

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No 2203609 BY
UDV NORTH AMERICA INC TO REGISTER A MARK
IN CLASS 33**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER No 50601
BY AKTSIONERNOE OBCHTCHESTVO ZAKRITOGO TIPA "TORGOVY" DOM
POTOMKOV POSTAVCHTCHIKA DVORA EGO IMPERATORSKAGO
VELITSHESTVA P.A. SMIRNOVA**

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Tipa “Torgovy” Dom Potomkov Postavchtchika
Dvora Ego Imperatorskago Velitschestva P.A. Smirnova**

BACKGROUND

1. On 22 July 1999, UDV North America Inc of Stamford, Connecticut, United States of America applied to register the trade marks shown below as a series of two marks in Class 33.



2. The application was accepted and published for a specification of goods which read:

“Alcoholic beverages”.

I note that the advertisement of the trade mark carried the following legend:

“The applicant claims the colours red, grey, black and white as an element of the second mark in the series”.

3. On 13 January 2000, Aktsionernoe Obchtchestvo Zakritogo Tipa “Torgovy” Dom Potomkov Postavchtchika Dvora Ego Imperatorskago Velitschestva p.a. Smirnova of Piatnitskaya, Moscow, Russia filed notice of opposition. The grounds of opposition as

originally filed were extensive. However, in the statutory declaration of Mr Redman dated 13 July 2000 (which constitutes the opponents' evidence in chief), the majority of the grounds were abandoned. The objections which remain, are, in summary:

- (a) under section 3(3)(b) of the Act because the marks applied for are liable to and calculated to deceive the public as to the origin of the goods, which they are likely to confuse with those of the opponents;
- (b) under section 3(4) of the Act because use of the marks applied for should and would be prohibited by the Act and by other enactments and rules of law due to the products being confused with those of the opponents;
- (c) under section 3(6) of the Act as the application was made in bad faith, the applicants being aware of the reputation of the opponents' goods and endeavouring to obtain for their own products the benefit of such reputation.

4. The applicants filed a counterstatement in which all of the grounds of opposition are denied.

5. Both sides seek an award of costs in their favour, both sides filed evidence. The matter came to be heard on 24 and 25 April 2001, when the applicants were represented by Mr James Mellor of Counsel instructed by Bristows. The opponents were represented by Mr Michael Edenborough and Mr Simon Malynicz both of Counsel instructed by A1 Trade Marks & Service Marks.

THE EVIDENCE

6. This case is but one of eighteen separate actions between the respective parties. In my decision in relation to revocation and invalidation action Nos 11286 to 11299, I provided a summary of the evidence filed in the proceedings. As the evidence filed in this opposition is identical to that filed in the revocation proceedings, I do not feel it necessary to repeat it again here. It is however attached as an Annex.

DECISION

7. The first ground is based upon Section 3(3)(b) which states:

"3.-(3)(b) A trade mark shall not be registered if it is -

- (a)
- (b) of such a nature as to deceive the public (for instance as to the nature, quality or geographical origin of the goods or service)."

8. The opponents as a result of the refinements in their evidence and from Mr Edenborough's skeleton argument, consider under this head that the trade mark in suit will portray to the general public that the goods to be sold under the trade mark originate in Russia.

9. Mr Edenborough suggested that I should approach matters as under Section 11 of the Trade Marks Act 1938. In that connection he drew my attention to the views of the Court of Appeal in *Swiss Miss Trade Mark* [1998] RPC 889 at 893 and in *Bali* [1969] RPC 472 and 495. In addition, my attention was drawn to my decision in *Madgecourt Limited's* application [2000] ETMR 825. In Mr Edenborough's view the test under Section 3(3)(b) was a low one. It was simply whether "a number of persons are caused to wonder" that, in this case, vodka, sold under the applicants' trade marks, emanated from Russia.

10. In the *Madgecourt* case I said:

"It seems to me having regard to the evidence and submissions, that because of the inclusion in the trade mark of a term "PARFUMS DE PARIS" there would be an expectation that the perfume and any of the perfumed products included in the specification would be manufactured in Paris and that if the specification of goods did not reflect that then the trade mark would be deceptive. Also having noted that France and Paris in particular has a reputation for perfumes, it seems to me that the public would be deceived not only as to the geographical origin of the goods but may also be deceived as to their nature and quality."

This view is in line with the Registrar's practice as set out in the extract from the Registry Work Manual quoted above. It is also in line with the judgment of Vinelot J in the *Swiss Miss* case [1997] RPC 219 page 222 line 43 where, having found that Switzerland had a reputation for chocolate of high quality, he said:

"The question is whether the mark would cause a number of persons, to entertain as a serious and not merely a fanciful possibility, whether the goods had a Swiss origin."

11. In relation to Sections 3(3)(b) Mr Mellor submitted that the relevant tests were identical to concepts under other Community law. Though slightly different wording was used, "liable to mislead the public" and "misleading", all were expressions used in Community instruments dealing with all sorts of consumer protection. He drew on a number of authorities in order to reinforce his point that the test under Section 3(3)(b) was much more severe than the 'cause to wonder test' which was established under Section 11 of the Trade Marks Act 1938.

12. In *Gorgonzola/Cambozola* ECJ 4.0399 the European Court of Justice dealt with a dispute centred on use of the term *Cambozola* and the designation *Gorgonzola*. At paragraphs 41 and 42 of the judgement the Court states:

"41. As to that the circumstances contemplated in Article 3(1)(c) of the first Directive 89/104 do not apply to the present case. Circumstances envisaged in the other two relevant provisions of that Directive - refusal of registration, invalidity of the trade mark, or revocation of the proprietors rights, which preclude its use being continued in Article 14(2) of Regulation No 2081/92 - presupposes the existence of actual deceit or a sufficiently serious risk that the consumer will be deceived

42. Once again it is for the National Court to apply those tests to the facts of the case before it. Although the term Cambozola, which evokes the designation Gorgonzola, can not on that ground alone be deemed liable to deceive the public as to the nature, quality or origin of the goods designated

13. He also referred me to PALL [1990] ECR 1-4827, CLINIQUE [1994] ECR 1-317 and MARS [1996] ECR 1-1923 which I have read. As a result it seems to me that the authorities consider the consumer to be reasonably observant and circumspect and thus sufficiently alert and sensible such as not to need protection from claims that might only deceive a relatively small number of customers. Overall, what is alleged to be misleading must be sufficiently serious and likely to affect the economic behaviour of the public.

14. In this case, therefore I ask myself whether there is anything inherent within the various trade marks that would cause a number of persons to entertain as a serious possibility that the vodka supplied under the trade marks in suit had a Russian origin. But in determining that question I must have regard to the way in which these particular goods are sold in the market place. By that I mean what does the trade do in terms of promoting and selling vodka in the market place which might influence the way in which the public might perceive the trade marks in relation to such goods.

15. In the evidence, summarised in Nos 11286-11299, Mr Paul Walsh exhibited photographs of bottles of vodka purchased in England from which it appears to be a common theme amongst producers of vodka to indicate in some way or other that the vodka has a Russian connection. Some trade marks use Russian sounding words like 'Kirov', 'Kalinska', others use devices of double-headed eagles, Cyrillic script, representations of buildings with onion shaped domes reminiscent of Russian architecture, red star devices and so on. It therefore seems that the trade itself has lead the public to expect that vodka, wherever it is produced (because the evidence also indicates that the vodka upon which these trade marks are used is not produced in Russia but either in the United Kingdom or elsewhere in the European Union) will have a get-up, at least, which has connotations of Russia. Therefore, simply having a Russian sounding name, or labels which include items which suggest a Russian ancestry or connection, would not be sufficient in my view to produce a positive finding under Section 3(3)(b). This is because the public would not, given the nature of branding and promotion of vodka, be given any cause to wonder about the geographical origin of goods sold with this sort of decoration or with a Russian sounding name. The trade has educated the public to expect vodka sold in the United Kingdom to have, in one way or another, Russian connotations.

16. Thus, taking all those points and authorities into account, I reach the view that in relation to Section 3(3)(b) there must be something inherent within the trade mark sufficient to mislead the public to a material extent before a positive finding can be made. In this case there is not. The trade marks in this case include the indicia used in support of the dominant or predominant elements, the words SMIRNOFF and ICE, which can be described as the imperial regalia, some heraldry, and the statements that the goods were previously supplied to the Imperial Court of Russia. On the basis of that and what the trade itself does in relation to vodka it does not suggest to me that the public is likely to be deceived into believing that the goods in question originated from Russia.

17. As Mr Mellor put it "Imperial regalia, medals, coats of arms, crowns etc. are evidently seen by the average consumer as decoration or imagery and not in any sense as a trade description or conveying any indication of origin, nature or quality of the goods. The average consumer would not believe that the appearance of Imperial regalia on a label means that this exact product was supplied to the Imperial Court of Russia". On the basis of the evidence. I agree. Insofar as the ground of opposition is based on Section 3(3)(b) it is dismissed.

18. Under the Section 3(4) ground the opponents rely upon the Trade Descriptions Act 1968 and Council Regulation (EEC) number 1576/89 of 29 May 1989. The relevant parts of the Trade Descriptions Act are set out below:

"1(1). Any person who, in the course of a trade or business-

(a) applies a false description to any trade of goods; or

(b) supplies or offers to supply any goods to which a false description is applied shall be guilty of an offence."

"2(1). A trade description is an indication, direct or indirect, and by whatever means given of any of the following matters with respect to any goods or parts of goods, that is to say

(a) quantity, size or gauge

(b) method of manufacture, production, processing or reconditioning

(c) composition

(d) fitness for purpose, strength, performance, behaviour or accuracy

(e) any physical characteristics not included in the preceding paragraphs

(f) testing by any person and results thereof

(g) approval by any person or conformity with a type approved by any person

(h) place or date of manufacture, production, processing or reconditioning [See also s 36 which states that "For the purposes of this Act goods shall be deemed to have been manufactured or produced in the country in which they last underwent a treatment or process resulting in a substantial change."]

(i) person by whom manufactured, produced, processed or reconditioned;

(j) other history, including previous ownership or use."

"3(1) A false trade description is a trade description which is false to a material degree.

3(2) A trade description which, though not false, is misleading, that is to say, likely to be taken for such an indication of any of the matters specified in section 2 of this Act as would be false to a material degree, shall be deemed to be a false trade description"

3(3)

3(4) A false indication, or anything likely to be taken as an indication which would be false, that any goods comply with a standard specified or recognised by any person or implied by the approval of any person shall be deemed to be a false trade description, if there is no such person or no standard so specified, recognised or implied."

19. Note that the offence is strict. There is no requirement of *mens rea*. Under section 1 (see above) a person "shall" be guilty of an offence. The strictness of the offence is balanced by the provision of separate statutory defences under section 24 as follows:

"24 (1) In any proceedings for an offence under this Act it shall, subject to subsection (2) of this section, be a defence for the person charged to prove-

(a) that the commission of the offence was due to a mistake or to reliance on information supplied to him or to the act or default of another person, an accident or some other cause beyond his control; and

(b) that he took all reasonable precautions and exercised all due diligence to avoid the commission of such an offence by himself or any person under his control.

(2) If in any case the defence provided by the last foregoing subsection involves the allegation that the commission of the offence was due to the act or default of another person or to reliance on information supplied by another person, the person charged shall not, without leave of the court, be entitled to rely on that defence unless, within a period ending seven clear days before the hearing, he has served on the prosecutor a notice in writing giving such information identifying or assisting in the identification of that other person as was then in his possession.

(3) In any proceedings for an offence under this Act of supplying or offering to supply goods to which a false trade description is applied it shall be a defence for the person charged to prove that he did not know, and could not with reasonable diligence have ascertained, that the goods did not conform to the description or that the description had been applied to the goods."

20. The applicants also rely upon the "Trade Descriptions Act 1968" - origin marking guidance notes issued by the Department of Trade and Industry in December 1996." At paragraph 11 of that document, the Department of Trade and Industry advises traders to pay careful attention to indirect indicia such as the use of fictional, living or dead characters, well known structures, geographical features, emblems or devices that are closely associated with particular places. The guidance states "if your goods, labels, packaging or display material bear any of the above, and do not refer to the place where the goods were actually

manufactured or produced, unless you take steps to correct the potentially misleading presentation, you may be committing an offence under the Act".

21. Mr Edenborough asked me to note that the provisions of the Trade Descriptions Act were very widely drawn ie., it was an offence that the false description was "direct or indirect and by whatever means given" and that the truth or otherwise of the indications given in the trade marks were all capable of being ascertained as a matter of fact. In this case, the false statements associated with the claim to Russian origin, historical supply to the Imperial Court, the award of medals, were all matters of fact the truth of which could be established.

22. In Mr Edenborough's submission the fact that the applicants' trade marks included the statement, on some, "Pierre Smirnov, Moscow", presented with elements all of which were associated with Russia meant that they were seeking by the use of these to persuade the consumer that there was an association between them and the goods such as to mislead directly or indirectly the consumer.

23. For his part, Mr Mellor submitted that the opponents had to prove that use of the trade marks in question were prohibited under the Trade Descriptions Act 1968 and/or Council Regulation 1576/89. This was particularly important in relation to the Trade Descriptions Act because it would be necessary for me to find the applicants guilty of a criminal offence. Thus the burden of proof to show that the applicants had, beyond reasonable doubt, committed such an offence was on the shoulders of the opponents. They had to show that the relevant trade marks did in fact constitute a trade description, that that trade description was false to a material degree and there was no disclaimer which neutralised the alleged false trade description. It was agreed between the parties that Section 19(1) of the Trade Descriptions Act, which provides that no prosecution for an offence under the Act shall be commenced after three years from the commission of the offence, or one year from its discovery by the prosecutor, was not an obstacle in the proceedings before me because each bottle sold by the applicants represented a re-commission of a fresh offence.

24. In considering the allegations under the Trade Marks Act Section 3(4) I look for guidance to a number of authorities which deal with the matter of false trade descriptions. First of all in *Donnelly v Rowlands* [1971] 1 ER9,DC in holding that there was no false trade description where a foiled cap bearing the words "untreated milk products from TT cows" followed by the name and address of the defendant where the bottles themselves were embossed with names of other well known milk suppliers, Lord Parker, CJ stated:

"The whole of the description on the bottles consisted of the wording on the foil cap and the embossed wording. What I think the justice's were saying was; if one looks at the whole thing, the falsity contained in the embossed words on the bottles was not a falsity to a material degree bearing in mind the accuracy of the trade description on the foil cap. In my judgement that is a possible approach, although I find it quite unnecessary to go to those lengths. It seems to me that such trade descriptions as there was was not false in any degree. The words on the foil cap were an accurate trade description of the milk, and in their context the words on the bottle did not refer to the milk which had already been accurately described, but merely conveyed, as the fact was, that it was a bottle belonging to the person whose name was embossed.

Looked at in that way, which is the ordinary way that any member of the public would look at it, there was no falsity here at all in the trade description.”

25. In *R v Veys* [1993] FSR 366 the Court of Appeal (Criminal Division) which was asked by the Crown to certify to points of law as of general public importance at page 368 clarified their earlier judgment by stating that they did not intend that the use of a trade mark could never be an indication of a trade description. What they said in that case was that T-shirts to which a coat of arms very similar to that of Manchester United Football Club had been applied was "what you meant to say was that the T-shirts, taken as a whole, did not contain overall an indication as to who had authorised them to be produced or whether they conformed to any authorised type or by whom they were produced". So even though recognisable as Manchester United's Coat of Arms, taken as a whole, there was no false trade description.

26. In *Horner v Kingsley Clothing* [1989] Crim LR 911 the court had held that the correct approach was to consider the matter under the Trade Descriptions Act 1968 in four stages:

- (1) Had a trade description been applied to the goods?
- (2) Was that trade description false in any particular?
- (3) If it was, was it false to a material degree?
- (4) If it was not, the justice's could put themselves in the position of the ordinary shopper to decide if it was misleading.

27. First of all there is no evidence that the word SMIRNOFF is a trade description as defined in Section 2 of the Trade Descriptions Act 1968. To the public it is no more than a Russian word of no meaning other than as a badge of origin ie a trade mark. The various other indicia that the opponents claim to be trade descriptions, the Russian Imperial Regalia, the various awards which are signalled and shown on the label, are also not in themselves trade descriptions as defined by the Act. In reaching that view I, take account of the survey conducted by the applicants. That survey, which related to "SMIRNOFF RED VODKA IMAGERY" indicated that of those who recognised the words as a trade mark a total of 57% regarded SMIRNOFF as being "authentically Russian" and of those who failed spontaneously to name SMIRNOFF, 53% regarded that brand as being authentically Russian. The opponents made play of the fact that that survey indicated that the general public would regard the name SMIRNOFF (and the other indicia) as being trade descriptions which would deceive the public into believing that the vodka sold under the trade marks in suit originated from within Russia in some way or other. Mr Mellor for the applicants denied that that was the case. He pointed out, correctly in my view, that the evidence showed that the applicants had sought to promote the Russian heritage in their advertising campaigns only since the mid 90s. The earlier advertising campaigns were not so directed. Thus, such imagery was unlikely to have been in the minds of the public at the date the various trade marks were applied for. I take note of all the above authorities, the views of the public set out in the survey results, and the average consumer tests referred to earlier. In doing so I look sensibly at the matter, not looking for the slightest misrepresentation but considering the matter in the round. In doing so, I reach the view that there will be no offence committed under the Trade Descriptions Act

1968 either as a result of the use of the word SMIRNOFF or of any of the other indicia in the trade marks. This is because, in relation to the indicia, any misrepresentation is either non-existent or negligible. Certainly there is unlikely to have been any misrepresentation or deceit to any material extent.

28. I move on to consider the allegations of deception by reference to the Council Regulation 1576/89, which deals with rules on the definition, description and presentation of spirit drinks. The relevant recital states:

"Whereas, although Directive 79112/EEC requires the printing of certain particulars on the labelling, it is somewhat lacking in clarity as regards the place of manufacture; whereas this concept is of particular importance in the sector of the drinks concerned owing to the fact that the consumer often makes an association between the drinks in question and the place of its manufacture; whereas the absence of such an indication may give the consumer the impression of a false origin; whereas this danger should be avoided by making it obligatory, in certain cases, to state the place of manufacture on the labelling;"

29. For the reasons set out already I do not believe that a different consideration or decision applies when one considers the allegations made under Section 3(4) as they relate to the Council Regulation (EEC) number 1576/89 29 May 1989. The authority quoted to me was *Verbraucherschutzverein eV v. Sektkellerei G. C. Kessler GmbH und Co* (Case C-303/97) (the "Sekt" case) [1999] ETMR 269. In that case the ECJ held, in a case involving a regulation for sparkling wines, that it was necessary to establish that the deceptive use was in fact likely to mislead reasonably well informed and circumspect customers and also to effect their economic behaviour. Applying that test I have no doubt, and for the reasons given above, that there is not likely to be any infringement by the applicant for registration of the Council Regulation quoted and therefore no offence.

30. The ground of opposition therefore, based upon Section 3(4) is dismissed.

31. Finally, I come to the ground based upon Section 3(6) of the Act. This states:

"3.-(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith."

32. The authority is *Gromax Plasticulture Ltd v Don Low Nonwovens Ltd* [1999] RPC 367 where Lindsay J said:-

"I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard

to all material surrounding circumstances."

33. This ground of opposition is based upon the opponents' claim to ownership of the SMIRNOV name. I have dealt with that issue at length in my decision referred to earlier under Nos 11286-11299. Suffice is to say that I do not consider that the applicants for registration have done anything dishonest or which could be said to fall below the standards of normal commercial behaviour. In my view, Vladimir Smirnov, as the son of PA Smirnov was not disentitled as a result of an agreement he signed in 1904 to set up the business he did in 1923 in Poland under the name Ste Pierre Smirnoff Fils. Thus he was entitled to assign the rights in that name to Rudolph Kunnett who in turn was entitled to pass it on to GF Heublein & Brothers, the predecessors in business to the applicants for registration. The ground of opposition based upon Section 3(6) is therefore dismissed.

34. The opponents having failed on all grounds, the applicants are entitled to an award of costs in their favour. I therefore order that the opponents pay to the applicants the sum of £500 as a contribution towards their costs. This sum to be paid within seven days of the expiry of the period allowed for filing an appeal or, in the event of an unsuccessful appeal within seven days of this decision becoming final.

Dated this 23 day of November 2001

M KNIGHT
For the Registrar
The Comptroller-General

Annex A: Order a copy