

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No 2238189
BY CRYSTAL DRINKS LIMITED TO REGISTER THE MARK
RED-X IN CLASSES 32 AND 33**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER No 51777
BY RED BULL GMBH**

TRADE MARKS ACT 1994

**IN THE MATTER OF Application No 2238189
by Crystal Drinks Limited to register the mark
RED-X in Classes 32 and 33**

and

**IN THE MATTER OF Opposition thereto under No 51777
by Red Bull GmbH**

DECISION

1. 30 June 2000 Crystal Drinks Limited applied to register the mark RED-X for the following specification of goods:

Class 32:

Beers; mineral & aerated waters & other non-alcoholic drinks; fruit drinks & fruit juices; syrups & other preparations for making beverages.

Class 33:

Alcoholic beverages (except beers).

2. The application is numbered 2238189.

3. On 23 November 2000 Red Bull GmbH filed notice of opposition to this application. They are the proprietors of numerous UK and CTM registrations and applications consisting of or containing the words RED BULL. Brief details of the marks relied on are shown in the Annex to this decision. They are also the applicants before OHIM for the mark RED. I will come to the details of such of these registrations and applications as are necessary to deal with this opposition in due course. The opponents say that they manufacture non-alcoholic drinks and have an extensive trade in relation to such goods in the UK under the mark RED BULL since 1994. The RED BULL product is specifically formulated for those who require energy and/or alertness.

4. Objections are taken as follows:

"Under Section 5(2)(b) of the Trade Marks Act 1994 ("The Act"), the Opponents claim that RED-X should not be registered because it is similar to their earlier trade marks containing or consisting of the word RED, and because application No. 2238189 covers goods which are identical with or similar to goods in Classes 5, 32 and 33 covered by the Opponent's earlier registrations and pending applications as listed above; and because application No. 2238189 covers goods related to services in Class

42 covered by the Opponents' earlier registrations and pending applications as listed above; and because, as a consequence, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade marks.

Under Section 5(4)(a) of the Act, RED-X should not be registered, because its use in the United Kingdom is liable to be prevented by virtue of the law of passing off, on the basis of use made by the Opponents of their marks, containing or consisting of the word RED, in the United Kingdom in relation to goods in Classes 5, 32 and 33, and in relation to services in Class 42, since at least the latter part of 1994, the goodwill generated by such use constituting an "earlier right" in relation to such marks."

The relief sought is the amendment of the application so as to exclude energy/alertness drinks.

5. The applicants filed a counterstatement denying the above grounds. In response to submissions made in the opponents' statement of grounds they too comment on the respective marks. They add that in the context of the energy/alertness drinks market there are other RED prefixed brands sold in the UK. In particular they cite RED CARD, RED DEVIL , RED ALERT and RED ROOSTER and annex pictures showing examples of cans bearing these marks. They confirm their unwillingness to amend their specification in the terms requested by the opponents.

6. Both sides ask for an award of costs in their favour.

7. Only the opponents filed evidence.

8. In line with current practice the papers were reviewed. As a result the parties were informed that it was considered a decision could be reached without recourse to a hearing. The parties were reminded that they nevertheless had a right to be heard if they so wished or to make written submissions in lieu thereof. In the event neither side has sought a hearing but written submissions have been received (Hammond Suddards Edge's letter of 23 January 2002) on behalf of the applicants. Acting on behalf of the Registrar and after a careful study of the papers I give this decision.

9. The opponents' evidence in this case is as follows:

Witness Statement by David Alan Taylor with Exhibit DAT-1

Witness Statement by Dietrich Mateschitz with Exhibits DM1 - DM5

Witness Statement by Harry Francis Drnec with Exhibits HFD1 - HFD6

Statutory Declaration by David Alan Taylor with Exhibit DAT-1

10. The main evidence giving details of the history of the RED BULL brand and use of the mark in the UK comes from Messrs Mateschitz and Drnec who are the Managing Directors respectively of the Austrian opponents and their UK distributor. It will suffice to record that

- RED BULL is a carbonated non-alcoholic energy drink containing glucose, water and other minerals and ingredients. It is consumed as a drink in its own

right and as a mixer.

- market testing in the UK commenced in 1994 and the full launch a year later. Turnover has risen from £1.9 million in 1995 to £95 million in 2000.
- sales are widely dispersed throughout the UK and promotional expenditure has itself risen from £6 million in 1995 to £15 million in 2000.
- the product is mainly advertised on television and in cinemas. The opponents and their UK distributors also sponsor various sporting and entertainment events.
- market research reports suggest that the RED BULL product enjoys a significant market share. The exhibits to Mr Drnec's and Mr Mateschitz's witness statements support the above claims.

11. I have not felt it necessary to offer a more extensive summary of the opponents' evidence because the applicants' in their written submissions helpfully (and in my view quite correctly) concede that

"The Applicant does not seek to demonstrate that the Opponent does not have the requisite goodwill in its RED BULL trade mark to found an action for passing off. Indeed, it is submitted that the evidence given by Messrs Drnec and Mateschitz on behalf of the Opponent demonstrate very extensive goodwill and recognition of the RED BULL mark and product."

12. I comment in passing that I do not read that concession as extending to goods other than or significantly beyond energy/alertness drinks but I bear in mind that these are the goods to which objection is taken in the opponents' statement of grounds.

13. Mr Taylor is the opponents' Trade Mark Attorney. He offers a number of submissions on the issues arising in this case and exhibits a notarised copy of a judgment in a Dutch District Court in preliminary relief proceedings which it is submitted demonstrate that situations can arise where a product such as RED-X can be confused by the public with the RED BULL energy drink. I will return to these issues in due course.

Section 5(2)(b) reads as follows:-

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

- (a)
- (b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark."

14. I take into account the guidance provided by the European Court of Justice (ECJ) in *Sabel BV v Puma AG* [1998] E.T.M.R. 1, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] E.T.M.R. 1, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG* [2000] E.T.M.R. 723.

It is clear from these cases that:-

- (a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v Puma AG*, paragraph 22;
- (b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v. Puma AG*, paragraph 23, who is deemed to be reasonably well informed and reasonably circumspect and observant - but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind; *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V.* paragraph 27;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v. Puma AG*, paragraph 23;
- (d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV v. Puma AG*, paragraph 23;
- (e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 17;
- (f) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it; *Sabel BV v. Puma AG*, paragraph 24;
- (g) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v. Puma AG*, paragraph 26;
- (h) further, the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; *Marca Mode CV v. Adidas AG*, paragraph 41;
- (i) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 29.

15. As will be apparent from the Annex to this decision the opponents have a large number of RED BULL marks registered or applied for before the UK and CTM Registries. The main thrust of their opposition is based on the word mark RED BULL and the use and reputation attaching thereto in relation to energy drinks. It is not necessary therefore for me to consider each and every registration/application. A number of the registrations are composite marks which include the two bulls device or otherwise incorporate additional words. I am satisfied from the evidence that the opponents' reputation extends to both the words RED BULL and those words in conjunction with the two bulls device. I propose, therefore, for convenience to consider the matter on the basis of UK registration No. 2012126 for the words RED BULL solus. I cannot see that any of the composite marks would place the opponents in a more advantageous position.

16. For convenience I set out below details of the respective marks and specifications.

Applicants' mark (No. 2238189)

RED-X

Class 32:

Beers; mineral & aerated waters & other non-alcoholic drinks; fruit drinks & fruit juices; syrups & other preparations for making beverages.

Class 33:

Alcoholic beverages (except beers).

Opponents' mark (No. 2012126)

RED BULL

Class 32:

Mineral and aerated waters and other non-alcoholic beverages; fruit drinks and fruit juices; syrups and other preparations for making beverages.

Class 33:

Alcoholic beverages (except beers).
(relevant Classes only)

Similarity of goods

17. I do not understand the applicants to dispute that identical (and similar) goods are involved.

Distinctiveness of the opponents' earlier trade mark

18. Again there is no dispute but that the opponents' RED BULL mark is highly distinctive within the meaning of the Sabel v Puma test ((f) above).

Similarity of marks

19. The critical issue is, therefore, whether the marks themselves are similar. Mr Taylor's submissions on the point on behalf of the opponents are as follows (taken from his witness statement of 7 August 2001).

"4. It is submitted that the trade mark RED-X is inherently non-distinctive and, since

the applicants have not submitted any evidence of use of the mark in the United Kingdom, the Registrar is forced to consider the effect of "normal and fair" use of the mark in the face of massive use of the RED BULL trade mark.

According to the Addendum to Chapter 6 of the Trade Mark Registry's Work Manual (at page 93);

"X - This denotes strength of beer or lager and is considered to be particularly without distinctive character for such goods, object under Section 3(1)(b). No deceptiveness objection need be raised.

The letter and its phonetic equivalent is devoid of distinctiveness for all goods/services."

It is submitted that the public will understand a similar meaning for "X" when applied to non-alcoholic drinks in Class 32. It is admitted that there are other non-alcoholic drinks on sale, whose trade marks contain the element "RED", but all of those cited by the applicants contain additional elements which might be seen as more distinctive than the letter "X".

5. Further, the dictionary definition of "X" emphasises its non-distinctive character in a trade mark context. Typical is the definition in The New Oxford English Dictionary [1998] which includes:

"... denoting an unknown or unspecified person or thing..."

Shown to me now and marked [DAT-1] is a copy of the title page and relevant entry in the aforesaid dictionary.

6. Thus, on the one hand, a customer is most likely to believe that the "X" in RED-X indicates "BULL", because RED BULL is the best selling of the "RED" non-alcoholic drinks.

On the other hand, in the circumstances of a busy club or pub, a bartender could mis-hear an order for "vodka and RED BULL" and substitute the RED-X product for the RED BULL product ordered. Such circumstances are described in the Dutch Court decision exhibited to the Statutory Declaration of Mr David Taylor, dated 20 July 2001."

20. I accept that I must consider the effect of normal and fair use of the mark applied for in the face of the opponents' earlier trade mark. I do not accept that simply because X denotes strength of beer or lager that the public will understand a similar meaning when applied to non-alcoholic drinks. On the contrary if X is an indication of alcoholic strength then it would be curious if it were to be used in relation to a non-alcoholic drink.

21. As to the relative lack of distinctiveness of the letter X I accept that that might be the case if the letter was taken on its own. But the average consumer is said to perceive marks as

wholes and not to analyse various details. The applied for mark is RED-X and not just X.

22. I do not accept that X in RED-X will be taken to indicate BULL. There is no evidence to support such an inference and it seems inherently improbable. Likewise the Dutch Court decision is of no assistance to the opponents. From the transcript provided I do not find anything to support the proposition that customers had been confused, or orders misheard. It appears to be a straightforward case of switch selling. Thus (from paragraph 6 of the transcript) "..... Toos Hereca served Red X on 8 March 2001 even though the customer had asked for RED Bull, and that it failed to mention that the drinks were not manufactured by Red Bull".

23. I am required to form my own view based on visual, aural and conceptual similarity of the marks. I can do that fairly briefly. Despite the presence of the common elements RED I regard the marks as having little visual similarity. The construction and appearance of the applicants' mark creates a quite different visual impression to that of the opponents' mark. Aurally too the marks are some distance apart. Even allowing for the sales environment of a busy pub or club I do not consider the mark RED-X would sound similar to the opponents' mark RED BULL which after all consists of two well known dictionary words. Conceptually RED BULL creates a very distinct and strong image. RED-X, on the other hand has no obvious meaning. There is, therefore, no conceptual similarity.

Likelihood of confusion

24. Taking all the above factors into account including particularly the highly distinctive character of the opponents' mark and identity of (key) goods I have come to the clear view that there is no likelihood of confusion on the basis of the opponents' RED BULL registrations.

25. However, that is not the end of the matter so far as Section 5(2)(b) is concerned because the opponents also say that the mark in suit should not be registered because it is "similar to their earlier trade marks containing or consisting of the word RED". In this respect I note that they have included in their listing of marks the following CTM application

No.	Mark	Classes	Specification
1187301	RED	32	Beers; mineral and aerated waters and other non-alcoholic drinks, in particular energy drinks and isotonic (hyper and hypotonic) drinks (for consumption or use by athletes); fruit drinks and fruit juices; syrups and other preparations for making beverages; effervescent tablets and powders for drinks; non-alcoholic cocktails.
		33	Alcoholic beverages (except beers); hot and mixed alcoholic drinks, in particular

alcoholic energy drinks, mulled wine and mixed milk drinks; wines, spirits (beverages) and liqueurs; alcoholic preparations for making beverages; spirit or wine-based cocktails and aperitifs; beverages containing wine.

(It is also applied for in Class 25 but this Class is not relevant for present purposes)

26. This application is at the time of writing still pending before OHIM but, by virtue of its filing date of 25 May 1999, has the capacity to be an earlier trade mark within the meaning of Section 6(1)(a) of the Act. The further question, therefore, arises as to whether there is a likelihood of confusion between the mark applied for and the mark RED.

Similarity of goods

27. Again identical goods are involved. In particular there is a direct overlap in the key area of non-alcoholic (energy) drinks which are the specific goods objected to by the opponents.

Distinctiveness of the opponents' mark

28. Here the position differs from that pertaining in relation to the RED BULL mark. The opponents have made no claim regarding use and recognition of the mark RED. The merits of the mark, therefore, rest on its inherent characteristics. At the time of writing the opponents' CTM application is shown with an 'opposition pending' status. I infer from this that the examination decision did not take any objection to the mark on absolute grounds. On the face of it that seems a somewhat surprising state of affairs given that the Class 33 specification, for instance, includes wines. Be that as it may the goods which form the basis of the opponents' case are energy drinks. I am not aware (and there is no evidence on the point) that such goods are normally red in colour or that red has any particular significance in relation to such goods. Equally I know of no reason why they could not be red in colour. Annexed to the applicants' counterstatement are pictures showing four other energy drinks with RED as part of their brand name (RED CARD, RED DEVIL, RED ALERT and RED ROOSTER). Although this material is strictly not evidence I note that Mr Drnec says:

"I received a query from Red Bull GmbH regarding market information for other products which [sic] name includes the word "red", including "Red Rooster", "Red Alert", "Red Devil" and "Red Card", and to which the Applicants referred in their Counterstatement. I am informed that the said "Red" are currently on sale in the UK market, but the strategy of Red Bull GmbH and RBCL regarding these products is commercially sensitive and confidential."

29. It can, of course, be said with some justification that each of these other brands has an identity and meaning of its own but it appears that they are on sale in the marketplace and, therefore, that there may be some awareness of the use of RED as part of the brand name of

energy drinks. The applicants go further in their written submissions and say:

"It is also submitted that the vast majority of the relevant market are also aware that there are a number of other similar products available which use the word "RED" in their branding (including those products sold under the marks referred to at paragraph 4 of the Counterstatement)."

30. In the absence of evidence as to consumer perception at the relevant date I am not prepared to conclude that 'the vast majority of the relevant market' are so aware. The applicants could have brought forward evidence on the point but, beyond their counterstatement, have remained silent.

31. The position seems to me to be as follows - that the name of a common colour is unlikely to command anything other than a low degree of distinctive character; that is particularly so for goods which are or can be coloured; there is no evidence as to whether energy drinks are or can be coloured red (or why they could not be); there is evidence that other traders in this area employ the word with other matter in brand names; there is no evidence as to the effect of such usage on consumer perception. Making best I can of the matter I am unwilling to conclude that, even at best (and bearing in mind it is an used mark) the word RED has other than a weak claim to a distinctive character.

Comparison of marks

32. I am required to consider the visual, aural and conceptual similarities between the marks RED and RED-X. I should also make a few prefatory comments on the relative importance of these factors. For a wide range of consumer goods the purchasing process is predominantly one of inspecting and selecting the goods at close quarters in a retail shop or by catalogue. In these circumstances visual considerations play a particularly important part (see REACT Trade Mark [1999] RPC 529). However the drinks market is somewhat different as goods are commonly ordered by word of mouth in a public house, club, restaurant and such like premises. Oral/aural considerations are in these circumstances likely to take on increased importance at the point of sale though it is reasonable to assume that some purchases will still be made in off-licences, supermarkets etc. where visual selection again comes into play. The opponents are right in my view to suggest that I should bear in mind the circumstances of a busy club or pub as representing one of the normal circumstances in which trade in the goods will take place.

33. From a visual standpoint it hardly needs saying that where short marks (such as here) have a word in common and the whole of the opponents' mark is contained within the applied for mark that a measure of similarity is inevitable. But the name of a common colour is, as I have concluded above, hardly an original or inventive mark. Assuming normal and fair use I think it highly unlikely that the average consumer will fail to pay attention to the totality of the applied for mark. He or she may consider it a somewhat unusual collocation of a colour and a single letter (I comment further on this below) but that in itself suggests that the visual characteristics of the applied for mark is noticeably different to the single word RED on its own. I note too that the composite nature of the applied for mark is further emphasised by the fact that the two elements are hyphenated.

34. Aurally, the authorities (see, for instance, TRIPCASTROID 42 RPC 264) suggest that the beginnings of words are generally more important due in part to the tendency to slur the endings of words. This is a potentially important consideration where a mark may be used in the environment of a busy and noisy public house or club. That is a factor in this case as the evidence suggests that opponents' energy drinks are directed particularly at a youngish customer base and the sort of venues enjoyed by that age group. Having said that the letter X at the end of the applicants' mark is unlikely to be slurred or misheard. It is a strong consonant, it is a syllable in its own right and it makes a marked impression within the context of a relatively short mark.

35. Conceptually the opponents' earlier trade mark has a clear meaning which does not require further elaboration on my part. I find it more difficult to know what the average consumer would make of the mark applied for. I have already recorded and commented on Mr Taylor's submissions in relation to the mark RED-X mark. Whilst the letter X may be of low inherent distinctiveness I do not regard the evidence as establishing that it has any particular descriptive significance in relation to energy drinks. I must in any case consider the applied for mark as a whole. What message (if any) is it likely to convey? It seems to me that three possibilities present themselves - that X is some sort of supplementary identifier or codification being used in support of the brand RED; that the mark conveys the idea of a letter X coloured red; or that the mark is an unusual but meaningless collocation of the name of a colour and a letter. Only the first of these possible interpretations seems to me to offer the opponents the prospect of establishing conceptual similarity. Letters can and do act as descriptive indicators in relation to certain goods e.g. L, M and S as clothing sizes or L, XL etc. as trim specifications in relation to cars. In those circumstances the letter or letters will not be seen as carrying trade mark significance and, if presented, as part of a trade mark can be expected to contribute little, if anything, to the overall character of the mark. No evidence has been put forward to suggest that X would be seen as, for instance, indicative of a particular strength or formulation of energy drink or an improved version of such a drink. It would, therefore, be no more than speculation on my part to suggest that the average consumer would see X as of subordinate and/or descriptive significance in relation to the word RED within the totality of the mark.

Likelihood of confusion

36. I have not found this an easy matter on which to reach a view. The difference between the respective marks is on the face of it a small one and turns on a single letter, an element that is generally likely to be of low distinctive character in its own right. But where short marks are concerned - particularly short marks that consist of or contain elements that are weakly distinctive in themselves - small differences may suffice to avoid a finding of likelihood of confusion. The applicants' mark seems to me to have the additional benefit that it brings together two relatively commonplace elements to create a somewhat unusual whole. I have come to the view that there is no likelihood of confusion with the mark RED and the opposition fails on the basis of this mark as well. The opponents also have a CTM registration for RED WINGS but I do not consider that this offers them any better prospect of success.

37. Finally there is a separate objection under Section 5(4)(a) of the Act and the law of passing off. However I have already taken into account the opponents' reputation in the mark RED BULL in my consideration of the Section 5(2)(b) ground. I do not believe the opponents

have any better chance of success under Section 5(4)(a). In particular in the light of my findings in relation to the marks RED BULL and RED-X they would be unable to establish any misrepresentation within the meaning of the passing off test.

38. In the light of the above outcome it is not necessary to stay these proceedings pending the outcome of the opponents' CTM application, No. 1187301.

39. As the applicants have been successful they are entitled to a contribution towards their costs. I order the opponents to pay them the sum of £700. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 13TH day of February 2002

M REYNOLDS
For the Registrar
the Comptroller-General

Opponents' registrations and applications (brief details only)

UK registrations

<u>Number</u>	<u>Mark</u>	<u>Classes</u>
1217525	RED BULL KRATING-DAENG and Two Bulls (device)	32
1539006	REDBULL & Two Bulls (device)	32
1541878	RED BULL ENERGY DRINK & Two Bulls (device)	32
1583796	RED BULL ENERGY DRINK & Two Bulls (device)	32
2012126	RED BULL	3, 5, 12, 14, 16, 18, 20 24, 25, 26, 28, 29, 30, 32, 33, 34, 35, 39, 41, 42
2030414	NEVER UNDERESTIMATE WHAT A RED BULL CAN DO	32
2189159	RED BULL STIMULATION	30, 32, 33

CTM registrations

<u>Number</u>	<u>Mark</u>	<u>Classes</u>
635326	RED WINGS	32, 33
698720	RED BULL	1 to 42 inclusive
1143122	RED BULL ENERGY DRINK	32

CTM applications

<u>Number</u>	<u>Mark</u>	<u>Classes</u>
52787	RED BULL & Two Bulls (Device)	3, 5, 9, 12, 14, 16, 18, 20, 21, 22, 24, 25, 26, 28, 29, 30, 32, 33, 34, 35, 37, 39, 41, 42
52803	RED BULL	3, 5, 9, 12, 14, 16, 19, 20, 21, 22, 24, 25, 26, 28, 29,30, 32, 33, 34, 35, 37, 39, 41, 42
698506	RED BULL & Two Bulls (device)	1 to 42 inclusive
1187301	RED	25, 32, 33