is up to the Member States to establish the applicable rules of procedure.’

14. Registration of a trade mark is a contract between the State and the trade mark owner whereby the latter is granted exclusive rights - including an endless monopoly - to utilize the mark so registered on the goods so specified. The owner’s part of the bargain is simply that: the mark must be used in trade - trade marks are indicators of trade source, and if there is no trade, the contract is broken, and the monopoly can be removed (s. 46). If trade under the mark is never intended, the bargain is entered into in bad faith and can be grounds for refusal under s. 3(6).
15. However, there is nothing here that indicates that the applicants entered the application process with an intention not to use the mark. The new material from the opponents is not decisive on this matter. There could be a number of reasons why the company has not traded, the result of these proceedings being one. There could be a number of reasons why the applicants have not responded to their agents. Maybe they have lost interest in the proceedings, but there could be other explanations for their lack of a response. We simply do not know.
16. The inference I am being asked to draw is that the lack of commercial or other activity by the applicants, since the filing of their Counterstatement, indicates they had no intention to use the mark when they applied for it. I do not think there is enough here to allow me to arrive at that conclusion. Further, there is nothing in s. 32(3) that demands a continuing intention to use the mark, following application. I do not believe that a loss of interest in the mark, during the application *process*, necessarily amounts to bad faith. Such a happenstance is tested by evidence and, failing this, in the limit by recourse to revocation procedures for non-use under s. 46.
17. I was referred to *DEMON ALE* by Mr Pennant, in particular, page 346, line 47, where it was held:

‘The applicant was a person who could not truthfully claim to have a *bona fide* intention that *DEMON ALE* would be used as a trade mark for beer. The fact that his application included a claim to that effect was sufficient to justify its rejection under section 3(6)’.

There was specific evidence in this matter that demonstrated the applicant had no intention to use his mark on beer. There is no analogous evidence here.

18. I have decided, therefore, not to allow the amendment to the Statement of Grounds, nor allow in the Witness Statement, and will proceed to the remaining, original, grounds of opposition.
19. S 3(6) states:

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

The opponents claim that the application offends against the provisions of this section, in view of the opponents' use and worldwide reputation in their trade marks. It is, of course, possible that a mark could be chosen invading the rights of another in such a manner as to qualify as bad faith - but there would, in the light of the seriousness of this allegation, have to be strong evidence of this (see the *IVANA Trade Mark Application* SRIS O/393/00). There is no such evidence here. This ground fails.

20. The next relevant provision in the Act (which, as the marks at issue are not identical, I consider is based on s. 5(2)(b)) is:

'(2) A trade mark shall not be registered if because

(a) ... ,

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

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

The opponents have earlier marks (s. 6(1)) listed above.

21. The relevant guidance on this section is provided by the European Court of Justice (ECJ), in *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* [1999] ETMR. 1, *Lloyd Schufabrik Meyer & Co GmbH v Klijsen Handel BV* [2000] FSR 77 and *Marca Mode CV v Adidas AG* [2000] ETMR 723, and summarised as follows:

(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors (*Sabel* page 224);

(b) the matter must be judged through the eyes of the average consumer of the goods/services in question (*Sabel* page 224), 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 (*Lloyd* page 84, paragraph 27).

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details (*Sabel* page 224);

(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* page 224);

(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* page 7, paragraph 17);

(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* page 8, paragraph 24);

(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* page 224);

(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* page 732, paragraph 41);

(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* page 9, paragraph 29).

22. Mr Pennant based his arguments mainly on the opponents' registration N^o 2020960, MAX; though not solely. I was directed to the *Accutron Trade Mark* [1966] 7 RPC 153 and the *Bulova Accutron Trade Mark* [1969] 4 RPC 102 cases, and to the *Beck, Koller & Company* [1947] 4 RPC 76 case. Mr Pennant referred to the significance of a 'family' of marks containing a common element.
23. It is clear from *Beck Koller* such a 'series objection' is founded upon the opponents' 'user', and I do not think this can really help them here. A review of their evidence reveals why.
24. Their one Statutory Declaration is by Keith Richard Havelock, a European Trade Mark Attorney and Senior Partner of D. Young & Co, the opponents' agents. Mr Havelock states:

'The Trade Marks MAX and PEPSI MAX of PepsiCo. Inc. are well known and widely used in the United Kingdom and world-wide in relation to non-alcoholic beverages, in particular carbonated soft drinks. ... PepsiCo, Inc.'s Trade Marks ... have been continuously used in the United Kingdom since the dates of registrations of the Trade Marks in many forms of advertising media, including on television. There are here produced and shown to me marked Exhibit KRH-1 posters showing the manner of use of the Trade Marks'.

The Exhibit referred too, contains a photocopy of a promotional poster featuring a ski-boarder in action, and the slogans '0% SUGAR, 100% ADRENALIN' and 'LIVE LIFE TO THE MAX'; plus an original poster of a close up of a boxing glove, with the slogan 'TASTE: HEAVYWEIGHT. SUGAR: KO'D'. Both posters feature a can of PEPSI MAX.

25. This is rather thin stuff. However, there is little doubt that PEPSI is an extremely well known mark and, I think one would have to have been living in a cave not to notice the opponents' promotion of their PEPSI MAX product. Thus, in so far as Mr Havelock's comments relate to the PEPSI MAX trade mark, it would be churlish to expect more evidence of the notoriety, of the reputation that the opponents' possess in their name.
26. However, there is no evidence to support use of the mark MAX *solus*, on the opponents' carbonated soft drinks. In fact, where it has been used - the slogan 'LIVE LIFE TO THE MAX' being an example - this use tends to reference the meaning of the word, as much as it does the product. - That meaning I reasonably take to be laudatory - a shortening of the word maximum, referring, perhaps to 'maximum advantage', 'maximum benefit', 'maximum excitement' (cf the allusion to 'adrenalin' in the slogan quoted above) etc.

27. Thus, accepting that the opponents' PEPSI MAX is distinctive on the market for non-alcoholic beverages, and concluding there is no evidence of distinctiveness for MAX alone - or for any other mark including the word MAX - I can hardly find this amounts to a 'family' of marks incorporating the MAX element. In *Beck Koller*, the opponents relied on some 14 marks, all with the same prefix (not all had the necessary user). It was also considered the case, under the old law, that the strength of the series objection depended how distinctive the common feature was (see *Frigiking* [1973] RPC 739). MAX is not distinctive of the opponents, on the marketplace or, particularly, inherently.

28. Turning to *Bulova Accutron* it was found that:

'As BULOVA and ACCUTRON do not hold together as a phrase or present a wholly different meaning from the separate components, I think that their combination will be taken by many persons on first impression as an indication that the manufacturer of the watches is using two separate trade marks in connection with his products'.

Again, this is not the case here. As I have said, the word MAX has meaning, and the rest of the applicants' mark, together with the word AQUA and the devise elements, form a connotative whole (see below).

29. Finally, apart from anything else, I am not sure I am able to apply the same approach as that observed under the old law. In the recent *EnerCap Trade Mark* [1999] 9 RPC 362 case (at 366) Mr Simon Thorley QC, Acting as the Appointed Person, stated::

'...the hearing officer .. appears to me to have reinforced her conclusion on confusion by a consideration that the two marks "EnerRing" and "EnerSeal" would be seen as a family of marks. I have not heard argument as to the relevance of that, but *prima facie* I do not believe it is relevant to an enquiry under section 5(2)(b), although it may of course be relevant to an argument under section 5(4).'

This view, I believe, is not wholly consistent with the case law summarised above - it was really an aside, given at the end of the *EnerCap* case - Mr Pennant certainly thought I should consider the 'common element/family of marks' point as part of the global assessment and as one of the 'relevant factors' (see points (a) and (f), in particular). However, given my analysis above, I'm not sure it matters in this case anyhow.

30. Having determined thus, I now wish to apply the various elements identified by the case law above, to the marks at issue. Registration N^o 2020960 MAX for 'Cola flavoured drinks' remains, perhaps, the opponents' best case. The goods are not the same. But are they similar?

31. Similarity of goods and services has previously been determined by the criteria established by Jacob J in *British Sugar plc v James Robertson & Sons Ltd* [1996] 9 RPC 281. The latter have been confirmed in *Canon*:

'In assessing the similarity of the goods or services concerned... all the relevant factors relating to those goods or services themselves should be taken into account...includ[ing], *inter alia*, their nature, their end users and their method of use and whether they are in competition with each other or are complementary..'

To this list, Jacob J included the respective trade channels through which the services are supplied. The nature of the goods is different, the end users may well be the same - for example, consumers purchasing from a 'cold-shelf' in a shop. And their method of use could be the same - small plastic bottles purchased as described. They could be regarded as being in competition. Or complementary.

32. In short, there are similarities in the way the products are traded, but they are different in nature, and I also suspect, particularly for 'mineral' and 'spring' waters, in terms of the appreciation of the average consumer. One has 'health' and 'natural' overtones, the other not. It is far from 'natural' and not considered health promoting. I think I have to conclude that these goods lack significant similarity. However, I note that the applicants do not specify 'natural' products alone; they also include what I might call 'processed' water in that it is '..deionised ... carbonated, aerated, oxygenated or otherwise gasified waters; and waters enriched with oxygen.' This brings their product closer to those of the opponents.
33. In making my comparison, Mr Pennant asked me to take account of the 'bag of sweets' argument - that these are cheap items bought without too much thought, and thus the potential for confusion is amplified. Mr Pennant also brought to my attention to the importance of point (i), in paragraph 21, arguing that this is case where the likelihood of confusion arises not in the sense that one mark might be mistaken for another, but that both might be thought to emanate from the same trade source.
34. Despite these considerations, I consider that the marks, when viewed as a whole, retain significant differences, visually, conceptually and aurally. AQUA may be descriptive and, from one perspective, not a strong distinguishing element. However, together with the rest of the mark - the device element and the MAX element - the overall conceptual effect produced is different from that of MAX by itself. Visually, MAX is subsumed within the mark and, again, though AQUA is descriptive, aurally the marks are distinct.
35. I think this is enough, coupled with the differences between the goods at issue, to elude confusion sufficient to escape objection under s. 5(2)(b), despite the 'bag of sweets' and 'trade source' arguments. In terms of the latter, it is, of course, not unknown for large businesses such as the opponents to diversify, but there is no evidence here that they are, or ever have been, involved in selling mineral waters and the like.
36. However, I do not think this is the end of the matter. Much closer to the applicants products are the types of flavoured 'spring' waters which have become fashionable recently. Mr Pennant, at the hearing, asked that, if the application could not be refused in its entirety, then could refusal be applied to 'flavoured' waters. Though these products are not specifically included in the specification, they are equally not specifically excluded. Such a limitation seems sensible, and I propose an amendment to the specification, below.
37. Turning to the opponents' other mark, PEPSI MAX, though I accept that this has a reputation on the market place, much of the same comments apply. I further think that the presence PEPSI makes confusion even less likely.
38. The final ground is passing off. S. 5(4)(a) states:

'(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-

(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..’

The accepted reference at this point is the decision of Geoffrey Hobbs QC sitting as the Appointed Person in the *Wild Child* case [1998] 14 RPC 455 in which he gave a summary of the law of passing off. Essentially, the opponents need to show that at the relevant date (23rd September 1998): (i) they had acquired goodwill under their mark, (ii) that use of the mark would amount to a misrepresentation likely to lead to confusion as to the origin of their goods/services; and (iii) that such confusion is likely to cause real damage to their goodwill.

39. I accepted, above, that the opponents enjoy a reputation in their PEPSI and PEPSI MAX marks. But there is no evidence of goodwill in word MAX *solus* which, as I have said, has a laudatory significance. In view of the result I have come to under s. 5(2)(b), I do not consider that deception, leading to passing off is likely. It is possible that a case could be made, analogous to that above, for flavoured waters. I do not need to repeat that here, and it does not effect the main result in this decision. Beyond that, I do not believe that this ground helps the opponents.
40. The application will be allowed to proceed to registration if, within one month of the end of the appeal period for this decision, the Applicant files a TM21 restricting the specification as follows:
- ‘Water; mineral water; spring water; deionised water; carbonated, aerated, oxygenated or otherwise gasified waters; and waters enriched with oxygen; none of the aforesaid goods being flavoured.’
- If the Applicant does not file a TM21 restricting the specification as set out above the application will be refused in its entirety.
41. The applicants are entitled to a contribution towards their costs. I order the opponents to pay them £435. This sum is 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 15TH Day of August 2001.

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