

O-323-18

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 3200111
BY STONEGATE FARMERS LIMITED
FOR THE FOLLOWING TRADE MARK IN CLASS 29:**

GÜD EGGS

AND

**OPPOSITION THERETO (NO. 408744) BY NOBLE DESSERTS HOLDINGS
LIMITED**

Background and pleadings

1. The details of the mark the subject of these proceedings are as follows:

GÜD EGGS

Applicant: Stonegate Farmers Limited

Filed on 2 December 2016

Published on 9 December 2016

Specification: Class 29 – Eggs; egg products

2. Registration of the mark is opposed by Noble Desserts Holdings Limited (“the opponent”). Its grounds of opposition are based on sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). Under the first two grounds the opponent relies on six earlier marks, four of which comprise the word **GÜ**, the other two comprising the words **GÜ-ZILLIONAIRES**. Under section 5(4)(a), the opponent relies on the use of signs which correspond to those marks. Without wishing to oversimplify matters, the marks are essentially registered for a range of dessert products, and the signs are claimed to have been used in relation to the same. Three of the marks are subject to the requirement to meet the use conditions set out in section 6A of the Act, the other three are not. The basic premise of the claims is that EGGS is entirely descriptive of the goods of the application, so that **GÜD** is the dominant element, that the marks are highly similar, particular bearing in mind that both contain the letters G and U with an umlaut above the U, that the goods are identical or similar, such that there exists a likelihood of confusion. Under section 5(3), it is claimed that a link will be made with the opponent’s reputed mark such that damage (unfair advantage, tarnishing and/or dilution) will occur. Under section 5(4)(a), it is claimed that a goodwill exists associated with the signs relied on and that the use of the applied for mark will constitute a misrepresentation that will damage that goodwill.

3. The applicant filed a counterstatement denying the grounds of opposition. It states that EGGS should not be ignored in the comparison and, further, it would be improper to isolate the letters **GÜ** from its mark. It states that the umlaut will be barely perceptible and is unlikely to effect the pronunciation of the marks. It denies that the goods are similar, highlighting that eggs are simply an ingredient of desserts and that the term “egg products” covers only de-shelled types egg. It states that there is no likelihood of confusion and also denies the other grounds of opposition.

4. Both sides have filed evidence. A hearing took place before me on 16 May 2018 at which the opponent was represented by Ms Amanda Michaels, of counsel, instructed by CSY London. The applicant chose not to attend the hearing, but has been represented during the proceedings by Novagraaf UK.

The evidence

5. Rather than provide a standalone summary of the evidence, I will, instead, draw from it when it is necessary and pertinent to do so. For the record, the witnesses are:

For the opponent

Mr Chris Hayn, the opponent’s marketing director. He gives extensive evidence about the use made of the opponent’s marks in relation to desserts, and, also evidence about what he describes as a synergy between eggs and desserts. He also gives evidence about the opponent’s other activities in the field of eggs (although the earlier marks are not used in relation to such goods). Mr Hayn also gives evidence about the relationship between the applicant and the opponent; put simply, although competitors, they did have a trading relationship (in relation to eggs) which ended acrimoniously sometime before the application was filed.

For the applicant

Mr Adrian Gott, the applicant’s managing director. He gives evidence about the applicant’s business and why its mark was coined. He also gives evidence

about what the opponent's mark means and evidence about other companies that use an umlaut in their brands.

For the opponent – in reply

Mr Hayn gives evidence about the opponent's egg based desserts and their egg content. He also responds to the evidence about other traders' use of umlauts.

Mr Frederic Ponnvoy, Head Chef within the opponent's GÜ Division, whose evidence highlights the importance of eggs in the opponent's desserts.

Mr Ian Jones, a sales consultant within the opponent's group, who gives evidence about the opponent's egg processing business. He explains that the majority of its raw eggs come from its own controlled/contracted farms but they are sometimes supplied by third parties such as, and including, the applicant (although that relationship has now ended). 90% of the eggs in GÜ products come from the opponent's own egg processing business.

6. Ms Michaels accepted that under section 5(2)(b), the opponent's position was harder to argue in relation to eggs than it was in relation to egg products (although she still argued that similar goods were in play). For this reason, I will begin with the ground of opposition under section 5(4)(a) of the Act, which does not, as a pre-requisite, require the goods to be similar.

Section 5(4)(a) of the Act

7. Section 5(4)(a) of the Act reads:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b)...

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark.”

8. It is settled law that for a successful finding under the law of passing-off, three factors must be present: i) goodwill, ii) misrepresentation and, iii) damage.

Goodwill

9. Goodwill was described in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL), where the Court stated:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

10. The onus is on the opponent to establish that it has a protectable goodwill in the UK associated with the names **GÜ** and **GÜ-ZILLIONAIRES**. Mr Hayn's evidence is compelling on this point. I particularly note the following:

- The brand was founded in 2003 by the entrepreneur James Averdieck, and was acquired by the opponent in 2010 for over £30m.
- It is “understood” that the name was selected as it was meant to appeal to grown-ups (I assume due to the initial letters of grown-ups), and also “possibly” due to the link with the English word “goo”, the umlaut being added to give a warm feel due to its similarity to a smiley face. Exhibit 5 is an extract from the

creative who worked on the name, which mentions grown-up, but none of the others reasons suggested by Mr Hayn.

- The opponent purchased the brand as it was consistent with its aim of diversifying from its core egg business into “value added categories”.
- The GÜ products are said to be premium desserts and puddings such as mousses, soufflés and cheesecakes. The GÜ-ZILLIONAIRES mark has been used (since 2013) in relation to a dessert based on millionaire shortbread. Ample evidence is shown of the marks being used prominently on the packaging of such goods.
- Turnover in relation to GÜ products has grown from just over £20m in 2013/2014 to over £28m in 2015/2016. In the same period, the turnover in relation to GÜ-ZILLIONAIRES rose from £5.8m to £5.6m¹. Since 2013, over £9m has been spent promoting the brands, 80% attributable to the UK market; such activity has included print and TV advertising.

11. Although Mr Hayn provides more extensive evidence of use than this, I do not consider it necessary to detail it further here. It is clear that the opponent’s business has a protectable goodwill in the field of dessert products of the type referred to above, associated with the signs GÜ and GÜ-ZILLIONAIRES. Indeed, it is a very strong goodwill, particularly in relation to the GÜ brand.

Misrepresentation

12. The relevant test for misrepresentation was dealt with in *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473, where Morritt L.J. stated:

¹ There was an obvious typographical error in Mr Hayn’s witness statement which, if taken as read, would have resulted in a sales figures of over £5000 million. The opponent’s representative confirmed after the hearing that this was indeed an error.

“There is no dispute as to what the correct legal principle is. As stated by *Lord Oliver of Aylmerton in Reckitt & Colman Products Ltd. v. Borden Inc. [1990] R.P.C. 341 at page 407* the question on the issue of deception or confusion is

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]”

The same proposition is stated in *Halsbury's Laws of England 4th Edition Vol.48 para 148* . The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd. (1941) 58 R.P.C. 147 at page 175* ; and *Re Smith Hayden's Application (1945) 63 R.P.C. 97 at page 101.*”

And later in the same judgment:

“... for my part, I think that references, in this context, to “more than *de minimis*” and “above a trivial level” are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993) . It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion.”

13. In the same case, *Morritt L.J.* explained that it was the plaintiff's (in the case before me the opponent) customers or potential customers that must be deceived:

“This is the proposition clearly expressed by the judge in the first passage from his judgment which I quoted earlier. There he explained that the test was whether a substantial number of the plaintiff's customers or potential customers had been deceived for there to be a real effect on the plaintiff's trade or goodwill.”

14. As stated earlier, in a passing-off case, it is not necessary for the competing goods to be similar. I note, though, what Millet L.J. stated in *Harrods Limited v Harrodian School Limited* [1996] RPC 697 (CA), about the lack of a requirement for the parties to operate in a common field of activity, and about the additional burden of establishing misrepresentation and damage when they do not:

“There is no requirement that the defendant should be carrying on a business which competes with that of the plaintiff or which would compete with any natural extension of the plaintiff's business. The expression “common field of activity” was coined by *Wynn-Parry J. in McCulloch v. May* (1948) 65 R.P.C. 58, when he dismissed the plaintiff's claim for want of this factor. This was contrary to numerous previous authorities (see, for example, *Eastman Photographic Materials Co. Ltd. v. John Griffiths Cycle Corporation Ltd.* (1898) 15 R.P.C. 105 (cameras and bicycles); *Walter v. Ashton* [1902] 2 Ch. 282 (The Times newspaper and bicycles) and is now discredited. In the *Advocaat* case Lord Diplock expressly recognised that an action for passing off would lie although “the plaintiff and the defendant were not competing traders in the same line of business”. In the *Lego* case *Falconer J.* acted on evidence that the public had been deceived into thinking that the plaintiffs, who were manufacturers of plastic toy construction kits, had diversified into the manufacture of plastic irrigation equipment for the domestic garden. What the plaintiff in an action for passing off must prove is not the existence of a common field of activity but likely confusion among the common customers of the parties.

The absence of a common field of activity, therefore, is not fatal; but it is not irrelevant either. In deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration

‘...whether there is any kind of association, or could be in the minds of the public any kind of association, between the field of activities of the plaintiff and the field of activities of the defendant’:

Annabel's (Berkeley Square) Ltd. v. G. Schock (trading as *Annabel's Escort Agency*) [1972] R.P.C. 838 at page 844 per Russell L.J.

In the *Lego case Falconer J.* likewise held that the proximity of the defendant's field of activity to that of the plaintiff was a factor to be taken into account when deciding whether the defendant's conduct would cause the necessary confusion.

Where the plaintiff's business name is a household name the degree of overlap between the fields of activity of the parties' respective businesses may often be a less important consideration in assessing whether there is likely to be confusion, but in my opinion it is always a relevant factor to be taken into account.

Where there is no or only a tenuous degree of overlap between the parties' respective fields of activity the burden of proving the likelihood of confusion and resulting damage is a heavy one. In *Stringfellow v. McCain Foods (G.B.) Ltd.* [1984] R.P.C. 501 Slade L.J. said (at page 535) that the further removed from one another the respective fields of activities, the less likely was it that any member of the public could reasonably be confused into thinking that the one business was connected with the other; and he added (at page 545) that

‘even if it considers that there is a limited risk of confusion of this nature, the court should not, in my opinion, readily infer the likelihood of resulting damage to the plaintiffs as against an innocent defendant in a completely different line of business. In such a case the onus falling on plaintiffs to show that damage to their business reputation is in truth likely to ensue and to cause them more than minimal loss is in my opinion a heavy one.’

In the same case Stephenson L.J. said at page 547:

‘...in a case such as the present the burden of satisfying Lord Diplock's requirements in the *Advocaat* case, in particular the fourth and fifth requirements, is a heavy burden; how heavy I am not sure the judge fully appreciated. If he had, he might not have granted the respondents relief. When the alleged “passer off” seeks and gets no benefit from using another trader's name and trades in a field far removed from competing

with him, there must, in my judgment, be clear and cogent proof of actual or possible confusion or connection, and of actual damage or real likelihood of damage to the respondents' property in their goodwill, which must, as Lord Fraser said in the *Advocaat* case, be substantial.' ”

15. In terms of assessing whether deception will arise, a number of factors must be considered and weighed in the round. One such factor relates to the similarity between the mark (**GÜD EGGS**) and the sign (**GÜ**) (which is clearly the opponent's best case) associated with the opponent's goodwill. In my view, there is a reasonably strong degree of visual similarity between them. This is because the primary focus of the applied for mark will be its first word given that the word EGGS is entirely descriptive of the goods (although I accept, as the applicant pointed out in its counterstatement, that it should not be ignored completely). That first element contains **GÜ** as its two initial letters, although it does of course have an additional D. The applicant stated in its counterstatement that the umlaut will be barely perceptible. I disagree. It is a point of similarity likely to be noticed, particularly as it appears in short words that make up the sign/dominant element of the mark. Further, and notwithstanding the evidence of other traders using umlauts (which I return to later), it is not common to see umlauts being used in the UK. Aurally, it is difficult to fully comprehend how the respective marks will be articulated. Members of the UK public will not be completely offay as to the precise phonetic impact of an umlaut on words/letters. However, they will likely try to do something with it. In view of this, I believe that GÜD EGGS will be pronounced as GUED-EGGS or GOOED EGGS rather than GHUD EGGS. GÜ will most likely be pronounced as GOO. This in my view creates a reasonably strong degree of aural similarity. In terms of concept, Ms Michaels submitted that the average consumer (and thus by extension the opponent's customers/potential customers) may not see the marks in a binary way. My findings on concept are as follows:

- The concept of Smiley faces – although put forward as a reason for the addition of the umlaut in the opponent's mark, something initially discounted² by the applicant but subsequently used as a reason for the adoption of its

² In its counterstatement, final paragraph of page 3 of 6.

umlaut³, I am doubtful whether the relevant members of the public will see this. There is no conceptual similarity on this basis.

- The concept of a “good egg[s]” (in the applicant’s mark) – this was, again, put forward as a reason for the adoption of the applicant’s mark⁴. I share Ms Michaels’ view that some relevant customers may see the pun, others may not. I believe that fewer relevant customers will see it than do not, because the word GOOD does not clearly leap out.
- The concept of “gooeyness” (in the opponent’s mark) – again, I come to the same finding as above, with fewer relevant customers seeing this evocative message than do not.
- For those relevant customers who fail to see either the good egg, or allusive gooey message, the marks will be seen essentially as invented words (or at least words of unknown meaning) which have a foreign influence. I do not consider that the presence of two of the same letters and an umlaut convey any form of concept.

16. The net effect of the above is that there is no real similarity in concept. For some relevant customers the conceptual assessment is neutral because they will regard both mark (or at least its dominant part) and sign as invented/unknown words. For those that see one or other (or even both) allusive concepts then there is some difference in concept.

17. The opponent’s goodwill is associated with desserts such as chocolate puddings, soufflés, cheesecake etc. The applicant has applied for its mark in relation to eggs and egg products. In relation to the former, an egg is a food product either cooked on its own (scrambled, poached or fried), or is used as an ingredient in a large number of other products. Egg is very commonly used in the preparation of desserts. However, the nature of said products are very different, they are used for essentially different purposes and do not overlap significantly from a commercial perspective. They are,

³ As per the evidence of Mr Gott, paragraph 15.

⁴ As per the evidence of Mr Gott, paragraph 11.

though, types of food found in supermarkets. In his evidence, Mr Hayn discussed the synergy between eggs and desserts. However, I do not consider it necessary to discuss this aspect of the evidence any further because Ms Michaels accepted that all this went to was a synergy in trade, in the sense that it makes commercial sense for egg producers to produce desserts due to the former being able to supply the latter. This is, of course, not something the relevant customers will think about when considering their purchase. Similarly, the opponent's evidence as to the importance and use of eggs in its desserts is not something I need to discuss further. I think it safe to assume that most relevant customers will be aware that many/most desserts contain eggs, but in my view this is not something they will be specifically thinking about. What this boils down to is that the fields of activity are not the same, but the difference between them is not as stark as products which have no link at all. In relation to egg products, this in my view broad enough to cover desserts such as egg custard and, thus, the field of activity is very similar. However, if the term were considered purely on a limited basis i.e. in relation to de-shelled egg products (such as egg white, powered egg etc.) (although I appreciate that no formal limitation has yet been put forward), the same finding I have made in relation to eggs is applicable.

18. The applicant filed evidence showing that other traders use umlauts in the UK, however the opponent filed evidence showing that they all, bar one, relate to businesses operating outside the UK. Ms Michaels accepted, though, the one such use was in the UK and that that business (MÜLLER) was a large one in the yogurt market, a market which was not very far away from that of the opponent. I do not think this evidence needs a great deal of further discussion. Whilst I agree with Ms Michaels' submission that an umlaut is not a common linguistic mark in the UK (for the obvious reason that it does not form part of the English language), the mere sharing of an umlaut does not point towards mis-representation. I also do not consider it necessary to discuss the evidence of other traders using GU in their names because a) it is limited in nature and b) is not aimed at the UK market.

19. In *W.S. Foster & Son Limited v Brooks Brothers UK Limited*, [2013] EWPC 18 (PCC), Mr Iain Purvis QC, as a Recorder of the Court, stated that:

“54. Mr Aikens stressed in his argument the difference between ‘mere wondering’ on the part of a consumer as to a trade connection and an actual assumption of such a connection. In *Phones 4U Ltd v Phone 4U.co.uk Internet Ltd* [2007] RPC 5 at 16–17 Jacob LJ stressed that the former was not sufficient for passing off. He concluded at 17:

‘This of course is a question of degree – there will be some mere wonderers and some assumers – there will normally (see below) be passing off if there is a substantial number of the latter even if there is also a substantial number of the former’.”

20. In view of the above, I must be satisfied that a substantial number of relevant customers will not only bring to mind the opponent’s goodwill associated with the word GÜ, but they must assume a trade connection between the two businesses, and not just wonder if there is one.

21. What I am struck by here is that not only is there a reasonably strong degree of visual and aural similarity, but that similarity exists in a word the distinctiveness of which is not only very strong from an inherent perspective (GÜ is a an unusual word) but that the evidence supporting its goodwill is also very strong. For these reasons, I come to the view that even though the fields of activity are different, a substantial number of relevant consumers who encounter the **GÜD EGGS** mark in relation to eggs will believe that they are being offered for sale by the opponent, or a business economically linked to the opponent. I think such deception could materialise in a number of different ways:

- Some relevant customers may overlook the additional letter D in the applied for mark through a combination of imperfect recollection and the relatively casual way eggs are likely to be purchased, and will assume the existence of the required economic connection. The assumption will be that the GÜ people have expanded into the field of eggs. Whilst such expansion may not be common, it is not so far-fetched to outweigh the other factors which point towards deception.

- Some relevant customers may notice the additional D but still assume an economic connection as a brand extension. Although adding the D may not signal an obvious type of brand extension, such commonality between the mark/sign, together with its unusualness, will nevertheless lead some relevant consumers to that assumption.
- Some relevant customers may notice the additional D, and even notice the pun with “good eggs”, but still assume an economic connection on the basis that the people responsible for GÜ have expanded into the egg field and have adapted their existing mark to create a form of clever pun based upon it.

22. I am satisfied that there will be more than sufficient numbers within the above camps to constitute the required substantial number of customers/potential customers. In relation to egg products, the same finding (indeed the finding is even stronger) applies to such a term to the extent that it covers egg based desserts. In relation to de-shelled egg products, the position is the same as in relation to eggs per se.

Damage

23. In terms of damage, I must of course bear in mind the guidance I set out earlier where it is clear that the possibility of damage reduces with the distance between the fields of activity. However, in the case before me, the difference in the fields of activity is not as stark as it was in, for example, the *Stringfellow* case, which related to nightclubs services and potato chips.

24. In *Harrods Limited V Harrodian School Limited* Millett L.J. described the requirements for damage in passing-off cases like this:

“In the classic case of passing off, where the defendant represents his goods or business as the goods or business of the plaintiff, there is an obvious risk of damage to the plaintiff's business by substitution. Customers and potential customers will be lost to the plaintiff if they transfer their custom to the defendant in the belief that they are dealing with the plaintiff. But this is not the only kind of damage which may be caused to the plaintiff's goodwill by the deception of

the public. Where the parties are not in competition with each other, the plaintiff's reputation and goodwill may be damaged without any corresponding gain to the defendant. In the *Lego* case, for example, a customer who was dissatisfied with the defendant's plastic irrigation equipment might be dissuaded from buying one of the plaintiff's plastic toy construction kits for his children if he believed that it was made by the defendant. The danger in such a case is that the plaintiff loses control over his own reputation.”

25. In *Ewing v Buttercup Margarine Company, Limited*, [1917] 2 Ch. 1 (COA), Warrington L.J. stated that:

“To induce the belief that my business is a branch of another man's business may do that other man damage in various ways. The quality of goods I sell, the kind of business I do, the credit or otherwise which I enjoy are all things which may injure the other man who is assumed wrongly to be associated with me.”

26. It is clear that the use of the applied for mark will not divert trade. However, there is in my view ample opportunity for an injurious association as described above to result. The opponent's evidence demonstrates that its goods are marketed at the premium end of the market. For example, they are often sold in individual ramekins. If the opponent's eggs/egg products were not of the same premium quality, this could negatively impact upon its position as a premium trader in its field. Damage is made out.

Section 5(3)

27. Section 5(3) of the Act states:

“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 European Union trade mark or international trade mark (EC), in the European Union) 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.”

28. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel*, [2009] ETMR 13, Case C-408/01, *Addidas-Salomon*, [2004] ETMR 10 and C-487/07, *L'Oreal v Bellure* [2009] ETMR 55 and Case C-323/09, *Marks and Spencer v Interflora*. The law appears to be as follows.

a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors*, paragraph 24.

(b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors*, paragraph 26.

(c) It is necessary for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind; *Adidas Saloman*, paragraph 29 and *Intel*, paragraph 63.

(d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks and between the goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark's reputation and distinctiveness; *Intel*, paragraph 42

(e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the future; *Intel*, paragraph 68; whether this is the case must also be assessed globally, taking account of all relevant factors; *Intel*, paragraph 79.

(f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the

goods/services for which the earlier mark is registered, or a serious risk that this will happen in future; Intel, paragraphs 76 and 77.

(g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; Intel, paragraph 74.

(h) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality which is liable to have a negative impact of the earlier mark; L'Oreal v Bellure NV, paragraph 40.

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (Marks and Spencer v Interflora, paragraph 74 and the court's answer to question 1 in L'Oreal v Bellure).

29. If I am right on my finding under section 5(4)(a), it would follow that the opponent would also succeed under section 5(3). It is undoubtedly the case that the opponent's marks' have a reputation. If deception arises then so will the required link. Further, that assumption of an economic connection means that the applicant is deriving an unfair advantage, benefitting from the opponent's sales and marketing activity, borrowing a ready-made reputation without any form of investment itself. Notwithstanding the applicant's explanation for coining its mark, I agree with Ms Michaels' submission that this does not provide a due cause to take advantage in such a way. Furthermore, the

distinctiveness of the opponent's marks would also be diluted given that an economic connection will be assumed, an economic connection that does not exist. Thus, the opponent succeeds under section 5(3) also.

30. Irrespective of the above, it is worth considering section 5(3) in the event that I was wrong to have held that deception/misrepresentation would arise. From that perspective, I come to the clear view that the opponent's marks (I focus particularly on the GÜ marks) have a strong reputation for dessert products and that the similarity between the marks, coupled what I have said about the distance between desserts and eggs, will mean that the earlier marks will be brought to mind when the relevant public encounters the applied for mark. Indeed, I consider it likely that the relevant public will go one step further and at least wonder if there is an economic connection between the businesses responsible for the goods. In my view, even a wondering of this type would derive some form of benefit in favour of the applicant due to that association that is being brought to mind. The positive connotations of the premium products will still likely flow to goods sold under the applied for mark. I would therefore find the opposition successful under section 5(3) on this basis, even if my finding under section 5(4)(a) was wrong. Given this finding, I do not consider it proportionate to consider the other heads of damage under section 5(3).

Section 5(2)(b)

31. Section 5(2)(b) of the Act states that:

“5.-(2) A trade mark shall not be registered if because – ..

(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.”

32. The following principles are gleaned from the judgments of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P:

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, 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, and whose attention varies according to the category of goods or services in question;

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

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) 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;

(k) if the association between the marks creates a risk that the public will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

33. Ms Michaels stated that although the other marks were not being dropped, earlier EUTM 9692062 was really the only one that needed to be considered. The mark is GÜ and is registered for the following goods:

Class 29: Desserts; chilled, cream and dairy desserts; desserts made wholly or principally of dairy products or of milk products; flavoured desserts; instant desserts having a milk base; prepared desserts; yoghurts; excluding nutrition based energy snack foods and drinks and alimentary gels and pastes for energy.

Class 30: Desserts; frozen desserts; ice cream desserts; preparations for making desserts; prepared desserts; puddings, puddings for use as desserts; confectionery; biscuits; cakes; cookies; pralines; frozen yoghurts; sorbets; ice creams; excluding nutrition based energy snack foods and drinks and alimentary gels and pastes for energy.

34. To the extent that the earlier mark covers various forms of dessert product, the opponent is in no better position than it was under section 5(4)(a). However, I note that the earlier mark does cover “preparations for making desserts” in class 30 which Ms Michaels submitted put the opponent in a better position regarding the goods. Clearly, a preparation for making desserts is not a finished dessert. However, items such as flour (a class 30 product) is a core staple ingredient and would not ordinarily fall within the term “preparations for making deserts”. Instead, I think the term covers items which comprise a specific preparation which can easily be turned into a specific dessert with the addition of say, water, oil and/or eggs to create a finished dessert.

35. In my view, the above term does little to materially assist the opponent overall, compared to the findings I have already made. This is because there is still roughly the same level of similarity between such preparations and egg products, to the extent that the latter term covers egg type desserts. Whilst there may be a greater degree of similarity with egg products such as egg whites etc, the opponent cannot rely on its reputation (because none exists for such preparations) and the strength of its position is not improved over the section 5(4)(a) finding. Further, I find eggs per se is not materially closer to the preparations than it is to the desserts themselves. For these reasons, I do not consider it necessary to consider section 5(2)(b) further.

Conclusion

36. Subject to appeal, the application for registration is to be refused in its entirety.

Costs

37. The opponent has been successful and is, therefore, entitled to a contribution towards its costs. Ms Michaels submitted that costs at the upper end of the scale should be awarded because it was unnecessarily put to proof of use/reputation. Whilst I understand the point, I do not consider this to have a major influence on my decision on costs. This is because the opponent need not have filed evidence if it was only to prove use because it had marks that were not subject to the use provisions. Further, the extent and strength of any reputation/goodwill is something that was clearly

necessary for the opponent to demonstrate and is something which I have relied upon in this decision. My costs assessment is as follows:

Official fee – £200

Preparing a statement of case and considering the counterstatement - £300

Filing and considering evidence - £1000

Preparing for and attending the hearing - £600

38. I order Stonegate Farmers Limited to pay Noble Desserts Holdings Limited the sum of £2100 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 24th day of May 2018

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Oliver Morris

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