

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NO 2547934  
BY OLD DAIRY BREWERY LTD TO REGISTER THE TRADE MARK**

**TOP RED**

**IN CLASS 32**

**AND IN THE MATTER OF OPPOSITION  
THERE TO UNDER NO 100847  
BY HEIDSIECK & CO. MONOPOLE**

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### **BACKGROUND**

1) On 20 May 2010, Old Dairy Brewery Ltd (“the applicant”) applied under the Trade Marks Act 1994 (“the Act”) for registration of the mark TOP RED in respect of the following goods in Class 32:

*Beer, stout, ale and porter*

3) The application was published in the Trade Marks Journal on 18 June 2010 and on 26 August 2010, Heidsieck & Co. Monopole (“the opponent”) filed notice of opposition to the application. The grounds of opposition are in summary:

- The application was made in bad faith because the applicant has no intention to use, the mark in the form applied for. The applicant uses, and intends to use the mark RED TOP. The opponent claims that, on 5 March 2010, the applicant made approaches via the parties’ respective representatives to obtain consent to use the mark RED TOP. No consent was given and in reply, the opponent requested that the applicant give an undertaking to cease its use of the mark RED TOP. This undertaking was not forthcoming. At this time, the applicant filed the contested application for TOP RED. Nevertheless, the opponent noted that the applicant’s website still referred to products called RED TOP. The application therefore offends under Section 3(6) of the Act.
- The opponent is the proprietor of two earlier international registrations designating the UK and the applicant’s mark is similar to these marks and is in respect of similar goods. It claims that the opponent is known for a family of marks that are all in the form “colour” plus the word TOP and that its two earlier marks are but two of these. The application therefore falls foul of both Section 5(2)(b) and Section 5(3) of the Act. The relevant details of the opponents earlier marks are:

Mark details and relevant dates	Use claimed in respect of these goods
IR*740667  <b>RED TOP</b>  Date of international registration: 05 September 2000  Date of designation in UK: 05 September 2000	<b>Class 33:</b> Champagne wines.
IR*740666  <b>BLUE TOP</b>  Date of international registration: 05 September 2000  Date of designation in UK: 05 September 2000	<b>Class 33:</b> Champagne wines.

\*IR – International Registration

- The opponent also relies on two signs that correspond to the two registered marks detailed above and due to the sales of champagne in the UK in respect of these marks it has acquired a substantial goodwill in the signs. Use of the applicant's mark would amount to misrepresentation and is therefore liable to be prevented under the law of passing off. Therefore, the mark offends under Section 5(4)(a) of the Act.

3) The applicant subsequently filed a counterstatement denying the opponent's claims and putting it to proof of use.

4) Both sides filed evidence in these proceedings. Both sides ask for an award of costs. The matter came to be heard on 27 September 2011 when the opponent was represented by Stephen Hodsdon for Mewburn Ellis LLP and the applicant was represented by Guy Hollingworth of Counsel, instructed by Marks & Clerk LLP.

### **Opponent's Evidence**

5) This takes the form of two witness statements. The first of these, dated 11 January 2011, is by Stephen James Hodsdon, trade mark attorney and partner at Mewburn Ellis LLP, the opponent's representatives in these proceedings. His

statement is made in support of the claim of bad faith. He states that the following occurred:

- On 5 March 2010 the applicant's representative wrote to the opponent's address for service in respect of its IR 740667 RED TOP stating that the applicant "would like to use and register the mark RED TOP in Class 32 for beer, bitter and ales", and sought consent to do so. A copy of this letter is provided at Exhibit SJH1.
- On instruction from the opponent, Mewburn Ellis LLP replied on 19 March 2010 stating that the opponent does not consent to such use or registration and further, it requested that the applicant provide an undertaking not to use the mark RED TOP. This was repeated in a further letter of 29 April 2010. No such undertaking was forthcoming.
- Following the filing of the contested application on 20 May 2010, Mewburn Ellis LLP wrote again to the applicant's representative on 6 July 2010 noting the filing of the application together with the fact that it is not for the mark for which the applicant had previously expressed an intention to use. No response was received.
- On 12 August 2010, Mr Hodsdon obtained printouts from the website [www.olddairybrewery.com](http://www.olddairybrewery.com), provided at Exhibit SJH2, illustrating continued use by the applicant of the mark RED TOP (as well as the marks GOLD TOP, BLUE TOP and SUN TOP).
- On 29 November 2010, Mr Hodsdon visited this website again and states that in respect of the mark RED TOP, the pages remained substantially unchanged as illustrated by copies of the relevant pages from the website at Exhibit SJH3.

6) The second witness statement, dated 15 December 2010, is by Paul Bamberger, Delegated Director General of Vranken Pommery Monopole, the parent company of the opponent. He explains that the history of the opponent company goes back to the year 1785. The marks RED TOP and GREEN TOP were registered as device marks many decades ago in France (now lapsed) and other filing of IRs and French national marks have been made in the intervening years. Some unspecified time after 1998, IRs based on French registrations for marks including RED TOP and BLUE TOP have been filed to protect these marks in other countries including the UK.

7) Mr Bamberger explains that the opponent sells a range of champagne wines throughout the world including the UK which is one of three of its main markets. This range includes its BLUE TOP brut champagne, SILVER TOP, GREEN TOP "demi-sec" champagne, ROSE TOP and RED TOP "sec" champagne. The corporate brochure of the opponent in respect of the Heidsieck & Co. Monopole

champagne brand is provided at Exhibit PB1. This brochure illustrates use of both BLUE TOP and RED TOP. An illustrative example of how these marks are used is shown below:



8) Mr Bamberger also provides sales volumes for the UK, from 1998 in respect of BLUE TOP and GOLD TOP, from 2001 in respect of ROSE TOP and more recently in respect of SILVER TOP, GREEN TOP and RED TOP. The figures as they relate to the five full years prior to the filing date of the contested application are reproduced below (in equivalent bottles (75cl) of each):

Year	BLUE TOP	GOLD TOP	SILVER TOP	GREEN TOP	ROSE TOP	RED TOP
2005	866,060	131,040		12,576	33,984	
2006	885,927	205,668		30,240	49,408	
2007	611,168	305,418		16,188	102,162	60
2008	538,988	260,208	31,464	6,048	55,536	16,632
2009	982,157	246,480	11,088	15,120	5,040	2,016

9) A selection of twenty nine invoices, in support of these figures, are provided at Exhibit PB2. These relate to two different customers in the UKs. Eight have dates prior to the start of the relevant five year period considered for the purposes of proof of use and a further one is dated after the publication of the contested mark. Nine of the remaining twenty invoices refer to “Champagne HEIDSIECK MONOPOLE BLUE TOP BRUT”, four refer to “Champagne HEIDSIECK MONOPOLE RED TOP SEC”. Other products are also referred to, and include

“Champagne HEIDSIECK MONOPOLE GOLD TOP”, “Champagne HEIDSIECK MONOPOLE GREEN TOP DEMI SEC” and “Champagne HEIDSIECK MONOPOLE ROSE TOP”.

10) Mr Bamberger states that he is unable to provide figures relating to advertising and promotion as this is the responsibility of the distributor/importer in each country. However, he states that the opponent’s brands regularly feature in local and national press. A selection of nine of these is provided at Exhibit PB3. The relevant extracts are:

- In an article that appeared in *YOU* magazine from *The Mail on Sunday* on 18 December 2005 there is a column entitled “Wine Notes by Paul Levy” that provides lists of various wine products. In the list under the heading “Ageless Beauties” is reference to “Heidsieck & Co Monopole Blue Top, £18.99, Budgens, Morrisons, Oddbins, Somerfield, Tesco, Thresher. Fruity and floral – think apples and cookie dough.”
- an article in Sainsbury’s Magazine on 1 November 2006 that included the text “If it is a pull-out-all-the-stops event and you decide to go for Champagne, make sure it is a good label such as Heidsieck & Co Monopole Blue Top (£18.99) ...” In the same magazine a text box entitled “Wine of the Week by Anthony Worrall Thompson” states “...Heidsieck & Co Monopole Rose Top Champagne (£23.99, Oddbins), with its rich, fruity character and decidedly crisp finish...”
- a reference to “Heidsieck & Co Monopole Gold Top Champagne (75cl) down from £29.99 to £19.99 at Sainsbury’s” in the Evening Express, dated 8 August 2007, under the heading of “Drinks Deals”.
- An article that appeared in the Dorset Echo on 28 July 2008 reviewing wines includes a review of “Heidsieck & Co Monopole Silver Top 2002” and begins “SILVER TOP, the new vintage cuvee from Heidsieck & Co Monopole’s Chef de Cave...”
- A column by Vicki Woods that appeared in The Daily Telegraph on 3 January 2009 includes: “... But there is cheering news about champagne, which I pass on to anyone marrying off a daughter next summer. A friend of mine saw his wife had bought a case of Heidsieck & Co Monopole Blue Top in his local Tesco for £11.99 a bottle.”

11) Mr Bamberger states that the opponent’s champagnes are available in the UK at *Tesco*, *Sainsbury’s*, *Majestic*, *Asda*, *Morrisons* and *Makro* (*Metro* stores), and sold to *Novus Leisure* (the owner of the *Tiger Tiger* chain of bars) and *ACCOR* (the holding group for hotel brands such as *Novotel*) in the “on-trade”. The opponent’s champagnes are also sold at other bars in the UK and two menus are presented at Exhibit PB4 from *Smiths of Smithfields* and *The Luxe*.

Various beers are offered for sale at between £3.00 and £4.75. Both these menus list *Heidsieck & Co Monopole* sold from £7.00 per glass or £35.00 per bottle and Mr Bamberger states the particular brand offered is BLUE TOP.

12) Mr Bamberger states that RED TOP was first sold in the UK over a century ago when sweeter champagne was more popular. It was relaunched in the UK in 2007. Exhibit PB6 includes an extract from the BBC's web site where a report from July 1998 records that treasure hunters recovered several thousand bottles of champagne from a First World War ship wreck in the Baltic Sea. The report states that the ship "was carrying up to 5,000 bottles of *Piper Heidsieck* champagne". He also states that BLUE TOP is the opponent's primary brand in the UK and has established a significant reputation and goodwill.

### **Applicant's Evidence**

13) This takes the form of a witness statement, dated 24 February 2011, by Lionel Fretz, director of the applicant. He explains that when the applicant failed to obtain consent from the opponent to use the mark RED TOP in respect of beer, bitter and ales, it decided to apply to register the mark TOP RED as a potential alternative. When this application was opposed, the applicant considered that it would be safer to put its plans on hold pending the outcome of the opposition. He states that the applicant retains a genuine intention to use this mark subject to a successful outcome in these proceedings.

### **DECISION**

#### **Proof of use**

14) The Trade Marks (Proof of Use, etc) Regulations 2004 apply in this case. The provisions read as follows:

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

(1) This section applies where –

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

(b) there is an earlier trade mark of a kind falling within section 6(1)(a), (b) or (ba) in relation to which the conditions set out in section 5(1),(2) or (3) obtain, and

(c) the registration procedure for the earlier trade mark was completed before the start of the period of five years ending with the date of publication.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.

(3) The use conditions are met if –

(a) within the period of five years ending with the date of publication of the application the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or

(b) the earlier trade mark has not been so used, but there are proper reasons for non-use.

(4) For these purposes –

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, ...

...

(6) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services...”

15) The requirements for “genuine use” have been set out by the Court of Justice of the European Union (“the CJEU”) in its judgment in *Ansul BV v Ajax Brandbeveiliging BV*, Case C-40/01 [2003] RPC 40 and in its reasoned Order in Case C-259/02, *La Mer Technology Inc. v Laboratoires Goemar S.A.* [2005] ETMR 114.

16) In *Ansul*, the CJEU held as follows:

“35. ... ‘Genuine use’ therefore means actual use of the mark....

36. ‘Genuine use’ must therefore be understood to denote use that is not merely token, serving solely to preserve the rights conferred by the mark. Such use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user...



37. It follows that ‘genuine use’ of the mark entails use of the mark on the market for the goods or services protected by that mark and not just internal use by the undertaking concerned. The protection the mark confers and the consequences of registering it in terms of its enforceability *vis-à-vis* third parties cannot continue to operate if the mark loses its commercial *raison d’être*, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings. Use of the mark must therefore relate to goods or services already marketed or about to be marketed and for which preparations by the undertaking to secure customers are under way, particularly in the form of advertising campaigns...

38. Finally, when assessing whether there has been genuine use of the trade mark, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, in particular whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark.

39. Assessing the circumstances of the case may thus include giving consideration, *inter alia*, to the nature of the goods or service at issue, the characteristics of the market concerned and the scale and frequency of use of the mark. Use of the mark need not, therefore, always be quantitatively significant for it to be deemed genuine, as that depends on the characteristics of the goods or service concerned on the corresponding market.”

17) In *La Mer* the CJEU held as follows:

21. ... it is clear from paragraph [39] of *Ansul* that use of the mark may in some cases be sufficient to establish genuine use within the meaning of the Directive even if that use is not quantitatively significant. Even minimal use can therefore be sufficient to qualify as genuine, on condition that it is deemed justified, in the economic sector concerned, for the purpose of preserving or creating market share for the goods or services protected by the mark.

22. The question whether use is sufficient to preserve or create market share for those products or services depends on several factors and on a case by case assessment which it is for the national court to carry out....

...

25. In those circumstances it is not possible to determine *a priori*, and in the abstract, what quantitative threshold should be chosen in order to

determine whether use is genuine or not. A *de minimis* rule, which would not allow the national court to appraise all the circumstances of the dispute before it, cannot therefore be laid down.

18) Taking account of this guidance from the courts it is clear that genuine use does not need to be quantitatively significant and that, when asking if the use is genuine, it is necessary to assess all surrounding circumstances.

19) The opponent relies upon use of the marks RED TOP and BLUE TOP as secondary marks to identify the “sec” and “brut” champagnes of its *Heidsieck & Co. Monopole* branded champagnes. Use as a secondary mark qualifies as proof of genuine use of a registered mark (Case T-29/04 *Castellblanch SA v OHIM* [2005]) and the evidence provided is not excluded on these grounds.

20) Mr Hodsdon submitted that the evidence demonstrates that the marks have been used in invoices, by third parties and upon the goods themselves. Mr Hollingsworth did not dispute the level of use, but argued that such use did not serve to perform the essential function, namely to indicate trade origin of the goods. He equated the use of RED TOP on the labels and invoices to descriptions such as PREMIER CRU or EXTREME DRY that also appear on some labels. I do not accept this, the mark RED TOP is not descriptive of anything other than the colour the opponent has chosen for the top of its champagne bottle. There is no evidence to suggest that other traders also use, or may wish to use the same words to designate their “sec” champagne or any other kind of champagne for that matter. What it does convey to the consumer is that it is the opponent’s “sec” champagne rather than any other producers’ champagne. Consequently, it will be perceived as indicating the opponent’s champagne and nobody else’s and therefore performs the essential function of a trade mark.

21) The evidence illustrates that both the mark RED TOP and the mark BLUE TOP appear on the relevant champagne bottle label in a sloping rectangle background, the colour of which corresponds to the colour described by the first word of the respective marks. By way of illustration, the RED TOP mark is used as shown in paragraph 7 above. The word element appears in capitals and in an ordinary typeface. These two marks differ from the form in which they are registered by the sloping background rectangle. Such variant use does not alter the distinctive character of the marks as registered as it merely serves as an unremarkable background to the word element. Therefore, such use is consistent with the guidance provided in *Budejovicky Budvar Narodni Podnik v Anheuser-Busch Inc (BUD)* [2003] RPC 25.

22) In addition, such acceptable variant use is also supported by examples of the marks used in a word only format. The words RED TOP and BLUE TOP also appear on the foil cover at the top of the respective bottles. There are also numerous invoices exhibited, dated within the relevant period, that illustrate such

use with the words appearing together with the primary mark *Heidsieck & Co. Monopole*.

23) Taking both these examples together, I find that the use demonstrated in respect of both earlier marks is in a form that does not alter their distinctive character.

24) Finally, the scale of the use in the UK is disclosed. In respect of the opponent's BLUE TOP mark it amounts to hundreds of thousands of bottles and in respect of its RED TOP mark, in the region of 18,000 bottles in the two complete years before the relevant date. In both cases, such use is comfortably sufficient within the guidance from the courts as detailed earlier.

25) Taking all of the above into account, I conclude that both of the earlier marks relied upon have been put to genuine use in the UK during the relevant five year period and the opponent is therefore entitled to rely on both marks in respect of *champagne wines*.

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

26) Section 5(2)(b) reads:

“(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.”

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

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

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

28) The opponent relies upon two earlier IRs, both of which designate the UK and therefore qualify as earlier marks as defined by Section 6 of the Act.

29) In my consideration of a likelihood of confusion, I take into account the guidance from the settled case law provided by the CJEU in *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] FSR. 77, *Marca Mode CV v Adidas AG & Adidas Benelux BV* [2000] ETMR 723, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH* C-120/04 and *Shaker di L. Laudato & C. Sas v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) C-334/05 P (LIMONCELLO)*. It is clear from these cases that:

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

(b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v Puma AG*, 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 Schuhfabrik Meyer & Co. GmbH v Klijsen Handel B.V.*,

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v Puma AG*,

(d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV v Puma AG*,

(e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*,

(f) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either *per se* or because of the use that has been made of it; *Sabel BV v Puma AG*,

(g) in determining whether similarity between the goods or services covered by two marks is sufficient to give rise to the likelihood of confusion, the distinctive character and reputation of the earlier mark must be taken into account; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*,

(h) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v Puma AG*,

(i) further, the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; *Marca Mode CV v Adidas AG and Adidas Benelux BV*,

(j) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.*

(k) assessment of the similarity between two marks means more than taking just one component of a composite trade mark and comparing it with another mark; the comparison must be made by examining each of the marks in question as a whole, which does not mean that the overall impression conveyed to the relevant public by a composite trade mark may not, in certain circumstances, be dominated by one or more of its components; *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*

(l) it is only when all other components of a complex mark are negligible that it is permissible to make the comparison on the basis of the dominant element; *Shaker di L. Laudato & C. Sas v OHIM (LIMONCELLO)*

### **Comparison of goods**

30) In assessing the similarity of goods, it is necessary to apply the approach advocated by case law and all relevant factors relating to the respective goods should be taken into account in determining this issue. In *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* the CJEU stated at paragraph 23:

‘In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, *inter alia*, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary.’

31) Other factors may also be taken into account such as, for example, the distribution channels of the goods concerned (see, for example, *British Sugar Plc v James Robertson & Sons Limited (TREAT)* [1996] RPC 281).

32) For ease of reference, the respective goods are:

<b>Opponent's goods</b>	<b>Applicant's goods</b>
<b>Class 33:</b> <i>Champagne wines</i>	<b>Class 32:</b> <i>Beer, stout, ale and porter</i>

33) Both of the respective lists of goods cover, exclusively, alcoholic beverages of one kind or another. In order to support his submission that the respective goods are highly similar, Mr Hodsdon relied upon the decision of Geoffrey Hobbs QC, sitting as the Appointed Person in *BALMORAL Trade Mark* (BL O-304-98) and in particular, the following comments:

“At the heart of the argument addressed to me on behalf of the Applicant is the proposition that whisky and wines are materially different products which emanate (and are known to emanate) from producers specialising in different and distinct fields of commercial activity. This was said to render it unlikely that a producer of whisky would become (or be expected to become) a wine producer and unlikely that a producer of whisky who did become a wine producer would market (or be expected to market) his whisky and wines under the same trade mark. I was urged to accept that this made it possible for one producer to use a mark for whisky and another producer to use the same mark concurrently for wines without any real likelihood of confusion ensuing.

I am willing to accept that wine production and the production of whisky are activities which call for the exercise of perceptibly different skills directed to the production of qualitatively different alcoholic drinks. It may be the case that few undertakings produce both whisky and wines and it may be the case that the same trade mark is seldom used to signify that whisky and wines emanate from one and the same producer. However, I am not able to say on the basis of the materials before me whether there is any substance in either of those points. Beyond that, I consider that the arguments advanced on behalf of the Applicant over-emphasise the part played by producers and under-emphasise the part played by other traders in the business of buying and selling whisky and wines.

It is common to find whisky and wines bought and sold by merchants whose customers expect them to stock and sell both kinds of products. Many such merchants like to be known for the range and quality of the products they sell. The goodwill they enjoy is affected by the judgment they exercise when deciding what to offer their customers. In some cases the exercise of judgment is backed by the use of "own brand" or "merchant-specific" labelling. Those who supply retail customers may be licensed to do so under an "off-licence" or a licence for "on and off sales" in appropriate circumstances. It is not unusual for resellers of whisky and wines to be suppliers of bar services as well.

When the overall pattern of trade is considered in terms of the factors identified by Jacob J. In the British Sugar case (uses, users and physical nature of the relevant goods and services; channels of distribution, positioning in retail outlets, competitive leanings and market segmentation) it seems clear to me that suppliers of wines should be regarded as trading in close proximity to suppliers of whisky and suppliers of bar services. In my view the degree of proximity is such that people in the market for those goods or services would readily accept a suggestion to the effect that a supplier of whisky or bar services was also engaged in the business of supplying wines.

## **Conclusions**

... the proximity of trading envisaged by the references to wines, whisky and bar services in the specifications of the Application and the cited registrations, would be likely to suggest quite strongly, to people who would quite readily accept, that the user of the "earlier trade marks" was also engaged in the business of supplying wines. It thus appears to me to be likely that the user of one mark would be implicated in the use of the other in the minds of people who would be exposed to the use of both if the "earlier trade marks" and the sign subsequently presented for registration were to be used concurrently in relation to the goods and services I have mentioned..."

34) Mr Hollingsworth criticised the reliance upon this case because, firstly, it was considering a factual situation involving identical marks and, secondly, that as it was in respect of ex-parte proceedings, Mr Hobbs was not constrained by the need for his findings to be evidence based. Building on this point, Mr Hollingsworth further argued that, as the current proceedings involve two parties, there is an onus upon the opponent to provide evidence of similarity between the respective goods and it has to do so persuasively. Mr Hollingsworth directed me to an alternative approach taken by the GC, namely in *The Coca-Cola Company v Office for Harmonization in the Internal Market (trade Marks and Designs)(OHIM)*, Case T-175/06, where the court stated:

### **"Comparison between wine and beer**

63 So far as concerns, first, the nature, end-users and method of use of wines and beers, ale and porter, it is correct, as argued by the applicant, that those goods constitute alcoholic beverages obtained by a fermentation process and consumed during a meal or drunk as an aperitif.

64 However, it must be stated – as did the Board of Appeal – that the basic ingredients of those beverages do not have anything in common. Alcohol is not an ingredient used in the production of those beverages, but is one of the constituents generated by that production. Moreover,

although the production of each of those beverages requires a fermentation process, their respective methods of production are not limited to fermentation and are fundamentally different. Thus, crushing grapes and pouring the must into barrels cannot be assimilated to the brewing processes of beer.

65 Moreover, the fact that beer is obtained through the fermentation of malt, whereas wine is produced through the fermentation of the must of grapes, means that the end products generated differ in colour, aroma and taste. That difference in colour, aroma and taste leads the relevant consumer to perceive those two products as being different.

66 In addition, despite the fact that wine and beer may, to a certain extent, satisfy the same need – enjoyment of a drink during a meal or as an aperitif – the Court considers that the relevant consumer perceives them as two distinct products. The Board of Appeal was therefore correct to consider that wines and beers do not belong to the same family of alcoholic beverages.

67 As regards, next, the complementary nature of wine and beer as referred to in the case-law cited in paragraph 61 above, it should be borne in mind that complementary goods are goods which are closely connected in the sense that one is indispensable or important for the use of the other (see Case T-169/03 *Sergio Rossi v OHIM – Sissi Rossi (SISSI ROSSI)* [2005] ECR II-685, paragraph 60). In the present case, the Court considers that wine is neither indispensable nor important for the use of beer and vice versa. There is indeed nothing to support the conclusion that a purchaser of one of those products would be led to purchase the other.

68 As to whether wine and beer are in competition with each other, it has previously been held, in a different context, that there is a degree of competition between those goods. The Court of Justice thus considered that wine and beer are, to a certain extent, capable of meeting identical needs, which means that a certain measure of mutual substitutability must be acknowledged. Nevertheless, the Court of Justice pointed out that, in view of the significant differences in quality – and, accordingly, in price – between wines, the decisive competitive relationship between wine and beer, a popular and widely consumed beverage, must be established by reference to those wines which are the most accessible to the public at large, that is to say, generally speaking, the lightest and least expensive varieties (see, by analogy, Case 356/85 *Commission v Belgium* [1987] ECR 3299, paragraph 10; see also, Case 170/78 *Commission v United Kingdom* [1983] ECR 2265, paragraph 8; and Case C-166/98 *Socridis* [1999] ECR I-3791, paragraph 18). There appears to be nothing to indicate that that assessment does not also apply in the present case.



Accordingly, it must be acknowledged, as the applicant indicates, that wine and beer are, to a certain extent, competing goods.

69 Finally, in accordance with the Board of Appeal's assessment, it must be accepted that the average Austrian consumer will consider it normal for wines, on the one hand, and beers, ale and porter, on the other, to come from different undertakings – and will therefore expect this – and that those beverages do not belong to the same family of alcoholic beverages. There is nothing to suggest that the Austrian public is not aware, and does not notice the characteristics distinguishing beer and wine as regards their composition and method of production. On the contrary, the Court considers that those differences are perceived as making it unlikely that the same undertaking would produce and market the two types of beverage at the same time. For the sake of completeness, it should be noted that it is well known that, in Austria, there is a tradition of producing both beer and wine, and that this is done by different undertakings. Consequently, the average Austrian consumer expects beers, ale and porter, on the one hand, and wines on the other, to come from different undertakings.

70 In the light of all of the preceding factors, the Court considers that, for average Austrian consumers, there is little similarity between wines and beers.”

35) Whilst it is clear, that at a general level, there is similarity between the applicant's and opponent's goods by virtue of them all being alcoholic beverages, there are also differences such as their ingredients, methods of production and visual appearance. In *BALMORAL*, Mr Hobbs found that the existence of the practice of “own-brand” labelling outweighed these differences when assessing the similarity of wine and whiskey. In the current case I am considering the similarity between different alcoholic beverages, namely *champagne wine* on the one hand and *beer, ale, stout and porter* on the other. There is nothing in the evidence before me to indicate that a practice of “own-branding” exists in respect of these respective goods. In fact, the evidence submitted by the opponent illustrates use of its marks as secondary marks to indicate the type of champagne wine within its range rather than to indicate the merchant selling the product to the end consumer. As such, the comparison here is somewhat different to the one Mr Hobbs was required to undertake in *BALMORAL*.

36) Taking account of all the above, in the current proceedings there is no evidence of a competitive relationship between the respective goods. The mere fact that these goods may be bought from the same establishments and appear on adjacent, but not normally the same, shelves is not a reason to reach such a conclusion. There is also the issue of the respective costs of the goods. Mr Hodsdon pointed to the fact that the opponent sometimes makes its champagne wines available in smaller bottles and therefore brings the price of its products

more closely in line with those of the applicant. Whilst I concede that the evidence does illustrate use of these smaller bottles, there is nothing to indicate the price of these. The opponent's evidence does show that its bottles of *champagne wine* are sold for between £19.99 and £29.99 and, in one instance, at £11.99. Even in a bar where its goods are sold by the glass, this is still £7.00. These prices are all significantly more than the price of *beer*. The menus exhibited by the opponent illustrate beers being sold for between £3.00 and £4.75. As such, I conclude that *champagne wine* is sold at a distinct premium to the goods of the applicant. Further, the respective goods normally appear under separate headings on restaurant menus with *champagne wine* and *beer* normally being listed under their own headings.

37) In addition, the trade origin of the respective goods is different. Champagne is produced at specialist champagne houses. However, the applicant's goods are produced in breweries. The average consumer will expect champagne wines, on the one hand, and beer on the other, to come from different undertakings. It is unlikely that they will be perceived as having a common commercial origin. Further, the applicant's goods fall into a different market segment to champagne and as such the respective goods are not generally in competition with each other. That said, I do recognise that the respective goods may both be offered together, particularly in on-trade circumstances, but the different images attached to the respective goods and the different price categories will result in competition being very limited. Neither are they complementary in the sense that one is important or essential to the other.

38) Taking all of the above into account, and in particular, taking account of the guidance in both *BALMORAL* and *Coca-Cola*, I conclude that there is some similarity between the respective goods, this is on the low side.

### ***The average consumer and nature of the purchasing act***

39) As matters must be judged through the eyes of the average consumer (*Sabel BV v. Puma AG*, paragraph 23) it is important that I assess who the average consumer is for the goods at issue.

40) The relevant average consumer for the respective goods is the *champagne* and *beer, stout, ale* and *porter* drinking public who will purchase these goods either at a restaurant or bar or from a retail outlet such as a supermarket or off-license. The respective goods are generally at different ends of the costs scale, with beer and the like normally costing a few pounds where as champagne is generally of higher cost and more likely to be sold through up-market restaurants and boutique retailers at a high price. In respect to beer and the like, the purchasing act is likely to involve an average degree of attention, neither particularly low or of the highest level. The average consumer generally has some brand awareness in this sector and will usually select by brand rather than drink type.

41) In respect of champagne, the purchasing act is likely to be well considered and based on some knowledge of the perceived quality of the goods.

42) In summary, I consider that the average consumer for the respective goods is not the same, but of course it may overlap. The purchasing act can differ depending on the perceived quality and price of the goods. With the respective goods being placed at different points on the pricing scale, the purchasing act will vary in that it will be more considered in respect of champagne wines, but less considered in respect of more affordable goods such as beer.

### **Comparison of marks**

43) As agreed at the hearing, the opponent's best case resides with its mark RED TOP and I will confine my analysis under Section 5(2)(b) to the similarity between this mark and the applicant's mark. For ease of reference, the respective marks are:

<b>Opponent's marks</b>	<b>Applicant's mark</b>
RED TOP	TOP RED

44) When assessing the extent of similarity between the respective marks, I must do so with reference to their visual, aural and conceptual similarities bearing in mind their distinctive and dominant components (*Sabel BV v. Puma AG*, para 23).

45) Both marks consist of the same two, three letter words. Neither word is presented in a more dominant way than the other and therefore I conclude that in both marks, no one element dominates.

46) Visually, the marks share similarity in that, as I have already noted, they consist of the same two words both consisting of three letters. They differ in that these two words are inverted in each mark. Taking these similarities and difference into account, I find that the respective marks share a reasonably high level of visual similarity, but because of the inversion of the words, they cannot be said to be "virtually identical" as Mr Hodsdon contended.

47) From an aural perspective, both marks contain the same two single syllable words, being an obvious point of similarity, but as these two words are reversed in the applicant's mark there is also a clear aural difference between the marks. This difference and similarity combine to result in the respective marks sharing a moderate degree of aural similarity.

48) The opponent's mark consists of the words RED TOP that, conceptually, identifies the uppermost point of something<sup>1</sup> that is coloured red. On the other hand, the applicant's mark consists of the words TOP RED that describes something that is coloured red and that this "something" is particularly good<sup>2</sup>. As such, whilst the marks exhibit some conceptual similarity at a general level in both referring to something coloured red, the different meaning of the word TOP, apparent in each mark, provides a significant conceptual difference. I am not persuaded by Mr Hodsdon's argument that the term TOP RED is not normal usage and therefore the consumer will perceive it as RED TOP. Both phrases have clear, but essentially different concepts. Taking all of this into account, I conclude that the marks are conceptually different.

49) Taking into account that I have found that the respective marks share a reasonably high level of visual similarity, a moderate degree of aural similarity and that they are conceptually different, I find, overall, that the marks share a moderate level of similarity, not particularly low or particularly high.

### ***Distinctive character of the earlier trade mark***

50) The opponent's mark consists of two ordinary dictionary words that are easily understood by the average consumer. They describe the uppermost point of something being coloured red. As such, it is not endowed with a particularly high level of inherent distinctive character and I would put it at no more than a moderate level.

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

"The global assessment of the likelihood of confusion must therefore be based on all the circumstances. These include an assessment of the distinctive character of the earlier mark. When the mark has been used on a significant scale that distinctiveness will depend upon a combination of its inherent nature and its factual distinctiveness. I do not detect in the principles established by the European Court of Justice any intention to limit the assessment of distinctiveness acquired through use to those marks which have become household names. Accordingly, I believe the observations of Mr. Thorley Q.C in *DUONEBS* should not be seen as of general application irrespective of the circumstances of the case. The

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<sup>1</sup> "top". Oxford Dictionaries. April 2010. Oxford Dictionaries. April 2010. Oxford University Press. 28 September 2011 <<http://oxforddictionaries.com/definition/top?rskey=6FvXPF&result=1>>.

<sup>2</sup> "top". Oxford Dictionaries. April 2010. Oxford Dictionaries. April 2010. Oxford University Press. 28 September 2011 <<http://oxforddictionaries.com/definition/top?rskey=6FvXPF&result=1>>.

recognition of the earlier trade mark in the market is one of the factors which must be taken into account in making the overall global assessment of the likelihood of confusion. As observed recently by Jacob L.J. in *Reed Executive & Ors v Reed Business Information Ltd & Ors*, EWCA Civ 159, this may be particularly important in the case of marks which contain an element descriptive of the goods or services for which they have been registered. In the case of marks which are descriptive, the average consumer will expect others to use similar descriptive marks and thus be alert for details which would differentiate one mark from another. Where a mark has become distinctive through use then this may cease to be such an important consideration. But all must depend upon the circumstances of each individual case.”

52) Firstly, I note that whilst the opponent’s use of its mark is used to identify its “sec” range of champagne sold under its house mark *Heidsieck & Co. Monopole*, such secondary use does not preclude a finding of particular distinctive character in the earlier mark (see the CJEU judgment in *Société des produits Nestlé SA v Mars UK Ltd*, C-353/03 paras 26-30). That said, the evidence, in respect of the goods sold under the mark RED TOP, is insufficient to demonstrate that it has acquired an enhanced distinctive character. The opponent’s RED TOP champagne was only re-launched in the UK in 2007 and from the figures provided, only a very small amount (the equivalent of 60 bottles) was sold in the UK that year. In 2008, the amount increased to the equivalent of 16,632 bottles before falling again to only 2,016 in 2009. Such figures represent what must be a very small percentage of the champagne market in the UK.

### ***Likelihood of confusion***

53) I must adopt the global approach advocated by case law and take into account that marks are rarely recalled perfectly with the consumer relying instead on the imperfect picture of them he has in kept in his mind (*Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V* paragraph 27).

54) I have found that there is no conceptual similarity between the marks. I considering the significance of this to my consideration of likelihood of confusion, I am mindful of the comments of the GC in its judgment T-147/03, *Devinlec Développement Innovation Leclerc SA v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* , and in particular, paragraph 98, where it stated:

“98 It is true that, according to case-law, a conceptual difference between the marks at issue *may* [my emphasis] be such as to counteract to a large extent the visual and aural similarities between those signs [Case T-292/01, *Phillips-Van Heusen Corp. v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) (BASS)*, para 54]. ....”

55) This appears to envisage that conceptual dissimilarity MAY counteract visual and aural similarities, but does not lay down a principle where this must also apply. I am also mindful of two further relevant cases. The first of these is Case C- 206/04, *P Mülhens GmbH & Co. KG v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, where the CJEU commented:

“21 It is conceivable that the marks’ phonetic similarity alone could create a likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 40/94 (see, in respect of Directive 89/104, *Lloyd Schuhfabrik Meyer*, paragraph 28). However, it must be noted that the existence of such a likelihood must be established as part of a global assessment as regards the conceptual, visual and aural similarities between the signs at issue. In that regard, the assessment of any aural similarity is but one of the relevant factors for the purpose of that global assessment.”

56) The second is Case T-488/07, *Cabel Hall Citrus Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, where the GC commented:

“52 In that connection, it should be noted that although, in general, it cannot be ruled out that the marks’ phonetic similarity alone could create a likelihood of confusion within the meaning of Article 8(1)(b) of Regulation No 40/94, the existence of such a likelihood must be established as part of a global assessment as regards the visual, conceptual and phonetic similarities between the signs at issue. Thus, the assessment of any phonetic similarity is but one of the relevant factors for the purpose of that global assessment. Therefore, it cannot be accepted that there is a likelihood of confusion each time that a certain phonetic similarity can be established between the marks at issue (Case C-206/04 *P Mülhens v OHIM* [2006] ECR I-2717, paragraphs 21 and 22).”

57) In considering the guidance in these judgments, it is clear to me that whilst conceptual similarity (or otherwise) is an important factor that may, in some circumstances, be the deciding issue, I must also consider all other factors including a visual and aural comparison of the marks as part of the global approach as advocated by the established case law.

58) In this respect, I note that the conceptual identity of the applicant’s mark is different to that of the opponent’s mark. Whilst I have found that visually the respective marks share a reasonably high level of similarity, the two words that form both marks are reversed so that the marks begin with different words. As Mr Hollingsworth submitted, it is established that the first part of words catch the attention of consumers (see joined cases T-183/02 and T-184/02 *El Corte Inglés v OHIM –González Cabello and Iberia Líneas Aéreas de España (MUNDICOR)* [2004] ECR II-965, paragraph 81). As the UK consumer reads from left to right, it can be inferred that this guidance extends to where the first part of the *marks* are

the same (as opposed to the first part of a *word*). This guidance therefore provides further support that there will be no likelihood of confusion.

59) Taking account of the other guidance provided by the established case law, referred to earlier, namely that I required to undertake a global assessment of the likelihood of confusion based on the overall impression given by the marks, bearing in mind the distinctive and dominant components of each mark and not just consideration to the visual and conceptual similarities or otherwise. Mr Hodsdon submitted that in light of the similarity between the marks, when the respective goods are ordered in a noisy environment such as a bar or restaurant, this will add to the likelihood of confusion. In response, Mr Hollingsworth submitted that the beginning of the respective marks becomes even more important. I note these respective views.

60) I have found that the respective marks share a reasonably high level of visual similarity, a moderate level of aural similarity but that they are not conceptually similar. I concluded that these combine to result in the respective marks sharing a moderate level of similarity overall. I also found that the earlier mark enjoys a moderate level of distinctive character. Further, I have found that the similarity between the respective goods is on the low side and that the attention paid by the consumer during the purchasing act will vary depending on the price of the goods and that generally, the opponent's goods command a higher price than the applicant's goods.

61) Taking all of the above into account, I find that the conceptual difference and the difference in market segment of the respective goods is sufficient to outweigh the similarities between the marks and the fact that both parties products are in the same broad market sector of alcoholic drinks. The consumer will be familiar with the different origins of the respective goods and will not generally expect beer and the like to originate from the same source as champagne wines. In reaching this conclusion, I do not ignore that imperfect recollection is a factor. Therefore, the average consumer will not confuse the marks or assume that the goods provided under the respective marks originate from the same or linked undertaking.

62) Finally, the opponent has also put forward the argument that its marks form part of a family of marks that consist of [colour] plus the word "TOP" and that the applicant's mark TOP RED will be mistaken for just another of the opponent's family of marks. The GC has provided the following guidance on this issue in *Miguel Torres SA v OHIM*, Case T-287/06:

"81 However, according to the above case-law, the likelihood of confusion attaching to the existence of a family of earlier marks can be pleaded only if both of two conditions are satisfied. First, the earlier marks forming part of the 'family' or 'series' must be present on the market. Secondly, the trade mark applied for must not only be similar to the marks belonging to

the series, but also display characteristics capable of associating it with the series. That might not be the case, for example, where the element common to the earlier serial marks is used in the trade mark applied for either in a different position from that in which it usually appears in the marks belonging to the series or with a different semantic content (BAINBRIDGE, paragraphs 125 to 127).”

63) The opponent has provided evidence demonstrating that it BLUE TOP, GOLD TOP, GREEN TOP, ROSE TOP, SILVER TOP and RED TOP champagne wines are present on the UK market. However, these marks have not been relied upon as earlier marks for the purposes of the grounds based upon Section 5(2)(b). Even if this had been the case, the applicant’s mark does not follow the pattern exhibited by this “family” of marks. The words TOP and RED are reversed to give a conceptual identity that does not conform to the identity created by the opponent’s marks. Further, the applicant’s mark is applied for in respect of *beer, stout, ale and porter* and this places further distance between this and the family of marks claimed by the opponent in respect of *champagne wines*. As such, I find that the consumer would not associate the applicant’s mark with the opponent’s family of marks.

64) Taking all of the above into account, the opposition based upon Section 5(2)(b) of the Act fails in its entirety.

#### **Section 5(4)(a)**

65) Whilst I am satisfied that the opponent’s trade in the UK identified by both its earlier signs is sufficient to demonstrate that goodwill has been established, I do not believe that this places it in any better position than that in respect of Section 5(2)(b) of the Act. Misrepresentation must lead, or be likely to lead, the public to believe that the goods offered by the applicant are the goods of the opponent (*WILD CHILD Trade Mark* [1998] R.P.C. 455). I do not believe this is so when the mark TOP RED is used in respect of *beer, ale, stout or porter*. The reversal of the words and the consequent conceptual differences that arise from this will result in no association being made to the opponent’s goods. Further, the opponent’s use of its mark only as a secondary mark, as discussed earlier, makes it even less likely that misrepresentation will occur.

66) The opponent’s case in respect of its BLUE TOP sign is even less compelling taking account the greater visual and conceptual differences between the respective marks.

67) Taking all of this into account, the opposition based upon Section 5(4)(a) of the Act fails in its entirety.

#### **Section 5(3)**



68) I turn to consider the ground for opposition under Section 5(3) of the Act which reads as follows:

“5.-(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 Community trade mark or international trade mark (EC), in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

69) The scope of Section 5(3) has been considered in a number of cases notably *General Motors Corp v Yplon SA (CHEVY)* [1999] ETMR 122 and [2000] RPC 572, *Adidas Salomon AG v Fitnessworld Trading Ltd.* [2004] ETMR 10, *Premier Brands UK Limited v Typhoon Europe Limited (TYPHOON)* [2000] FSR 767, *Daimler Chrysler v Alavi (MERC)* [2001] RPC 42, *C.A. Sheimer (M) Sdn Bhd's TM Application (VISA)* [2000] RPC 484, *Valucci Designs Ltd v IPC Magazines (LOADED) O/455/00, Mastercard International Inc and Hitachi Credit (UK) Plc* [2004] EWHC 1623 (Ch), *Electrocoin Automatics Limited and Coinworld Limited and others* [2005] FSR 7, *Davidoff & Cie SA v Gofkid Ltd (DAVIDOFF)* [2003] ETMR 42, *Intel Corporation Inc. v CPM United Kingdom Ltd (INTEL)* [2009] RPC 15, *L'Oreal v Bellure* [2010] RPC 1 and *Whirlpool Corp v Kenwood Limited* [2010] RPC 2.

70) The applicable legal principles arising from these cases are as follows:

a) ‘Reputation’ for the purposes of Section 5(3) means that the earlier mark is known by a significant part of the public concerned with the products or services covered by that mark (paragraph 26 of the CJEU's judgment in *CHEVY*).

b) Under this provision the similarity between the marks does not have to be such as to give rise to a likelihood of confusion between them; the provision may be invoked where there is sufficient similarity to cause the relevant public to establish a link between the earlier mark and the later mark or sign (*Adidas Salomon v Fitnessworld*, paragraphs 29-30).

c) Whether there is a link, within the meaning of *Adidas-Salomon and Adidas Benelux*, between the earlier mark with a reputation and the later mark must be assessed globally, taking into account all factors relevant to the circumstances of the case (*INTEL*).

d) The fact that, for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark calls the earlier mark with a reputation to mind is tantamount to the existence of such a link between the conflicting marks, within the meaning of *Adidas-Salomon and Adidas Benelux*. (*INTEL*)

e) The stronger the earlier mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it (per Neuberger J. in *Premier Brands*, and the CJEU in *CHEVY*, paragraph 30).

f) Whether use of the later mark takes or would take unfair advantage of, or is or would be detrimental to, the distinctive character or the repute of the earlier mark, must be assessed globally, taking into account all factors relevant to the circumstances of the case (*INTEL*).

g) Unfair advantage is taken of the distinctive character or the repute of the earlier trade mark where there is clear exploitation and free-riding on the coat-tails of a famous mark or an attempt to trade upon its reputation (*Spa Monopole v OHIM*).

h) The use of the later mark may be detrimental to the distinctive character of the earlier mark with a reputation even if that mark is not unique; a first use of the later mark may suffice to be detrimental to the distinctive character of the earlier mark; proof that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future (*INTEL*).

i) Taking unfair advantage of the distinctive character or repute of a mark relates not to detriment caused to the earlier mark but to the advantage taken by the third party. Such an advantage may be unfair even where the use is not detrimental to the distinctive character or to the repute of the mark (*L'Oreal v Bellure*). It is not sufficient to show that an advantage has been obtained. There must be an added factor of some kind for that advantage to be categorised as unfair (*Whirlpool Corp v Kenwood Limited*).

### **Reputation**

71) In respect of the opponent's RED TOP mark, the use in the UK, identified in paragraph 48 above, is insufficient to demonstrate that it is known by a "significant part of the public concerned with the products covered by that mark" (*General Motors Corp v Yplon SA* (*CHEVY*) [1999] ETMR 122 and [2000] RPC 572, paragraph 26). The level of sales disclosed is very low and no indication is

given in respect of the market share that this may represent. As Mr Hollingsworth submitted, the fact that the mark was used in the UK as long as one hundred years ago does not assist as it was only re-launched in the UK in 2007/2008 and sales have been extremely modest since then. In support of his contention that RED TOP was well known in the UK, Mr Hodsdon relied upon press coverage of treasure hunters recovering several thousand bottles from a First World War ship wreck in the Baltic Sea in 1998. Of the numerous criticisms that could be levelled at this, the most damning is the fact that none of the exhibits illustrate the press referring to the recovered champagne as RED TOP. Consequently, I fail to see how this could contribute to a reputation for such champagne in the UK.

72) I conclude that the mark RED TOP does not benefit from the requisite reputation in the UK. In the absence of this, the grounds based upon Section 5(3), insofar as it relies upon the opponent's RED TOP mark, must fail.

73) In respect of the opponent's BLUE TOP mark, its use in the UK is significantly larger with an average of nearly 780,000 bottles a year being sold in the UK in the five full years prior to the filing date of the contested application. The evidence shows that this champagne is available in many large retail outlets such as *Tesco*, *Morrisons* and *Somerfield* supermarkets as well as receiving coverage in the national press such as the *Daily Telegraph*.

74) Therefore, notwithstanding the opponent's use of BLUE TOP as a secondary mark, I conclude that there is sufficient evidence to demonstrate that the opponent's BLUE TOP mark has the required reputation in the UK.

### ***The Link***

75) Having established the existence and scope of a reputation, I need to go on to consider the existence of the necessary link. I am mindful of the comments of the CJEU in *Intel Corporation Inc. v CPM United Kingdom Ltd (INTEL)* [2009] RPC 15 that it is sufficient for the later trade mark to bring the earlier trade mark with a reputation to mind for the link, within the meaning of *Adidas Salomon AG v Fitnessworld Trading Ltd*. [2004] ETMR 10 to be established. The CJEU also set out the factors to take into account when considering if the necessary link exists:

“41. The existence of such a link must be assessed globally, taking into account all factors relevant to the circumstances of the case (see, in respect of Article 5(2) of the Directive, *Adidas-Salomon and Adidas Benelux*, paragraph 30, and *adidas and adidas Benelux*, paragraph 42).

42. Those factors include:

- the degree of similarity between the conflicting marks;

- the nature of the goods or services for which the conflicting marks were registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public;
- the strength of the earlier mark’s reputation;
- the degree of the earlier mark’s distinctive character, whether inherent or acquired through use;
- the existence of the likelihood of confusion on the part of the public.”

76) Taking account of the different market sectors that the respective goods are in and the different visual, aural and conceptual identities that exists between the two marks, one mark would not bring the other to mind and the required link does not exist. The use shown of the opponent’s mark, whereby it is used essentially as secondary marks to its house mark, places further distance between the marks.

77) Even if I am wrong on this point and there is a link in the minds of the public this link will be such as to be insufficient to cause any detriment to the reputation or distinctive character of the opponent’s mark.

78) In summary, therefore, the ground of opposition based upon Section 5(3) of the Act fails in its entirety.

### **Section 3(6)**

79) Finally, I turn to the grounds based upon Section 3(6) of the Act. This part of the Act reads as follows:

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

80) In terms of the date at which the matter falls to be considered, it is well established that the relevant date for consideration of a bad faith claim is the application filing date (*Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, Case C-529/07 paragraph 35).

81) In *Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J. considered the meaning of “bad faith” in Section 3(6) of the Act and stated (at page 379):

“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.”

82) In *Harrison v. Teton Valley Trading Co* [2005] FSR 10, the Court of Appeal confirmed that bad faith is to be judged according to the combined test set out by the House of Lords in *Twinsectra v Yardley* [2002] 2 AC 164. Paragraphs 25 and 26 of the Court of Appeal decision are of particular assistance and read as follows:

“25. Lord Hutton went on to conclude that the true test for dishonesty was the combined test. He said:

“36. .... Therefore I consider .... that your Lordships should state that dishonesty requires knowledge by the defendant that what he was doing would be regarded as dishonest by honest people, although he should not escape a finding of dishonesty because he sets his own standards of honesty and does not regard as dishonest what he knows would offend the normally accepted standards of honest conduct.”

26. For my part, I would accept the reasoning of Lord Hutton as applying to considerations of bad faith. The words “bad faith” suggest a mental state. Clearly when considering the question of whether an application to register is made in bad faith all the circumstances will be relevant. However the court must decide whether the knowledge of the applicant was such that his decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.”

83) The Privy Council considered earlier authorities in *Barlow Clowes International Ltd (in liquidation) & Others v Eurotrust International Limited & Others*, [2005] UKPC 37. In particular, their Lordships considered a submission from Counsel that an inquiry into the defendant’s views about standards of honesty is required. The majority of their Lordships were also in agreement with Lord Hutton’s comments in *Twinsectra*. They then went on to state:

“15. Their Lordships accept that there is an element of ambiguity in these remarks which may have encouraged a belief, expressed in some academic writing, that *Twinsectra* had departed from the law as previously understood and invited inquiry not merely into the defendant’s mental state about the nature of the transaction in which he was participating but

also into his views about generally acceptable standards of honesty. But they do not consider that this is what Lord Hutton meant. The reference to “what he knows would offend normally accepted standards of honest conduct” meant only that his knowledge of the transaction had to be such as to render his participation contrary to normally acceptable standards of honest conduct. It did not require that he should have had reflections about what those normally acceptable standards were.

16. Similarly in the speech of Lord Hoffmann, the statement (in paragraph 20) that a dishonest state of mind meant “consciousness that one is transgressing ordinary standards of honest behaviour” was in their Lordships’ view, intended to require consciousness of those elements of the transaction which make participation transgress ordinary standards of honest behaviour. It did not also require him to have thought about what those standards were.”

84) On the basis of these authorities it is clear that a finding of bad faith may be made in circumstances which do not involve actual dishonesty. Furthermore, it is not necessary for me to reach a view on the applicant’s state of mind regarding the transaction if I am satisfied that their action in applying for the mark in the light of all the surrounding circumstances would have been considered contrary to normally accepted standards of honest conduct. Thus, in considering the actions of the applicant, the test is a combination of the subjective and objective. Furthermore, it is clear that bad faith in addition to dishonesty, may include business dealings which fall short of the standards of acceptable commercial behaviour i.e. unacceptable or reckless behaviour in a particular business context and on a particular set of facts.

85) The opponent claims that because the applicant sells a beer branded as RED TOP (and not TOP RED) and because it unsuccessfully approached the opponent for its written consent to register and use RED TOP, its application for the mark TOP RED was filed without any intention to trade in the mark, as required by Section 32(3) of the Act. In response, the applicant explains that the application was filed as a potential alternative to its RED TOP mark, but that its plans were put on hold pending the outcome of these proceedings. Whilst the applicant has not provided any evidence of alternative plans, the explanation is of a very plausible. There is no evidence before me that casts doubt on the application’s version of events. In the absence of this, it strikes me that its actions are of a party acting in good faith. Having encountered a problem with the application, it was prudent business behaviour to put on hold any plans to develop it further. I see no behaviour here that could be rightly considered as bad faith.

86) I am content that, at the time the application was filed, there was a genuine intent to use the mark and that it was only the subsequent filing of the opposition action that resulted in the applicant taking the decision to postpone development

of this alternative brand until the outcome of these proceedings are known. I note that the opponent has not chosen to challenge Mr Fretz's evidence and applying the guidance provided by Richard Arnold QC, sitting as the Appointed Person in *EXTREME Trade Mark*, BL O-161-07, it is not open for me to disbelieve the evidence in the absence of an opportunity for Mr Fretz to defend himself during cross examination or providing further written evidence.

87) Taking all of the above into account, I find that the opposition based upon Section 3(6) of the Act also fails.

## **COSTS**

88) In light of my finding in respect of the various grounds of opposition, the opposition has failed in its entirety. Therefore, the applicant is entitled to a contribution towards its costs. I take account of the fact that a hearing has taken place. I award costs on the following basis:

Considering Notice of Opposition and preparing counterstatement	£400
Preparing and filing evidence and considering other side's evidence	£700
Preparing and attending hearing	£700
<b>TOTAL</b>	<b>£1800</b>

89) I order Heidsieck & Co. Monopole to pay Old Dairy Brewery Limited the sum of £1800. 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 xx day of October 2011**

**Mark Bryant  
For the Registrar,  
the Comptroller-General**