

**TRADE MARKS ACT 1994**

**IN THE MATTER OF REGISTERED TRADE MARK No. 2368961 IN THE NAME OF STUTE NAHRUNGSMITTELWERKE GmbH & Co. KG**

**AND IN THE MATTER OF THE APPLICATION FOR A DECLARATION OF INVALIDITY No. 83972 THERETO BY RED BULL GmbH**

**AND IN THE MATTER OF TRADE MARK APPLICATION No. 2582948 IN THE NAME OF STUTE NAHRUNGSMITTELWERKE GmbH & Co. KG**

**AND IN THE MATTER OF OPPOSITION No. 100384 THERETO BY RED BULL GmbH**

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**DECISION**

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**Introduction**

1. This is an appeal from the decision of Mr Mark Bryant, acting for the Registrar, dated 20 February 2012 (O-070-12), in which he allowed:
  - (1) The application for invalidity brought by Red Bull GmbH (*'Red Bull'*) against a trade mark registration in the name of Stute Nahrungsmittelwerke GmbH & Co. KG (*'Stute'*); and
  - (2) The opposition by Red Bull to a trade mark application made by Stute.
2. Trade Mark Registration No 2368961 was filed for registration on 23 July 2004 requesting registration of a series of 2 marks shown below:

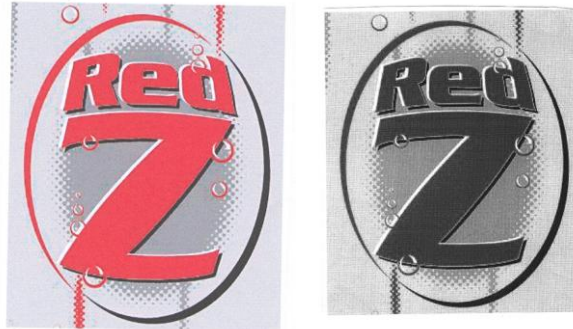


3. The registration covered the following goods in Class 32:

Non-alcoholic beverages; fruit and vegetable drinks; fruit and vegetable juices; fruit nectars; fruit and vegetable based

beverages; isotonic beverages; sports and energy drinks; syrups; concentrates and other preparations for making beverages.


4. The registration procedure was completed on 11 March 2005.
5. Application number 2528948 for a series of the 2 marks shown below (*'the Bubbles Mark'*) was filed by Stute on 15 October 2009:



6. The application covered the following goods in Class 32:

Fruit and vegetable drinks; fruit and vegetable juices; fruit nectars; fruit and vegetable based beverages; isotonic beverages; sports and energy drinks; syrups; concentrates and other preparations for making beverages.
7. The application was published in the Trade Marks Journal on 5 February 2010.
8. On 21 January 2011 Red Bull filed an application for a declaration of invalidity against Stute's trade mark registration and on 19 February 2010 filed a notice of opposition against Stute's application.
9. Both the application for invalidity and the opposition were brought under Section 5(2)(b) and Section 5(3) of the Trade Marks Act 1994 (*'the 1994 Act'*).
10. In support of the Section 5(2)(b) and 5(3) grounds Red Bull relied upon the following earlier trade marks as conveniently identified in paragraph [6] of the Decision as follows:

Mark and relevant details	Class 32 goods relied upon	Relied upon for grounds
<b>Relied upon in both sets of proceedings</b>		
Community trade mark registration no 1187301  RED  Registration: 14 February 2005	<i>[...] other non-alcoholic drinks, in particular energy drinks and isotonic (hyper and hypotonic) drinks (for consumption or use by athletes)[...] [other than beers, mineral &amp; aerated waters]</i>	s.5(2)(b) and s.5(3)
UK trade mark registration number 2238189  RED-X  Registration: 10 May 2002	<i>[...] other non-alcoholic drinks [...] [other than beers, mineral &amp; aerated waters]</i>	s.5(2)(b) only
<b>Relied upon in invalidation action only</b>		
UK trade mark registration number 2306424  RED BULL  Registration: 27 December 2002	<i>Non alcoholic beverages including refreshing drinks, energy drinks, whey beverages and isotonic (hyper-and hypotonic) drinks [...]</i>	s.5(2)(b) and s.5(3)
<b>Relied upon in opposition action only</b>		
International registration number 961854  RED BULL  UK designation: 19 March 2008	<i>Non alcoholic beverages including refreshing drinks, energy drinks, whey beverages, isotonic, hypertonic and hypotonic drinks (for use and/or as required by athletes); beer, malt beer, wheat beer, porter, ale, stout and lager; non alcoholic malt beverages; mineral water and aerated waters; fruit drinks and fruit juices; syrups, essences and other preparations for making beverages as well as effervescent (sherbet) tablets and effervescent powders for drinks</i>	s.5(2)(b) and s.5(3)

<p>UK trade mark registration number 2473036</p>  <p>Registration: 18 April 2008</p>	<p><i>and non-alcoholic cocktails.</i></p> <p><i>Non-alcoholic drinks; syrups and other preparations for making non-alcoholic drinks</i></p>	<p>s.5(2)(b) only</p>
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11. Stute subsequently filed counterstatements denying Red Bull's claims and putting Red Bull to proof of use in respect to its earlier trade marks that were the subject of proof of use namely, UK trade mark registration number 2306424 RED BULL, relied upon in the invalidity action, Community trade mark number 1187301 RED and UK trade mark registration number 2238189 RED-X, relied upon in the invalidity and opposition actions.
12. The two set of proceedings were subsequently consolidated.
13. Both parties filed evidence.
14. At the hearing before the Hearing Officer, as they were at the hearing of the Appeal, Stute was represented by Mr Malcom Chapple (instructed by Dr. Walther Wolff & Co., trade mark attorneys) and Red Bull was represented by Mr Benet Brandreth (instructed by Keltie LLP).

### **The Hearing Officer's Decision**

15. The Hearing Officer allowed the opposition and the application for invalidity under Section 5(2)(b) of the 1994 Act.
16. Having made his findings under Section 5(2)(b) of the 1994 Act the Hearing Officer did not go on to consider the grounds based upon Section 5(3) of the 1994 Act.
17. At the hearing both sides agreed that: (1) the differences between Stute's four marks (together '*the Stute Marks*') had little bearing on the outcome of the proceedings and

it was therefore accepted that any findings that the Hearing Officer made would extend to all four of Stute's marks (see paragraphs [29] and [48] of the Decision); and (2) that UK trade mark registration number 2238189 RED-X represented Red Bull's best case when considering similarity of marks (see paragraph [29] of the Decision).

18. In those circumstances the Hearing Officer limited his comparison to the following marks (paragraph [30] of the Decision):

<b>Red Bull's mark</b>	<b>Stute's mark (The Bubbles Mark in black and white)</b>
RED-X	

19. With regard to proof of use:

- (1) It was conceded at the hearing on behalf of Stute that the evidence of proof of use in relation to UK trade mark registration number 2238189 RED-X was sufficient to demonstrate use in the UK within the relevant periods in respect of energy drinks (paragraph [21] of the Decision);
- (2) It was accepted at the hearing on behalf of Stute that the evidence of proof of use in relation to UK trade mark registration number 2306424 RED BULL was sufficient to demonstrate use in the UK within the relevant periods in respect of energy drinks (paragraph [22] of the Decision); and
- (3) The position with regard to Community trade mark number 1187301 RED was not pressed on behalf of Red Bull at the hearing and it was therefore not considered by the Hearing Officer.

## **The appeal**

20. On 15 March 2012 Stute filed a Notice of Appeal to the Appointed Person under Section 76 of the 1994 Act. There was no cross-appeal or Respondent's Notice filed on behalf of Red Bull.
21. As set out in the paragraph 5 of the Statement of Grounds of Appeal to the Appointed Person, for the purposes of the Decision and on the Appeal (and for no other purpose), it was conceded/confirmed on behalf of Stute that:
  - (1) There was sufficient proof of use UK trade mark registration number 2238189 RED-X (*the Earlier Mark*) in respect of energy drinks pursuant to the requirements under Sections 6A and 47(2A)(a) of the 1994 Act (paragraph [21] of the Decision);
  - (2) The respective goods of the Stute Marks and the Earlier Mark are identical (paragraph [26] of the decision);
  - (3) The attack by Red Bull under the Earlier Mark represented the 'best case' for Red Bull when considering the similarity of the competing marks (paragraph [29] of the Decision); and
  - (4) The differences between the Stute Marks have little bearing on the outcome of both sets of proceedings (paragraph [29] of the Decision).

## **Standard of review**

22. The appeal is by way of review. Neither surprise at a Hearing Officer's conclusion, nor a belief that he has reached the wrong decision suffice to justify interference in this sort of appeal. Before that is warranted, it is necessary for me to be satisfied that there was a distinct and material error of principle in the decision in question or that the Hearing Officer was clearly wrong. See Reef Trade Mark [2003] RPC 5, and BUD Trade Mark [2003] RPC 25. Mr Brandreth referred me to the summary of this approach by Daniel Alexander Q.C. sitting as the Appointed Person in LUV Trade Mark, BL O-255-13.

## **The Grounds of Appeal**

23. The Grounds of Appeal contend in substance, as was confirmed by the written arguments on behalf of Stute, that there were two errors in the Decision upon which Stute wished to rely:
  - (1) The failure of the Hearing Officer to give any or any adequate weight to the absence of evidence of confusion, in particular given the evidence relating to

concurrent use of the Earlier Mark and the Bubbles Mark, in making his assessment of the likelihood of confusion; and/or

- (2) The error by the Hearing Officer in his assessment of the dominant element of the Stute Marks.

I shall deal with each of these points in turn.

### **The absence of any evidence of confusion**

24. As has already been noted, the Hearing Officer found (and Stute accepts for the purposes of the Appeal) that Red Bull had provided sufficient evidence of use of the RED-X mark in respect of energy drinks pursuant to the requirements under Sections 6A and 47(2A)(a) of the 1994 Act.
25. Stute maintains that the Hearing Officer should have followed through his findings to the conclusion that the incidence of concurrent use without evidence of confusion was sufficient to demonstrate that the two trade marks could be used concurrently in relation to energy drinks without giving rise to the existence of a likelihood of confusion. This called for a finding that Red Bull's objections should yield to the reality of 'peaceful co-existence': *c.f.* Case T-31/03 Grupo Sada pa SA v. OHIM [2005] ECR II-1667 at paragraph [86]; Case T-29/04 Castellblanch SA v. OHIM [2005] ECR II-5309 at paragraphs [71] to [74] and Case T-467/11 Colgate Palmolive Company v. OHIM (10 December 2013) at paragraph [72].
26. As is made clear in the paragraphs from case law referred to in the preceding paragraph, it is for the person relying on an alleged co-existence of a number of trade marks to prove that the consumers targeted are accustomed to seeing those marks without confusing them. That is to say it is for Stute to establish the 'peaceful co-existence' upon which it seeks to rely.
27. So far as the pleadings are concerned, the case relating to peaceful co-existence is said to be set out in paragraph 12 of the Counterstatement filed by Stute in both the application for the declaration of invalidity and the opposition (which are in identical terms). The last sentence of that paragraph stated that *'[Stute] contends that the 'Red Z (device) mark is readily distinguishable in the marketplace from RED and RED BULL and is unaware of any confusion between the 'Red Z (device)' mark and any marks on (sic) [Red Bull]'*.
28. So far as the evidence is concerned, the case relating to peaceful co-existence in essence rests on paragraphs 5 and 14 of the witness statement of Laurence Hybs (Managing Director of Stute Food Limited) dated July 2011 in which he gave evidence for Stute in the following terms:

5. The 'Red Z' energy drink referred to above and bearing the described label with bubbles was launched on the UK market in

October 2002, thus a drink produced and supplied by Stute Germany and marketed by Stute UK. The drink was targeted at 'cash and carry' stores, wholesalers, independent shops and export houses and has been on sale continuously for nearly nine years and I have never in this time received a complaint from Red Bull GmbH or any agent for this company or heard of any instance of our product being mistaken for a Red Bull product. I elaborate on this further below.

14. AS (sic) I have already stated, I have never received or heard of a single complaint, over the nine years when 'Red Z' and 'Red Bull' energy drinks have been sold concurrently, of brand confusion. There has been, literally side-by-side selling of 'Red Z' and 'Red Bull' products in the shops of many of our customers including those listed in paragraph 10 above, Spar shops in the south-west and various others. The energy drinks of different brands are normally grouped together on the same or nearby shelves.

29. It is appropriate to assess this evidence with the following considerations in mind. In The European Ltd v. The Economist Newspaper Ltd [1998] FSR 283 (CA) at p291 Millett LJ pointed out that:

Absence of evidence of actual confusion is rarely significant, especially in a trade mark case where it may be due to differences extraneous to the plaintiff's registered trade mark.

More broadly in paragraph 22 of his Judgment in Compass Publishing BV v. Compass Logistics Ltd [2004] RPC 41, p. 809 Laddie J. observed:

It is frequently said by trade mark lawyers that when the proprietor's mark and the defendant's sign have been used in the market-place but no confusion has been caused, then there cannot exist a likelihood of confusion under Art. 9(1)(b) or the equivalent provision in the Trade Marks Act 1994 ("the 1994 Act"), that is to say s. 10(2). So, no confusion in the market-place means no infringement of the registered trade mark. This is, however, no more than a rule of thumb. It must be borne in mind that the provisions in the legislation relating to infringement are not simply reflective of what is happening in the market. It is possible to register a mark which is not being used. Infringement in such a case must involve considering notional use of the registered mark. In such a case there can be no confusion in practice, yet it is possible for there to be a finding of infringement. Similarly, even when the proprietor of a registered mark uses it, he may well not use it throughout the whole width of the registration or he may use it on a scale which is very small compared with the sector of trade in which the mark is registered and the alleged infringer's use may be very limited also. In the former situation, the court must



consider notional use extended to the full width of the classification of goods or services. In the latter it must consider notional use on a scale where direct competition between the proprietor and the alleged infringer could take place.

30. Mr Brandreth also referred me to Samuel Smith Old Brewery (Tadcaster) v. Philip Lee (trading as ‘Cropton Brewery’) [2011] EWHC 1879 (Ch); [2012] FSR 7 in which at paragraph [95] Arnold J. said that when considering the weight to be attached to the absence of any evidence of actual confusion:

... it is relevant to consider what opportunity there has been for confusion to occur and what opportunity there has been for any such confusion to be detected.

31. The Hearing Officer considered the issue of concurrent use in paragraphs [44] to [48] of his Decision. There is no suggestion that his analysis of the law or the approach that he intended to take to the issue before him set out in paragraphs [45] and [46] of his Decision were incorrect.

32. In paragraph [47] of his Decision the Hearing Officer set out his analysis on the basis of the evidence that was before him as follows:

When I consider the extent and duration of the use of the mark RED X by RB and the mark’s previous proprietor, the evidence only illustrates that it was used for a short period of time (eleven months) and the extent of this use was relatively small (£65000 in the final nine months that it was sold). This is particularly so when viewed in the context of what is obviously a market of some considerable size. Consequently, despite some evidence suggesting the competing goods may have been sold side-by-side of some shop shelves, I find that the use of the respective marks has been such that the capacity for confusion has not been adequately tested and the existence of concurrent use does not assist Stute.

There is no suggestion put forward by Stute that the Hearing Officer’s summary of the evidence of the use of the mark RED-X by Red Bull that was before him was incorrect.

33. It is clear from paragraph [47] of his Decision that the Hearing Officer had firmly in mind the evidence of actual use of both marks that he was considering; and that he took into account that there was some evidence to suggest that the relevant goods may have been sold side-by-side.
34. In my view, the evidence as to co-existence that was before the Hearing Officer is simply too flimsy to carry the inference that there has been peaceful co-existence in relation to the particular products for which the two trade marks have actually been

used. The Hearing Officer was therefore fully entitled to find, as he did, that there was not sufficient evidence of peaceful co-existence to counter his *prima facie* finding as to the likelihood of confusion.

### **The error in the assessment of the dominant element of the Stute Marks**

35. In respect of the second error relied upon by Stute it was submitted that the Hearing Officer was clearly wrong when he described the combination of the RED and Z elements as being the dominant elements of the Bubbles Mark.
36. Whilst it is was submitted that the Hearing Officer was wrong when he decided that RED was the dominant and distinctive element of the RED-X mark, it is not said that he was clearly wrong and that finding is not the subject of appeal.
37. The Hearing Officer dealt with the issue of the dominant and distinctive elements of the marks identified in paragraph 18 above in paragraph [31] of his Decision as follows:

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). RB's mark consists of the two elements RED and X separated by a hyphen. The word RED is the dominant and distinctive element due to its greater length than the single letter X and by virtue of being the first part of the mark. Nevertheless, the letter X is far from negligible and requires careful consideration when assessing the respective marks as a whole. Stute's mark also contains the same element RED appearing above the letter Z that is represented in a larger typeface. Both elements appear within a circle and the impression is that the word and letter are being viewed through convex lens. This has the effect of slightly increasing the prominence of the letter Z in the mark resulting in the RED Z elements, combined, being the dominant and distinctive element. Additional elements are also present such as the representation of bubbles and some unidentifiable background marking. These additional elements are negligible.

38. On the basis of his findings the Hearing Officer went on to consider the level of similarity of the respective marks and the likelihood of confusion. There has been no suggestion that the Hearing Officer misdirected himself as to the law in making this assessment.
39. In my view, the Hearing Officer correctly approached the task of identifying the dominant and distinctive elements of the trade marks identified in paragraph 18 above. It does not seem to me that there is any error in his analysis or in his findings of similarity or his assessment of the likelihood of confusion. I think he was entitled,

on weighing the factors that needed to be weighed, to reach the decision that he did. There is no basis for me to interfere with his finding on appeal.

### **Conclusion**

40. It does not seem to me that there is any error of principle or material error in the Hearing Officer's analysis in his finding that there was a likelihood of confusion between the Earlier Mark and the Bubbles Mark (and therefore all four of Stute's marks). In the result the appeal fails.
41. Neither side has asked for any special order as to costs. Since Red Bull has been successful on this appeal, it is entitled to its costs. I order that Stute pay a contribution towards Red Bull's costs of £1000, to be paid within 14 days of the date of this decision, together with the £2,300 costs awarded by the Hearing Officer below.

Emma Himsworth Q.C.

13 March 2014

Mr. Malcom Chapple (instructed by Dr. Walther Wolff & Co., trade mark attorneys) appeared on behalf of Stute Nahrungsmittelwerke GmbH & Co

Mr. Benet Brandreth (instructed by Keltie LLP) appeared for Red Bull GmbH

The Registrar was not represented at the hearing and took no part in the Appeal