

O-238-16

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATIONS (EACH
FOR A SERIES OF TWO MARKS) NOS 3 072 246 YOUR
DAY/Your Day AND 3 072 250 YOUR NIGHT/Your Night IN
THE NAME OF GLOBAL BRANDS LIMITED**

AND

**IN RESPECT OF OPPOSITION UNDER NO 403 549 BY
PEPSI CO INC**

Background and pleadings

1. Global Brands Limited applied to register (each as a series of two) the trade marks Nos. 3 072 246 YOUR DAY/Your Day and 3 072 250 YOUR NIGHT/Your Night in the UK on 11 September 2014. They were accepted and published in the Trade Marks Journal on 3rd October 2014 in respect of the following goods:

Class 32:

Non-alcoholic drinks, mineral water; aerated waters; fruit juices; syrups; preparations for making beverages; energy tablets and powders for drinks; non-alcoholic cocktails; non-alcoholic energy drinks; beers - including lager, bitter, stout, ale and mild.

Class 33:

Alcoholic drinks and alcoholic beverages; wines; spirits including alcoholic based beverages; brandy, cider; cocktails; digesters; distilled beverages; beverages containing fruit, gin, one or more liquors, mead, perry, rice alcohol, rum, sake, vodka, whiskey and/or wine; alcoholic beverages based on fruit flavoured, herb flavoured and spice flavoured distilled liquor; alcoholic energy drinks.

2. Pepsi Co, Inc. (the opponent) opposes the trade marks on the basis of Section 3(1)(b) of the Trade Marks Act 1994 (the Act). It argues that this is on the basis of the slogans YOUR DAY and YOUR NIGHT being devoid of distinctive character. Further, the applications are opposed on the basis of Section 3(6) of the Act. It argues this on the basis of the applicant's (alleged) knowledge of the opponent's trade marks in other jurisdictions.
3. The applicant filed a counterstatement denying the claims made.
4. Both sides filed evidence in these proceedings. This will be summarised to the extent that it is considered necessary. Both sides filed written submissions which will not be summarised but will be referred to as and where appropriate during this decision.
5. A Hearing took place on Wednesday 9 March 2016, with the opponent represented by D Young & Co LLP and the applicant by Franks & Co Limited.

Decision

Section 3(1)(b) – devoid of distinctive character

“3(1) The following shall not be registered –

- (a) signs which do not satisfy the requirements of section 1(1),
- (b) trade marks which are devoid of any distinctive character,
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,
- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the *bona fide* and established practices of the trade:

Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it.”

6. The principles to be applied under article 7(1)(b) of the CTM Regulation (which is identical to article 3(1)(b) of the Trade Marks Directive and s.3(1)(b) of the Act) were conveniently summarised by the Court of Justice of the European Union (CJEU) in *OHIM v BORCO-Marken-Import Matthiesen GmbH & Co KG* (C-265/09 P) as follows:

“29..... the fact that a sign is, in general, capable of constituting a trade mark does not mean that the sign necessarily has distinctive character for the purposes of Article 7(1)(b) of the regulation in relation to a specific product or service (Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 32).

30. Under that provision, marks which are devoid of any distinctive character are not to be registered.

31. According to settled case-law, for a trade mark to possess distinctive character for the purposes of that provision, it must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from those of other undertakings (*Henkel v OHIM*, paragraph 34; Case C-304/06 P *Eurohypo v OHIM* [2008] ECR I-3297, paragraph 66; and Case C-398/08 P *Audi v OHIM* [2010] ECR I-0000, paragraph 33).

32. It is settled case-law that that distinctive character must be assessed, first, by reference to the goods or services in respect of which registration has been applied for and, second, by reference to the perception of them by the relevant public (*Storck v OHIM*, paragraph 25; *Henkel v OHIM*, paragraph 35; and *Eurohypo v OHIM*, paragraph 67). Furthermore, the Court has held, as *OHIM* points out in

its appeal, that that method of assessment is also applicable to an analysis of the distinctive character of signs consisting solely of a colour per se, three-dimensional marks and slogans (see, to that effect, respectively, Case C-447/02 P *KWS Saat v OHIM* [2004] ECR I-10107, paragraph 78; *Storck v OHIM*, paragraph 26; and *Audi v OHIM*, paragraphs 35 and 36).

33. However, while the criteria for the assessment of distinctive character are the same for different categories of marks, it may be that, for the purposes of applying those criteria, the relevant public's perception is not necessarily the same in relation to each of those categories and it could therefore prove more difficult to establish distinctiveness in relation to marks of certain categories as compared with marks of other categories (see Joined Cases C-473/01 P and C-474/01 P *Proctor & Gamble v OHIM* [2004] ECR I-5173, paragraph 36; Case C-64/02 P *OHIM v Erpo Möbelwerk* [2004] ECR I-10031, paragraph 34; *Henkel v OHIM*, paragraphs 36 and 38; and *Audi v OHIM*, paragraph 37)."

7. The premise of the opponent's case is as follows:

- YOUR DAY and YOUR NIGHT are banal statements which are origin neutral and do not contain the necessary originality to possess at least the minimum level of distinctive character required for a sign to act as a badge of origin. Customers would not see these denominations as capable of denoting the goods being offered by one particular company;
- The refusal by the Registry of the previous applications of the applicant for KICK START YOUR DAY and KICK START YOUR NIGHT for identical goods shows that YOUR DAY and YOUR NIGHT do not have the requisite level of distinctive character sufficient for trade mark registration. The removal of the prefix KICK START cannot be said to provide or increase the distinctiveness of the trade mark; indeed the removal of half the content of its trade mark already found to be devoid of any distinctive character would not result in YOUR DAY and YOUR NIGHT being capable of possessing distinctive character.

8. The applicant argues as follows:

- Removing the words KICK START from YOUR DAY/YOUR NIGHT has the effect of transforming a non-distinctive slogan to form a phrase which has a more suggestive or allusive quality, thus rendering them distinctive;
- The Registry deemed these marks to be acceptable.

9. After thorough consideration, I disagree with the opponent's position on this. That earlier trade marks filed by the applicant contained additional words which in totality formed non-distinctive slogans is not relevant. The trade marks that I need to assess are YOUR DAY and YOUR NIGHT and not previous trade marks containing some of the same elements. It is considered that the trade marks YOUR DAY and YOUR NIGHT (presented in either upper or title case) are entirely meaningless in respect of the goods in question here, namely drinks in classes 32 and 33. They are clearly free from objection and are considered to be perfectly capable of functioning as a badge of origin as they are perfectly distinctive. The ground of opposition based upon Section 3(1)(b) fails.

Section 3(6) – Bad Faith

Section 3(6) of the Act states:

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

10. The law in relation to section 3(6) of the Act (“bad faith”) was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch):

“130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see *Case C- 529/07 Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street)*

Ltd [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but 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": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-

1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)."

11. In *Hotel Cipriani SRL and others v Cipriani (Grosvenor Street) Limited and others* [2009] RPC 9 (approved by the COA in [2010] RPC 16), Arnold J. stated that:

"189. In my judgment it follows from the foregoing considerations that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may

not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Article 107 can hardly be said to be abusing the Community trade mark system.”

12. In *Malaysia Dairy Industries Pte Ltd v Ankenævnet for Patenter og Varemærker* Case C-320/12, the CJEU held that merely knowing that a trade mark was in use by another in another jurisdiction did not amount to bad faith under Article 4(4)(g) of the Directive (s.3(6) of the Act). The court found that:

“2. Article 4(4)(g) of Directive 2008/95 must be interpreted as meaning that, in order to permit the conclusion that the person making the application for registration of a trade mark is acting in bad faith within the meaning of that provision, it is necessary to take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration. The fact that the person making that application knows or should know that a third party is using a mark abroad at the time of filing his application which is liable to be confused with the mark whose registration has been applied for is not sufficient, in itself, to permit the conclusion that the person making that application is acting in bad faith within the meaning of that provision.

3. Article 4(4)(g) of Directive 2008/95 must be interpreted as meaning that it does not allow Member States to introduce a system of specific protection of foreign marks which differs from the system established by that provision and which is based on the fact that the person making the application for registration of a mark knew or should have known of a foreign mark.”

13. The opponent’s position is as follows:

- The opponent is a well-known drinks manufacturer and the applicant and opponent operate in the same business field. The applicant, according to the opponent, would be aware that historically the opponent on most occasions launches a product in the US before introducing it in Europe and the UK. The applicant is therefore well placed to be aware of the opponent’s business activities.
- The opponent and applicant have been engaged in previous disputes. This confirms that, according to the opponent, the applicant is well aware of the opponent, its brands and in particular new brands that it launches in the US before extending such use to Europe and the UK.

- The opponent provides a chronology of events, which is shown below. This chronology, according to the opponent, supports its contention that the applicant is encroaching on the opponent's earlier rights and so the current applications were made in bad faith. Further, that they are a systematic attempt to block the future potential extension of the opponent's brands into the UK.
- In support of this line of argument, the opponent relies upon a previous decision of the Registry in BL O-317-15. This decision, in reaching a positive finding on bad faith found that the applicant's actions in seeking to register the mark were borne from an attempt to block the opponent from registering it rather than from a bona fide intention to use the mark. As such it fell below the standards of acceptable commercial behaviour and should be regarded as an act of bad faith.
- Further, another earlier Registry decision is relied upon: BL O-318-15 where the Hearing Officer found that the intention of the proprietor was to interfere with the continuation of the applicant's legitimate trading activities. And that this constituted bad faith.

14. The chronology referred to by the opponent is as follows:

1. *12 April 2011 – opponent files US mark MTN DEW KICKSTART*
2. *29 July 2011 – applicant files US mark KICK ENERGY*
3. *9 May 2012 – applicant files US mark KICK START*
4. *March 2013 – opponent launches KICKSTART YOUR DAY in the USA*
5. *27 March 2013 – opponent files CTM KICK START*
6. *January 2014 – opponent launches KICKSTART YOUR NIGHT in the USA*
7. *28 February 2014 – opponent files EUTM MOUNTAIN DEW KICKSTART*
8. *August 2014 – applicant files KICK START YOUR DAY/NIGHT in the UK*
9. *September 2014 – applicant files for YOUR DAY/YOUR NIGHT in the UK.*

15. The applicant's position is as follows:

- That the chronology is incomplete; in this regard it explains that it is the proprietor of a number of UK and EUTMs. Details of the marks and application dates are provided. These are: KICK as a EUTM in 1997; VODKA KICK as a UKTM in 1999; VK VODKA KICK (EUTM) in 2000; VT KICK (EUTM) in 2002; KICK ENERGY as a UKTM in 2007; KICK ENERGY ULTRA SHOT (UK) in 2010; KICK START (UK) IN 2013 and HEALTH KICK (UK) IN 2013.
- That it was unaware of any use of the opponent's slogans in the UK prior to the filing date and submits it was not acting in bad faith. The applications in suit YOUR DAY and YOUR NIGHT were filed as a response to the refusal of

the Registry to accept the marks KICK START YOUR DAY and KICK START YOUR NIGHT and not to block the opponent.

Conclusions on bad faith

16. The onus is on the opponent to raise a prima facie case. In these proceedings, the opponent argues that the parties have been involved in numerous other disputes thus demonstrating that the applicant is aware of the opponent's activities and marketing techniques and crucially, trade marks used. However information regarding the nature, timing and jurisdiction of these disputes has not been forthcoming. Indeed, no detail at all has been provided. Further, this assertion has been met with a flat denial on the part of the applicant. The opponent's case in respect of bad faith therefore rests on the chronology provided which it purports clearly shows that the applicant is responding directly to its activities in the same field by seeking trade mark registration shortly afterwards. In this regard, it is noted that the applicant has also provided information which it says fill in the gaps of the sequence of events as provided by the opponent. Piecing together the information provided, it appears that each of the parties here have been interested in broadly similar trade marks for some time. For example, KICK, KICK START, KICK ENERGY. As one of the products of interest is energy drinks, the interest in the aforementioned words of this nature is unsurprising. It is considered that the information provided by both parties points to typically competitive commercial behaviour. I cannot see how this falls below such standards of acceptable behaviour. In reaching this decision, I have also taken into account the following:

17. In *Daawat Trade Mark* [2003] RPC 11, Mr Geoffrey Hobbs QC, as the Appointed Person, upheld a decision to invalidate a registration under s.47 and s.3(6) of the Act. He did so on the basis that it had been established that the application for registration was:

- made in the knowledge of the applicant's trade in identical goods under an identical mark in other markets, and
- motivated by a desire to pre-empt the applicant's entry into the UK market in order to secure a commercial advantage in negotiations with the trade mark holder.

18. There is no evidence that similar circumstances apply here.

19. Finally, the previous decisions of the Registry relied upon by the opponent have been taken into account. However, it is considered that they can be distinguished on the facts. In both previous decisions, the parties had at least at some stage in their history had a personal and/or working relationship of some description. What followed in each was the breakdown of a primary working relationship and the knowledge and experience gained during the primary working relationship informing subsequent actions that cannot be described as competitive. Rather, it did, in each decision, fall below the

standards of acceptable commercial behaviour. That is not the case here for the reasons already outlined. The opposition based upon Section 3(6) also fails.

20. The upshot of all this is that the opposition fails in its entirety.

Costs

21. The applicant has been successful and is entitled to a contribution towards its costs. In the circumstances I award the applicant the sum of £1200 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

Considering Notice of Opposition and preparing a counterstatement -
£200

Considering evidence and preparing evidence - £500

Preparation for and attendance at Hearing - £500

22. I therefore order Pepsi Co, Inc. to pay Global Brands Limited the sum of £1200. The above sum should be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 16th day of May 2016

**Louise White
For the Registrar,
The Comptroller-General**