

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No 2170658
BY CERVECERIA NACIONAL DOMINICANA, C. POR A.
TO REGISTER A TRADE MARK IN CLASS 32**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER No 50011
BY B.S.A. (FORMERLY KNOWN AS BESNIER S.A.)**

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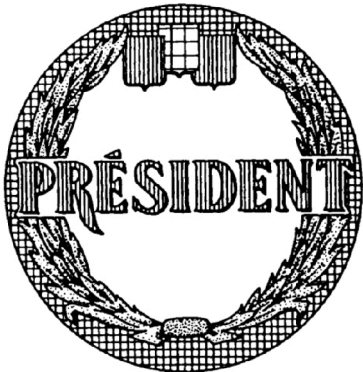
BACKGROUND

1. On 26 June 1998 Cerveceria Nacional Dominicana, C Por A applied to register the following trade mark in Class 32 for a specification of "Beers not for sale in the United Kingdom domestic market":-



2. The application was accepted by the Registrar and published in the Trade Marks Journal. On 21 July 1999 Frank B Dehn & Co on behalf of B.S.A. (formerly known as Besnier S.A.) filed a Notice of Opposition against the application. In summary the grounds of opposition were:-

- (i) Under Section 5(2)(b) of the Act because the mark applied for is confusingly similar and covers similar goods to the following UK registered trade marks in the opponent's ownership and there exists a likelihood of confusion on the part of the public:-

REGISTRATION NUMBER	MARK	REGISTRATION EFFECTIVE	CLASS AND SPECIFICATION OF GOODS
1059644	PRESIDENT	3 MARCH 1976	Class: 29 Meat, fish, poultry and game, none being live; preserved, dried or cooked fruits and vegetables; edible lard; cheese and dairy products for food.
1541175		20 JANUARY 1993	Class: 29 Lard; cheese and dairy products; all included in Class 29.

(ii) Under Section 5(3) of the Act because to the extent the application in suit specifies goods for which the earlier trade marks (above) are not similar, the reputation and use in the UK of the opponent's trade marks means that use of the applicant's mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of those earlier marks.

(iii) Under Section 5(4)(a) of the Act in that the trade mark applied for is liable to be prevented by the law of passing off.

(iv) Under Section 3(6) of the Act because the application was made in bad faith.

3. The applicants through their agents Marks & Clerk, filed a Counterstatement denying the grounds of opposition. Both sides have filed evidence and have asked for an award of costs in their favour. Neither side requested a hearing and both parties were content for a decision to be taken on the basis of the written evidence and submissions forwarded to the Registrar.

Opponent's Evidence

4. This consists of a statutory declaration by Thierry Levental dated 4 October 2000. Mr Levental is the Legal Manager of Group Lactalis, a subsidiary of BSA who are the opponents in these proceedings.

5. Mr Levental draws attention to the prior registrations of the opponent (Numbers 1059644 and 1541175) and states that BSA has used the trade mark PRESIDENT in the UK continuously since 1980 in relation to a full range of dairy products including butter, cheeses and dairy spreads. At Exhibit TL1 (Bundle A) of Mr Levental's declaration are photographs of a selection of products sold under the PRESIDENT trade mark in the UK, showing how the mark is used. These products include cheese, butter, cream, creme-fraiche and milk. At Exhibit TL1 (Bundle B) are copies of invoices, dating back to 1980, demonstrating sales to UK distributors of the products.

6. Mr Levental goes on to provide the following turnover figures for sales of the opponent's PRESIDENT products in the UK from 1980 to 1998:-

	French Francs	£ (approx.) Converting at 10FF=£1
1980	1818283	181,823
1981	3261188	326,119
1982	2936853	293,685
1993	3416689	341,669
1984	4130155	413,016
1985	4598648	459,865
1986	3272220	327,222
1987	4685623	468,562
1988	5566737	556,674
1989	8698163	869,816
1990	14186365	1,418,637
1991	11429915	1,142,992
1992	10495043	1,049,504
1993	11068364	1,106,836
1994	11623258	1,162,326
1995	15546572	1,554,657
1996	21967863	2,196,786
1997	33638448	3,363,844
1998	38972145	3,897,214

7. Next, Mr Levental refers to Bundle C to his Exhibit TL1 which contains extracts from BSA's website showing details of his company's use of the mark.

8. Mr Levental states that products bearing the PRESIDENT trade mark are sold throughout the UK through a very wide range of outlets, including major supermarket chains such as Tesco, Safeway, Asda, Somerfield, Kwiksave, Marks & Spencer, Morrisons and Waitrose. He adds that the products are distributed through a wide range of UK wholesalers and that

several products, particularly small butter and cheese portions are used in numerous hotels, catering outlets, pubs and bars to accompany snack meals.

9. Mr Levental turns to marketing and promotion and he states that BSA's total advertising expenditure in the UK was £249,340 in 1999, and that the products are widely advertised in the UK featuring in several UK publications. He draws attention to Bundle D in his Exhibit TL1 which, he states, contains a number of essentially unsolicited articles from "The Grocer" featuring BSA's PRESIDENT products indicating the extensive reputation the opponent has in their PRESIDENT trade mark.

10. Mr Levental concludes that use by the applicant of the mark PRESIDENTE in relation to beer may easily lead to the public to believe that such products are associated with B.S.A. particularly as B.S.A. products are frequently seen in bars and pubs where beer is served. He adds that B.S.A. are also concerned about the damage that could be caused to their reputation, if for example drunken hooligans attending sporting fixtures both in the UK and abroad are photographed holding bottles or cans bearing the word PRESIDENTE. Such an occurrence, would in his view, be detrimental to the repute of the opponent's PRESIDENT mark.

Applicant's Evidence

11. This consists of three witness statements, one each from Rafael G Menicucci, John Phillip Cartwright and John Slater dated 6 April 2001, 29 May 2001 and 1 June 2001 respectively.

12. Mr Menicucci is the President of Cerveceria Nacional Dominicana C. por A. (henceforth CND), the applicant company.

13. Mr Menicucci states that he does not consider dairy products to be in any way similar to beer. He adds that CND has no present plans to put PRESIDENTE products on sale in the UK but rather to seek protection for those countries where goods will be sold e.g. the Cayman Islands. However, he makes it clear that CND reserves its right to file a future application for the mark PRESIDENTE for use in the UK market on beer products.

14. Mr Cartwright states that he is employed by The Carratu International Group Limited as a consultant and that he was requested to attend some major supermarkets with a view to establishing how dairy products and beer are displayed and sold with a particular emphasis on establishing whether those products were in close proximity with each other. He was also requested to visit a number of off licenses to establish whether such shops sold dairy products.

15. On 22 March 2001 Mr Cartwright visited five named supermarkets and two named off licences and he summarises his investigations, detailed in his statement, as follows:-

"From the investigations I made at the above supermarkets, the chill cabinets stocking dairy products were not in close proximity to the beer and alcohol sections of the shops. Further, from my visits to the off licenses referred to above, none of them sold dairy products of any description."

16. To reinforce his findings, Mr Cartwright has attached photographs taken outside and inside a number of the premises visited and these are attached as Exhibits to his statement.

17. Mr Slater is a Registered Trade Mark Attorney and a partner in the firm Marks & Clerk, the applicant's professional advisors in these proceedings.

18. Mr Slater notes that B.S.A claim PRESIDENT is one of the best known trade marks in the food sector but points out that there are a number of trade marks containing the word PRESIDENT registered in the UK for food and drink products. He draws attention to these marks at Exhibit JS-1 to his statement, six of which are registered in the name of Loblaw Companies, one in the name of United Distillers & Vintners, and two in the name of Riccadona International S.A. There are also details of two registrations of marks containing the word PRESIDENTE in Class 33 covering alcoholic beverages, wine and sherry. Mr Slater concludes that B.S.A cannot claim a monopoly in the word PRESIDENT in relation to food and drink products.

Opponent's Evidence in Reply

19. This consists of a witness statement by Thierry Levental dated 28 January 2002.

20. Mr Levental refers to Mr Slater's comment that B.S.A cannot claim a monopoly in the mark PRESIDENT in relation to food and drink products due to other marks on the register. Mr Levental states that what it is on the register does not necessarily reflect commercial reality and he re-iterates that his company's PRESIDENT trade mark is one of the best known trade marks in the food sector and that use of the mark PRESIDENTE on certain alcoholic products may lead to confusion or unwelcome association that would be detrimental to his company's mark. He goes on to state that as individual portion sized B.S.A dairy products bearing the mark PRESIDENT are frequently seen in bars and pubs where beer is served, this could lead to confusion.

21. Turning to Mr Menicucci's statement, Mr Levental comments that it is irrelevant that the applicant does not intend to use their mark in the UK as such and he points out that his company may wish to register their UK marks in the Cayman Islands.

22. Mr Levental goes on to state that the evidence of Mr Cartwright has no relevance in relation to the catering business as consumers of both parties may well believe they are associated e.g. where a customer in a pub drinking a bottle of PRESIDENTE beer ordered a pub lunch which included a mini pack of PRESIDENT cheese or butter.

23. This concludes my summary of the evidence filed in this case. I now turn to the decision.

DECISION

24. I turn first to the ground of opposition based upon Section 5(2)(b) which reads as follows:-

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

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

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

"6.-(1)

- (a) a registered trade mark, international trade mark (UK) or Community trade mark which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks,"

26. 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.

27. The reputation of a trade mark is an element to which importance may be attached in Section 5(2) considerations in that it may enhance the distinctive character of the mark at issue and widen the penumbra of protection awarded to such a mark. The opponents have filed evidence relating to the reputation of the mark PRESIDENT and claim that the mark is one of the best known in the UK food sector, although use of the mark has been limited to dairy produce.

28. The word PRESIDENT, while a dictionary word, seems to me to be inherently distinctive in relation to the goods at issue but I go on to consider whether the mark has acquired a reputation sufficient to enhance its intrinsic merits. Sales under the mark were close to £3.9m in 1998 and have grown since the 1980's when they amounted to less than £1m per year. While the opponent's evidence does not provide details of their market share, the sales involved are not insignificant. However, it seems to me that the total market for dairy products, never-mind foodstuffs in general, must be huge as most households regularly purchase dairy products on at least a weekly basis. Viewed in this context the sales involved do not appear to be particularly large. Furthermore, although the articles from "The Grocer" support the opponent's UK presence, the opponent has not filed any evidence from the public or the trade which goes directly to the repute of the PRESIDENT trade mark and apart from Mr Levental's statement that the opponent spent £249,340 on UK advertising in 1999, (the year after the relevant date) I have no details of the nature and effects of the opponent's promotion of the PRESIDENT mark. The onus is upon the opponent to prove that his earlier trade mark enjoys a reputation or public recognition and on the basis of the evidence filed in this case I do not believe the usage shown has been on a sufficient scale to further enhance the inherent attributes of the mark. In DUONEBS (BLO/048/01) a decision of Simon Thorley QC sitting as the Appointed Person, it was said:

"In my judgement, I believe what the ECJ had in mind was the sort of mark which by reason of extensive trade had become something of a household name so that the propensity of the public to associate other less similar marks with that mark would be enhanced. I do not believe that ECJ was seeking to introduce into every comparison required by Section 5(2), a consideration of the reputation of a particular existing trade mark."

29. I do not believe the opponent can claim an enhanced level of distinctive character for its mark, either in relation to foodstuffs at large or dairy produce, but I acknowledge the marks inherent strengths in relation to the goods for which the opponent's marks are registered.

30. In essence the test under Section 5(2) is whether there are similarities in marks and goods which would combine to create a likelihood of confusion. In my consideration of whether there are similarities sufficient to show a likelihood of confusion I am guided by the recent judgements of the European Court mentioned earlier in this decision. The likelihood of confusion must be appreciated globally and I need to address the degree of visual, aural and conceptual similarity between the marks, evaluating the importance to be attached to those different elements, taking into account the degree of similarity in the goods, the category of goods in question and how they are marketed.

31. Turning to a comparison of the respective goods. I have to decide whether the goods covered by the application ie. beers, are similar to those covered by the opponent's registrations ie. Meat, poultry, game, fish, fruit, vegetables, lard, cheese and dairy products.

32. In determining whether the goods covered by the application are similar to the goods covered by the opponents trade marks I have considered the guidelines formulated by Jacob J in *British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281 (Pages 296, 297) as set out below:

"The following factors must be relevant in considering whether there is or is not similarity:

- (a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of services;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, where in particular they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the

goods or services in the same or different sectors."

33. Whilst I acknowledge that in view of the CANON-MGM judgement by the European Court of Justice (C-39/97) the TREAT case may no longer be wholly relied upon, the ECJ said the factors identified by the UK government in its submissions (which are listed in TREAT) are still relevant in respect of a comparison of goods.

34. Comparing the goods of the opponent with those specified in the application in suit I am unable to see any real similarity in the respective products. Apart from the fact that , on a basic level, they both deliver nutrition, their uses and physical nature are very different. While their users may be the same e.g. people partaking of a meal or snack, the respective goods are not alternatives, nor are they in direct competition. Furthermore, in a retail environment the goods are sold separately. In supermarkets they are in different sections/shelves.

35. The opponent has submitted that the trade channels of beer and dairy products (in particular individual pre-packed portions of cheese or butter) can overlap when beer and a meal are purchased in restaurants and pubs etc. This may be so, but it does not follow that a likelihood of confusion would exist. No evidence has been filed to the effect that the relevant customer would expect these products to come from the same producer or manufacturer or even that it is common in trade for the brewers of beer to extend their operations into dairy production or vice-versa.

36. I have no hesitation in concluding that the respective goods are not similar. As similarity of goods is pre-requisite to a successful case under Section 5(2), the opposition on this ground fails. However, in case I am wrong and there is some similarity between the applicant's and opponent's goods I go on to consider the marks at issue.

37. Turning to the respective marks, the mark applied for consists of the word PRESIDENTE (the Spanish word for PRESIDENT) and the device of a ear of wheat within a stylized border, whereas the opponents registrations consists of the obvious dictionary word PRESIDENT and also, the word PRÉSIDENT within a highly stylized circular border.

38. On visual and aural comparisons it seems to me that the respective marks are highly similar. While I must compare the marks in their totality, it is my view that the word PRESIDENTE is the dominant component within the mark applied for, both visually and in oral use and this element differs only from the opponent's PRESIDENT mark through the letter E at the end of the word. Furthermore, on a conceptual basis the marks are similar as the words PRESIDENTE and PRESIDENT both have the same meaning. Although the word PRESIDENTE is a Spanish word I do not believe the average UK consumer would have any great difficulty in identifying its meaning or signification.

39. Bearing in mind the dominant component of the respective marks, that in comparisons the beginnings of words are more significant than their endings and that, insofar as oral use goes, words speak louder than devices, it is my view that in their totality, the respective marks are closely similar. I also believe that any potential confusion could be enhanced by imperfect recollection given that the goods set out in the respective specifications are not technically sophisticated products with specialist customers. The usual customer for the goods is likely to be an ordinary member of the public.

40. Notwithstanding the above comments relating to the similarity of the marks, I previously found that the respective goods were not similar and on this basis the Section 5(2) grounds must fail. Even if I am wrong and there is some similarity between the applicant's and opponent's goods, it is my view that, on a global appreciation the overall differences mean that there is no likelihood of confusion and the Section 5(2) ground fails.

41. Next I go to the Section 5(3) ground. Section 5(3) of the Act reads as follows:-

“5.-(3) A trade mark which -

- (a) is identical with or similar to an earlier trade mark, and
- (b) is to be registered for goods or services which are not similar to those for which the earlier trade mark is protected,

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 Community trade mark, in the European Community) 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.”

42. Section 5(3) requires consideration of:-

- (i) whether the trade mark opposed is identical with or similar to the earlier trade mark;
- (ii) whether the trade mark opposed is sought to be registered for goods or services which are not similar to those for which the earlier trade mark is protected;
- (iii) Whether, and to what extent, the earlier trade mark has a reputation in the United Kingdom;
- (iv) whether the use of the later trade mark is "without due cause";
- (v) whether the use of the later trade mark:
 - (a) takes unfair advantage of; and/or
 - (b) is detrimental to

the distinctive character of the repute of the earlier mark.

43. Earlier in this decision I accepted that the respective marks are similar and that the goods and services are dissimilar (points (i) and (ii)).

44. Guidance in relation to reputation under Section 5(3) have been set out in *General Motors Corporation v Yplon SA*, 2000 RPC 572, in paragraphs 23 to 27. Paragraph 26 indicates the

standard that must be reached:-

"26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark."

45. This test sets out a high threshold in my view and the onus is upon the opponent to prove that his trade mark enjoys a reputation or public recognition. In the present case there are obvious deficiencies in the opponent's evidence on this point - paragraph 28 of this decision refers - and I am in the invidious position of having to essentially decide this issue by reference through indicative evidence. While I am prepared to accept that there is likely to be some awareness and recognition of the opponent's trade mark in relation to dairy products, I am unable to say with any confidence that the opponent's PRESIDENT mark is known by a significant part of the public concerned given the size of the potential market for such goods.

46. Taking into account the strict requirements which need to be satisfied under Section 5(3) to expand the parameters of "normal" trade mark protection I cannot find that the opponent has shown a reputation in relation to Section 5(3) of the Act and the opposition under Section 5(3) must fail on this basis.

47. However, in case I am wrong in relation to the opponent's reputation I continue in the considerations outlined in paragraph 42 of this decision.

48. The question of whether use of the later mark is "without due cause" (iv) only arises if the opponent's are otherwise successful but the applicant's place reliance on the saving effect of these words. The critical issue is therefore whether any of the adverse consequences of (v) are made out.

49. Mr Levental in his evidence on behalf of the opponent's submits that use by the applicant of the mark PRESIDENTE in relation to beer would lead to confusion or unwelcome association that would be detrimental to this company's mark. He refers to "drunken hooligans attending sporting fixtures both in the UK and abroad "... "photographed holding bottles or cans bearing the word PRESIDENTE".

50. Insofar as the objection concerned with the possible consequence of undesirable behaviour resulting from excessive consumption I reject that as a proper basis for consideration of the matter under Section 5(3). I must have regard to the goods themselves and the characteristics thereof not whatever scope exists for misuse or abuse of those goods and the possible consequences arising therefrom.

51. It is clear from a number of reported cases (see for instance Premier Brands and the other cases referred to in headnote 11 of that case) that Section 5(3) is not intended to have the sweeping effect of preventing the use of any sign that is the same as, or similar to, a registered trade mark with a reputation. In Oasis Stores Ltd's Trade Mark Application [1998] RPC 631 the Hearing Officer said:

"It appears to me that where an earlier trade mark enjoys a reputation, and another trader proposes to use the same or similar mark on dissimilar goods or services with

the result that the reputation of the earlier mark is likely to be damaged or tarnished in some significant way, the registration of the later mark is liable to be prohibited under Section 5(3) of the Act. By 'damaged or tarnished' I mean affected in such a way so that the value added to the goods sold under the earlier trade mark because of its repute is, or is likely to be, reduced on scale that is more than de minimis.

In *British Sugar plc v James Robertson & Sons Ltd* (TREAT) [1996] RPC 281 at 295) Jacob J gave the following dictum on the scope of Section 10(3) of the Act (which, as I have already noted contains the same wording as Section 5(3). He stated:

"I only note that it might cater for the case where the goods were vastly different but the marks the same or similar and the proprietor could show that the repute of his mark was likely to be affected. The sort of circumstances of the Dutch *Claeryn/Klarein* (mark for gin infringed by identical sounding mark for detergent, damage to the gin mark image), may fall within this kind of infringement, even though they do not fall within Section 10(2) because there is no likelihood of confusion as to trade origin,"

It appears implicit from this statement that the sort of detriment that was being countenanced was damage that was likely to cause detriment to the reputation of the earlier trade mark in some material fashion. In the above instance one can imagine that the use of a similar mark for detergent carried with it a likelihood that the reputation of the earlier trade mark for gin was likely to suffer. No one likes to be reminded of a detergent when drinking their favourite tippie. In time the reputation of the earlier mark may have suffered to the extent that it no longer added the same degree of value to the goods as it did before."

52. In my view any reputation the opponent may possess in relation to dairy products under the mark PRESIDENT would not be damaged in any way by, or as a result of, the applicant's use of their mark on beer. I am extremely doubtful whether any association would be made between the parties, let alone that any damage would be caused to the opponent's reputation. I would only add that I have no independent evidence from the public or the trade on this point and that the onus lies with the opponent.

53. The Section 5(3) ground fails.

54. Next, the Section 5(4)(a) ground. Section 5(4)(a) 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 -

(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,"

55. The law on the common law tort of passing off is clearly set out by Geoffrey Hobbs QC, acting as the 'Appointed Person', in *Wild Child* [1998] 14 RPC, 455:

"A helpful summary of the element 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 *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1979] ACT 731 is (with footnotes omitted) as follows:

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

- (a) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (b) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and
- (c) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation."

The restatement of the elements of passing off in the form of this classical trinity has been referred to 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 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."

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

"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:

- (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and
- (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, the court will have regard to:

- (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.

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."

57. Thus, to succeed in a passing off action, it is necessary for the opponents to establish that at the relevant date (26 June 1998) (i) they had acquired goodwill under their mark, (ii) that use of the applicant's mark would amount to a misrepresentation likely to lead to confusion as to the origin of their goods; and (iii) that such confusion is likely to cause real damage to their goodwill.

58. Earlier in this decision I found that the opponent's sales under their PRESIDENT trade mark were not insignificant and in my view possess sufficient goodwill in respect of dairy products to launch a passing off action.

59. I have already compared the applicant's and opponent's trade marks and found them to be closely similar. It is well established that in the law of passing off there is no limitation in respect of the parties fields of activity. Nevertheless the proximity of an applicant's field of activity to that of the opponent's is highly relevant as to whether the acts complained of amount to a misrepresentation.

60. In essence the question I have to address is whether the relevant public seeing the applicant's mark used on "beers" would be likely to believe the goods were being offered by the opponent. In *Harrods v Harrodian School* [1996] RPC 697, Millet L J stated:-

"It is not in my opinion sufficient to demonstrate that there must be a connection of some kind between the defendant and the plaintiff, if it is not a connection which would lead the public to suppose that the plaintiff has made himself responsible for the quality of the defendant's goods or services."

61. I have no evidence before me on whether the public associate beer and dairy products, including those dairy products sold in restaurants and bars e.g. butter and cheese in individual pre-packed containers, with beers. Furthermore, the opponent has provided no evidence as to whether brewers commonly produce butter and cheese etc. or whether dairy producers also engage in the field of brewing. On the basis of my own knowledge and experience I would

venture to say that brewing and dairy production are discrete trades. At any rate it is for an opponent who wishes to claim that they have characteristics of, or would be recognised as the producer of an applicant's goods to support such a claim with evidence.

62. In the absence of evidence to the contrary I do not consider that the opponent's goodwill will extend to "beers" and in my view the applicant's use of their mark on these goods will not amount to a misrepresentation.

63. In the recent case of South Cone Inc. v Jack Bessant, Dominic Greensmith, Kenmy Gary Stringer (a partnership) 16 May 2001, HC 2000 APP 00617, Pumfrey J. in considering an appeal from a decision of the Registrar to reject an opposition under S5(4)(a) said:

*"There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the Registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s 11 of the 1938 Act (*see Smith Hayden (OVAX) (1946) 63 RPC 97 As qualified by BALI [1969] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.*

Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date."

64. I do not consider that the opponent has discharged the onus of showing that the necessary misrepresentation required by the tort of passing off will occur in relation to the goods specified within the application and the opposition under Section 5(4)(a) fails.

65. Finally, the Section 3(6) ground. Section 3(6) of the Act states:-

"A trade mark shall not be registered if or to the extent that the application is made in bad faith."

66. In Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd [1999] RPC 367, Lindsay J considered the meaning of "bad faith" in s3(6) of the Act and stated (at page 379):

"I shall not attempt to define bad faith in this context plainly includes dishonesty, and as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour as observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is best left to be judged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding

circumstances."

67. Commenting on this passage from Gromax, Mr Geoffrey Hobbs QC, acting as the Appointed Person, stated in Demon Ale Trade Mark 2000 RPC 355:

"These observations recognise that the expression "bad faith" has moral overtones which appear to make it possible for an application for registration to be rendered invalid under Section 3(6) by behaviour which otherwise involves no breach of any duty, obligation, prohibition or requirement that is legally binding upon the applicant."

68. Thus bad faith can be exercised where there is no actual dishonesty as such. Have the applicant's fallen short of the standards of acceptable commercial behaviour, however? The opponents submit that bad faith existed on the part of the applicants because they were aware of the opponent's trade marks and reputation at the date of application. However, in light of my earlier findings on the other grounds of opposition raised, this ground cannot succeed.

69. In a recent unreported decision of the Appointed Person in the matter of application No. 2031741 by Eicher Limited - Royal Enfield Motor Units to register a mark in Class 12 and in the matter of opposition thereto under No. 45356 by David Matthew Scott Holder T/A Velocette Motorcycle Company and in the matter of application No. 9188 by David Matthew Scott Holder T/A Velocette Motorcycle Company for a declaration of invalidity in respect of Trade Mark No. 1514064 in the name of Eicher Limited - Royal Enfield Motor Units, paragraph 31, Simon Thorley QC in relation to Section 3(6) stated that:

"An allegation that a trade mark has been applied for in bad faith is a serious allegation. It is an allegation of a form of commercial fraud. A plea of fraud should not lightly be made (see Lord Denning M.R. in Associated Leisure v. Associated Newspapers (1970) 2 QB 450 at 456) and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts (see Davy v Garrett (1878) 7 Ch. D. 473 at 489). In my judgment precisely the same considerations apply to an allegation of lack of bad faith made under Section 3(6). It should not be made unless it can be fully and properly pleaded and should not be upheld unless it is distinctly proved and this will rarely be possible by a process of inference."

70. The opposition under Section 3(6) fails.

71. The applicants are entitled to a contribution towards their costs and I therefore order the opponents to pay them the sum of £600. This sum 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 20th day of May 2002

J MACGILLIVRAY
For the Registrar
the Comptroller-General