

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION No 2061273
BY BELI IMPORT - UND EXPORT, BAU- UND HANDELS - GMBH
TO REGISTER A TRADE MARK
VRATISLAV & DEVICE
IN CLASSES 32, 33 & 42.

AND IN THE MATTER OF OPPOSITION THERETO
UNDER NUMBER 45864
BY PIVOVARY VRATISLAVICE NAD NISOU A.S.

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DECISION

BACKGROUND

On 13 March 1996, Beli Import- und Export, Bau- und Handels Gmbh of Maas-strasse 10, D-16321 Bernau, Germany applied under the Trade Marks Act 1994 for registration of the trade mark shown below:



The colours red, gold and black are claimed as a distinctive feature of the mark.

In respect of the following goods:

Class 32: "Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages".

Class 33: "Alcoholic beverages (not including beer)."

Class 42: "Provision of temporary accommodation, provision of food and drink, catering services."

An International priority date of 2 October 1995 was claimed based upon an earlier filing in Germany.

On the 8 November 1996 Pivovary Vratislavice Nad Nisou A.S. filed notice of opposition to the application. The grounds of opposition are in summary:

5 i) that the opponent has marketed, sold and distributed throughout the UK alcoholic beverages, in particular beer under the trade mark VRATISLAV and other marks consisting of or incorporating that word and, as a result of which, the opponent possesses substantial reputation and goodwill in the marks in the UK.

10 ii) In view of (i) above use of the mark in suit would be contrary to Sections 3(3)(b), 3(6) & 5(4)(a).

15 iii) By virtue of the opponent's use of its mark, at the date of filing of the application, each of the marks were entitled to protection under the Paris Convention as well-known trade marks. The applicant's mark is similar to the opponent's marks and is for goods identical with or similar to those for which the opponent's trade marks are protected and there exists a likelihood of confusion on the part of the public, which includes the likelihood of association. Registration of the mark in suit would therefore offend against Section 5(2)(b).

20 The applicant subsequently filed a counterstatement denying all of the grounds of opposition, and claiming:

25 C That the opponent has not marketed, sold or distributed in the UK beer or any other products the subject of the application under the trade mark in suit or any confusingly similar mark. Accordingly the opponent has no rights which may be enforced by virtue of the law of passing off, nor was the application made in bad faith.

30 C The opponent has consented to the application and to the use of the mark by the applicant. In the alternative the opponent is estopped from objecting to the applicant's application and use.

35 C The opponent and the applicant are parties to contractual arrangements, including an agreement dated 22 June 1993, which permits the applicant to apply for and to use the mark. It has been agreed that the applicant shall undertake the necessary measures to secure the market for the products in the German and European Community markets, by the acquisition of intellectual property rights. The applicant is to bear the cost of obtaining such rights because the opponent could not make the necessary finance available. The opponent obtained rights effective in Germany which were subsequently transferred to the applicant.

40 C The mark would not deceive the public. The "beer" sold by the applicant under the mark in suit is produced by the Vratislavice nad Nisou brewery and the labels on the product clearly indicate this.

45 C The opponent's mark is not entitled to protection under the Paris Convention as a well-known trade mark. The opponent's mark is not a well-known mark within the meaning of the Trade Marks Act 1994.

Both sides ask for an award of costs. Neither party wished to be heard in the matter. Only the opponent filed evidence. My decision will therefore be based on the pleadings and the evidence filed.

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On the 31 January 1997 the opponent merged with another company and is now known as Prazske Pivovary A.S. An amended statement of grounds of opposition was filed with the name of the new company being shown as the opponent in paragraph 1 of the document. Otherwise, the grounds of opposition were unchanged.

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OPPONENT’S EVIDENCE

This consists of a statutory declaration by Mr Simon Kenneth Fredericks, dated 21 May 1998. He is the Finance Director of Private Liquor Brands Limited, a company which from April 1993 acted as exclusive distributor for Pivovary Vratislavice nad Nisou A.S. the original opponent. Following the merger Mr Fredericks states that his company continues to act as the exclusive distributor in the UK for Prazske Pivovary A.S. the new opponent.

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Mr Fredericks states that his company has been responsible for the import and distribution of the opponent’s beer. The beer has been sold to retail outlets including Tesco, Somerfields, Waitrose, Thresher, Gateway, United North West and Co-operative Wholesale Society. Examples of the labels used on the beer sold in Tesco, Somerfields and Waitrose are produced at exhibit SF2. The label on the beer sold in Tesco has the name Vratislav printed across the main label and also the neck label. The labels for the other two stores are very similar to each other in having Pivovar printed prominently upon them and bearing a crest on all three (neck, main and back) labels. This crest is described by Mr Fredericks as “comprising a stylised letter V, a crown, a decorative surround and the numerals 1872 which device is reproduced in its entirety in the mark opposed in these proceedings.”

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Mr Fredericks states that the contract with Tesco was negotiated in 1992 and that his company was a party to the proceedings. He then provides approximate annual retail sales figures for the Vratislav beer sold by Tesco, and separately, the retail sales of the Pivovar beer bearing the V1872 device.

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Year	VRATISLAV		PIVOVAR	
	£	Number of cases	£	Number of cases
1993	690,000	25,300	72,000	3,600
1994	690,000	34,200	204,000	10,200
1995	530,000	22,800	216,000	10,800
1996	400,000	16,800	216,000	10,800
1997	900,000	45,600	120,000	6,000

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Mr Fredericks states:

5 “My company is a specialist in the supply of own label products to major UK supermarket chains. My company has worked with Bass Brewers for many years to supply ales and lagers to these retailers. Since Bass took equity and put management skills into the Vratislavice brewery (now called Prazske Pivovary A.S.) My company continued to market and sell VRATISLAV brew to Tesco and other retail groups. These retailers then marketed the VRATISLAV beer under the various trade marks of the opponent, Prazske Pivovary A.S.”

15 Finally, Mr Fredericks offers his opinion that as a result of the use of the word VRATISLAV and the V1872 device by the opponent, the applicant cannot claim to be the proprietor of the mark in suit.

That concludes my review of the evidence. I now turn to the decision.

20 DECISION

I first consider the ground of opposition under Section 3(3) which is as follows:

“3 (3) *A trade mark shall not be registered if it is -*

- 25 (a) *contrary to public policy or to accepted principles of morality, or*
(b) *of such a nature as to deceive the public (for instance as to the nature, quality or geographical origin of the goods or service).”*

30 The opponent has claimed that because of their use of the mark VRATISLAV, the public will be deceived if the applicant uses the mark in suit. By this I assume that they contend that the applicant’s mark is likely to deceive the public into thinking that the applicant’s goods originate from the opponent. However, I note that Section 3(3)(b) is intended to apply where the deception alleged arises from the nature of the mark itself. This is consistent with the heading of Section 3 of the Act which is entitled “Absolute grounds for refusal” and is to be contrasted with Section 5 of the Act which deals with the “Relative” rights of the applicant and other parties. Consequently, the opponent cannot succeed under this heading based upon their use of the same mark.

40 There cannot be any deception of the public as to the geographic origin of the beer, or it’s quality as it has been claimed by the applicant, and not refuted, that the beer is produced by the opponent. The opposition under this heading fails.

Next, I turn to the ground of opposition under Section 5(2)(b) which is as follows:

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 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.”

An earlier right is defined in Section 6, the relevant parts of which state

6.- (1) In this Act an ‘earlier trade mark’ means -

(a)...

(b)...

(c) a trade mark which, at the date of application for registration of the trade mark in question or (where appropriate) of the priority claimed in respect of the application, was entitled to protection under the Paris Convention as a well known trade mark.”

The opponent has claimed that its marks are entitled to protection under the Paris Convention as a well-known trade mark. Sections 55 & 56 of the Trade Marks Act 1994 states:

The Paris Convention: supplementary provisions

55 -(1) In this Act-

(a) “the Paris Convention” means the Paris Convention for the Protection of Industrial Property of March 20th 1883, as revised or amended from time to time, and

(b) a “Convention country” means a country, other than the United Kingdom, which is a party to that Convention.

56-(1) References in this Act to a trade mark which is entitled to protection under the Paris Convention as a well known trade mark are to a mark which is well known in the United Kingdom as being the mark of a person who-

(a) is a national of a Convention country, or

(b) is domiciled in, or has a real and effective industrial or commercial establishment in, a Convention country,

Whether or not that person carries on business, or has any goodwill, in the United Kingdom.

References to the proprietor of such a mark shall be construed accordingly.

The opponent in this case is based in the Czech Republic which is a Convention Country and so is able to seek to benefit from this provision. In order to determine whether the opponent’s marks are well known I turn to the comments of Advocate General Jacobs in the General Motors Corporation v Yplon SA Case C-375/97 of the European Court of Justice, where he stated:

“The protection of well-known marks under the Paris Convention and TRIPS is accordingly an exceptional type of protection afforded even to unregistered marks. It would not be surprising therefore if the requirement of being well-known imposed a relatively high standard for a mark to benefit from such exceptional protection. “

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Later in the judgement he concludes:

“I accordingly conclude in answer to the first question that a trade mark with a reputation within the meaning of Article 5(2) of the Directive is to be interpreted as meaning a mark which is known to a significant part of the relevant sectors of the public, but which need not attain the same degree of renown as a mark which is well known within the meaning of the Paris Convention.”

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It follows therefore that if the opponent is to be successful under this ground of opposition they must do more than just demonstrate reputation, they must supply evidence which supports a claim for an exceptional type of protection. All that the opponent has provided in by way of evidence of reputation is evidence as to turnover. There is no evidence of market share, and given the figures amount to less than £1million per annum on average, in what is a huge market I can only conclude that the market penetration is relatively low. There is no evidence as to public recognition of the mark. This is clearly insufficient to meet the high standard of proof required to benefit from exceptional protection.

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I do not find that the trade mark VRATISLAV is a well known trade mark under 6bis of the Paris Convention and therefore this ground of opposition fails.

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Finally, I turn to the ground of opposition under Section 5(4) which states:

“5. (4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented -

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(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) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.

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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.”

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In deciding whether the mark in question “VRATISLAV & device” offends against this section, I intend to adopt the guidance given by the Appointed Person, Mr Geoffrey Hobbs QC, in the WILD CHILD case (1998 14 RPC 455). In that decision Mr Hobbs stated that:

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“The question raised by the Grounds of Opposition is whether normal and fair use of the designation WILD CHILD for the purposes of distinguishing the goods of interest to the Applicant from those of other undertakings (see Section 1(1) of the Act) was liable to be

prevented at the date of the application for registration (see Art.4(4)(b) of the Directive and Section 40 of the Act) by enforcement of rights which the opponent could then have asserted against the Applicant in accordance with the law of passing off.

5 A helpful summary of the elements of an action for passing off can be found in Halsbury's Laws of England 4th Edition Vol. 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in Reckitt & Colman Products Ltd - v - Borden Inc [1990] RPC 341 and Even Warnik BV - v - J. Townend & Sons (Hull) Ltd [1979] AC 731 is (with footnotes omitted) as follows:

10 'The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

15 (1) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

20 (2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

25 The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House's previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of "passing off", and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House.'

30 " Further guidance is given in paragraphs 184 to 188 of the same volume with regard top establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

35 To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

40 (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

45 (2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

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In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

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- (a) the nature and extent of the reputation relied upon;
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;
- (c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;
- (d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and
- (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

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In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

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With these considerations in mind I turn to assess the evidence filed as set out earlier in this decision. For ease of reference I reproduce below the opponent’s marks referred to in this case.

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This is the PIVOVAR neck label, also referred to as the V1872 device mark. This was filed in two different border colours (green and black). The V appears in red, all the other printing is in black with the centre background being gold and white.

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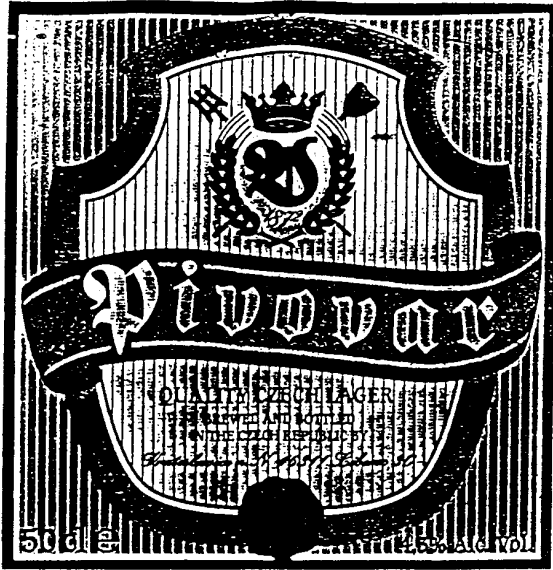
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This is the PIVOVAR back label. The border was filed in two different colours (green and black). The V1872 device is coloured as per the neck label, with all other printing in black.

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This is the PIVOVAR main label. Again filed in two different border colours (green and black). The word PIVOVAR is picked out in white on a red sash. All the other printing is in black with the centre background being gold and white. The V1872 device is coloured as per the neck label.

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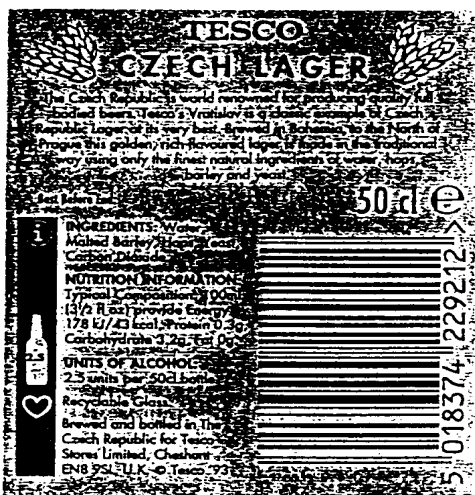
This is the VRATISLAV neck label. It is gold coloured with the name VRATISLAV being in red.

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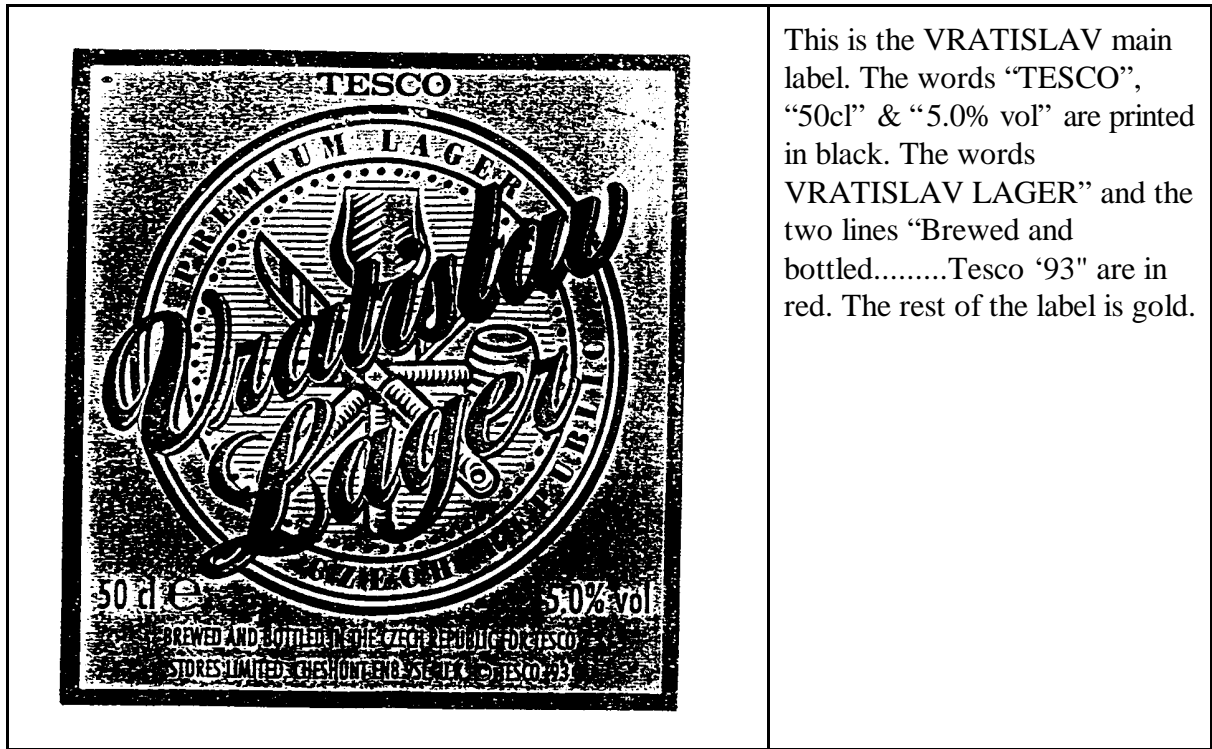
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This is the VRATISLAV back label. The background is gold with all the printing in black except for the words "Czech lager" and the strip with the bottle motif.



I shall first consider the opponent’s PIVOVAR mark. The figures provided for this mark show average sales of £164,000 per annum in the years 1993- 1995. These are said to equate to an average of 8,200 cases of beer per annum in the same period. In the light of this evidence the opponent can be said to enjoy only modest goodwill and reputation. In comparing the three labels to the mark applied for by the applicant it is clear that the heraldic device described as V1872 is present in the applicant’s mark and on all three labels. However, the name PIVOVAR is present on all three of the opponent’s labels and it is well established that words speak louder than devices. In my opinion the opponent’s product will be known and recognised by the name PIVOVAR, and therefore will not be confused with the applicant’s product which will be known as VRATISLAV. The public is used to seeing heraldic devices on beers and will identify a product by a name if one is provided.

Therefore, despite the fact that the opponent has goodwill in the PIVOVAR mark and the fact that some of the applicant’s goods in class 32 (beers) are identical to those of the opponent, there is in my opinion no misrepresentation as the public will not be lead to believe that the goods of the applicant are the goods of the opponent. If the opponent fails when the goods are identical it follows that when comparing the applicant’s remaining goods in Class 32, and the goods in Class 33 and 42, the opposition also fails.

I now consider the opponent’s mark VRATISLAV also used on bottles of beer. The opponent has again provided sales figures which show that in the period 1993 - 1995 annual sales averaged £ 636,000 equating to 27,400 cases per annum. Whilst these are modest figures given the size of the market in beer in the UK, they cannot be said to be de minimis.

When considering the labels of the opponent, the dominant feature is the name VRATISLAV. The device elements on the neck and main label are not distinctive. The colours on the main label are

red, gold and black, those on the neck label, red and gold.

5 The applicant's mark features a large heraldic device and the name VRATISLAV. Although the device is larger than the name, it is the name that is the dominant feature and which customers will recall. The applicant has claimed as a distinctive feature the colours red, gold and black. Even if the colours were completely different from those used on the opponent's mark, the marks would still share the same dominant feature, the word VRATISLAV.

10 Clearly some of the goods in the applicant's specification in Class 32 ("Beers; non-alcoholic drinks; fruit drinks, preparations for making beverages") are identical or similar to the opponent's goods "beer". Equally because of the distinctiveness of the name VRATISLAV and the association between beers in Class 32 and "alcoholic beverages (not including beer)" in Class 33 the use of the mark on goods in Class 33 would cause the public to believe that they originated from the same manufacturer.

15 Considering the applicant's services under Class 42, I accept that most public houses are owned by large breweries and offer accommodation and food. However, the applicant's goods are currently sold through retail outlets such as Tesco, Waitrose etc. They also have only shown reputation in "beers". Therefore despite the distinctiveness of the mark I do not believe that the public would believe that the services offered under Class 42 were associated to the opponent, with the exception of the "provision of drink" and any catering services offered by a public house.

20 Whilst according to the applicant's evidence the association between the applicant's and opponent's goods in Class 32 would be a correct supposition as the opponent's manufacture the products sold by the applicant, it would still be misrepresentation as the product may differ in its make up from the product sold by the opponent. In addition it would cause damage to the opponent through the loss of sales.

25 The applicant's in their counterstatement claim that a contractual arrangement exists between the parties allowing the applicant's to register and use the mark in suit. Whilst this claim was not rebutted neither was it substantiated by the filing of a copy of the document by the applicant. In the absence of conclusive evidence of such an agreement I find that the applicant's mark when used on certain of the applicant's goods offends against Section 5(4), and the opposition under this Section partly succeeds

30 In view of the above finding I do not need to consider the remaining ground of opposition under Section 3(6).

35 The opposition to the applicant's mark having been only partly successful the application will be allowed to proceed to registration if, within one month of the end of the appeal period for this decision, the applicant files a TM21 for the following specification.

40 Class 32: "Mineral and aerated waters; fruit juices; syrups for making beverages."

45 Class 42: "Provision of temporary accommodation; provision of food; catering services, other than public houses."

If the applicant does not file a TM21 restricting the specification as set out above the application will be refused in its entirety.

5 The opposition having been partly successful the opponent is entitled to a contribution towards their costs. I order the applicant to pay the opponent the sum of £335

Dated this 27 day of August 1999

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George W Salthouse
For the Registrar
The Comptroller General

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