

O-263-10

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 2486535
BY BAILEYS WINE MERCHANTS (A PARTNERSHIP OF MARCUS ESTEVE,
LINDA ESTEVE AND JOSE JAVIER ESTEVE) TO REGISTER THE TRADE
MARK:**



Baileys Wine Merchants
Your best source for Spanish Wines

IN CLASS 35

**AND IN THE MATTER OF OPPOSITION
THERE TO UNDER NO 98349
BY R & A BAILEY & CO**

TRADE MARKS ACT 1994

IN THE MATTER OF Application No. 2486535

By Baileys Wine Merchants (a partnership of Marcus Esteve, Linda Esteve and Jose Javier Esteve) to register the trade mark



and

IN THE MATTER OF Opposition thereto under No. 98349

by R & A Bailey & Co

BACKGROUND

1. On 2nd May 2008 Baileys Wine Merchants (a partnership of Marcus Esteve, Linda Esteve and Jose Javier Esteve) (hereafter "BWM") of 2 Hungate, Beccles, Suffolk, NR34 9TL applied to the register the following mark:







In Class 35 for the following services:

The bringing together, for the benefit of others, of a variety of Spanish wines and spirits, enabling customers to conveniently view and purchase those goods from a general merchandise store, from a general merchandise catalogue by mail order, or from a general merchandise store Internet website; advertising; business management; business administration; office functions; provision of information to customers; the bringing together, for the benefit of

others, of a variety of Spanish wines and spirits, enabling customers to conveniently view and purchase those goods from an Internet web site; provision of advice and assistance in the selection of foods and wines; consultancy and advisory services in relation to all the aforesaid services.

2. The application was published on 3rd October 2008 and on 1st December 2008 R & A Bailey & Co (hereafter “RAB”) of Nangor House, Western Estate, Dublin 12, Ireland lodged an opposition against all the services specified.
3. RAB based its opposition on section 5(2)(b) and 5(3) of The Trade Marks Act 1994 (hereafter the “Act”), citing a number of marks, the details of which are as follows:

| Mark | Number | Filing and registration dates | Goods relied upon in the opposition |
|---|-------------|---|---|
| BAILEYS | 2377055 | 1 st November 2004 and 29 th April 2005 | Class 33 Alcoholic beverages |
|  | 2372020 | 2 nd September 2004 and 1 st April 2005 | Class 33 Alcoholic beverages (excluding beer) |
|  | CTM 4022968 | 2 nd September 2004 and 3 rd January 2006 | Class 33 Alcoholic beverages |
|  | CTM 7029721 | 2 nd July 2008 and 12 th November 2009 | Class 33 Alcoholic beverages |

| | | | |
|---|----------------|--|--|
|  | CTM 7029598 | 2 nd July 2008 and 23 rd July 2009 | Class 33 Alcoholic beverages (except beers) |
|---|----------------|--|--|

(a) RAB say that 'BAILEYS' forms the distinctive and dominant element within BWM's mark, which is shared with RAB's marks. This element is inherently highly distinctive and that distinctiveness has been enhanced through use by RAB. The other elements in BWM's mark possess only a lower level of distinctiveness. RAB say the respective goods and services are similar, such that a likelihood of confusion arises under section 5(2)(b). They say that the application is likely to be viewed as the name of a wine merchant owned by, or associated with, the opponents. RAB also say that, by virtue of their usage of BAILEYS detailed below, their marks constitute 'well-known' marks by virtue of section 56 of the Act.

(b) Under section 5(3), RAB say the parent company of RAB, namely DIAGEO plc, is one of the world's leading producers of alcoholic beverages being listed on the London and New York Stock Exchanges. The BAILEYS brand is one of the most popular alcoholic beverage brands. BAILEYS Irish Cream Liqueur was first sold in Ireland in 1974 and then launched internationally (including in the UK) in 1975. Through continuous sales, advertising and promotion, the brand has become one of the world's best selling liqueurs, sold in more than 130 countries, with nearly 7 million 9-litre cases sold each year. The top three markets for BAILEYS are the USA, the UK and Spain. BAILEYS has its own website, hosted by DIAGEO at www.baileys.com. It is sold in a number of varieties including: with a hint of crème caramel, with a hint of mint chocolate and with a hint of coffee. RAB say that by virtue of this usage they have a significant reputation and goodwill in the BAILEYS brand. Given the visual, phonetic and conceptual similarities between the respective marks, use of BWM's mark would be without due cause and would take unfair advantage of and be detrimental to the distinctive character and reputation of RAB's marks.

(c) Finally, RAB also base their objection on section 5(4)(a) of the Act and say they have goodwill in signs that correspond to the marks cited earlier, and which are of more than mere local significance. Use of the mark the subject of the application would have constituted 'passing off' at the material date.

4. BWM filed a counterstatement denying the grounds of opposition. They say that rights have been established in their mark by virtue of use on the internet through an interactive website accessible to all, and through a retail outlet, Baileys Delicatessen, in Beccles. The delicatessen business opened in 1995, being established by a Mrs Bailey. In 2001 it was purchased by the members of the partnership. Given the goodwill generated for 6 years it was decided to retain the name BAILEYS. This goodwill had spread beyond the Beccles area into East Anglia and, through the holiday trade, to customers throughout the UK. Since 2001 the delicatessen business, which also offers a selection of wines, has expanded and in 2002 it moved into new premises. In the new premises a new wine section was created specialising in Spanish wines which were well known to the partners. In February 2005 it was decided to open up this expanding part of the business, the sale of Spanish wines, through the internet to reach a much wider customer base without having to purchase more retail property. A new online business was established, BAILEYS Wine Merchants, replacing BAILEYS Delicatessen and this enabled the partners to retain existing links with BAILEYS delicatessen but at the same time create a new identity for the online business. The website went live on 20th December 2005 and since then the partnership has sold over 20,000 bottles of wine between January 2006 and December 2008.
5. BWM say that RAB's reputation is in Irish Cream Liqueur rather than alcoholic beverages at large. They dispute that, given the commonality of marks comprising the surname BAILEYS, anyone would expect to purchase or find RAB's product in an establishment designated "BAILEYS Wine Merchants- your best source for Spanish Wines"
6. They say no actual confusion has arisen since the start of their internet operation in 2005. Taking all factors together, there is no likelihood of confusion under section 5(2)(b).
7. In relation to the section 5(3) claim they do not deny the reputation of RAB in BAILEYS but say it is limited to Irish Cream Liqueur and no other alcoholic beverage. The name BAILEYS was chosen by BWM in view of the past history of the business, including the sale of Spanish Wine within a conventional rather than online environment, and there never was any intention to take unfair advantage of RAB's business, nor will use of their mark cause that business any detriment to the distinctive character of RAB's mark.

8. The claim under section 5(4)(a) is also denied for the reasons given in relation to the other grounds.
9. Both sides filed evidence. RAB filed final submissions and these will be taken into account. Both sides request costs. In the absence of any request for a hearing, the matter falls to be decided on the basis of the papers on file.

Opponent's evidence

10. In view of the fact that BWM admit that RAB has a reputation in the BAILEYS brand of liqueur (paras 7 and 8 of the counterstatement) a full summary of the evidence filed is unnecessary. Where BWM take issue is the question whether that reputation goes beyond liqueurs (or even cream liqueurs) and this is a question to which I shall inevitably have to return. Nevertheless, it is worth drawing out some of the salient facts presented in RAB's evidence, even if I do not undertake a full summary of each exhibit.
11. The evidence for RAB is given in the form of a witness statement dated 14th July 2009 by Sharon Keith, who is RAB's Global Brand Director for the BAILEYS brand.
12. At Exhibit SK2, there is a selection of advertisements in different languages from around the world, showing RAB's consistent use of the BAILEYS name. At Exhibit SK4, there is an article from DRINKS INTERNATIONAL magazine dated April 1998 under the heading 'SHOOTING STARS' which says that "BAILEYS Original Irish Cream Liqueur seems to go from strength to strength, achieving growth of nearly 4% in what appear to be mature markets". The brand is ranked 12th in a table of fastest growing international spirit brand sales for 1997. The same article ranks the brand 20th out of 55 in terms of overall global sales of 9 litre cases in 1997 with 4.1 million sales. In the same magazine, there is an article 'GINERALLY SUCCESSFUL' which ranks BAILEYS as the world's leading liqueur brand by sales. At Exhibit SK5 is an article in the same magazine, dated February 2004, charting the success of the brand and that fact that liqueurs in general have become synonymous with cocktails. The article says that sales were at that point 6 million which reflected double digit growth for the last five years. Its nearest rival in the liqueur market, CAROLANS, could only boast 650,000 cases.
13. At Exhibit SK6 there are details of awards won by the brand at the San Francisco World Spirits Competition between 2004 and 2008.
14. Exhibits SK7-SK9 are details of the marks registered throughout the world, and of decisions reached by the WIPO Domain Name Panel (Decision

D2000-0375 dated 4th July 2000) which recognised the “well known nature of the product”, its international reputation and the fact that BAILEYS is exclusively associated with the Irish Cream Liqueur product and the complainant in the case. There are also decisions of the Office For Harmonization in the Internal Market (OHIM) where RAB were successful, namely in relation to Opposition B 838 146 dated 10th September 2007 against the mark ZAPUCCINO BAILEYS, and Decision No 250/1999 of 11th May 1999 against the word mark BAILEYS. In the ZAPUCCINO case it is noted that the presence of the word ZAPUCCINO was not enough to counteract the medium degree of visual and phonetic similarity whilst presence of the the common element, being the surname BAILEY, presented a medium degree of conceptual similarity.

15. Exhibit SK10 comprises a May 2008 report by *Just- Drinks*, a leading publisher of drinks industry information and research. It reports that BAILEYS has risen to be one of the top ten brands in 2008 (by market share, awareness, premium price positioning, relevancy and brand perception) and the world’s number one liqueur. In 2006 Diageo introduced a range of flavoured BAILEYS, including BAILEYS with a hint of mint chocolate.
16. The remainder of Ms Keith’s evidence (apart from submissions on the likelihood of confusion) deals with specific sales and promotion in various countries, including the UK, Ireland, Europe and the United States of America. As these proceedings only relate to the UK (except and insofar as it may be relevant that BAILEYS is a well known mark), inevitably I will focus in particular on sales the UK which are stated as follows:

| Financial year | UK Sales Volumes in millions of 9 litre cases |
|--------------------|---|
| 1/07/07 – 30/06/08 | 0.96 |
| 1/07/06 – 30/06/07 | 0.84 |
| 1/07/05 – 30/06/06 | 1.12 |
| 1/07/04 – 30/06/05 | 1.14 |

17. The brand is advertised through various media including television, radio, cinema, magazines and newspapers. It is also promoted in outdoor advertising including on the sides of buses, outdoor signage and banners. Advertising spend is stated as follows:

| Financial year | UK A & P spend in GB£m |
|--------------------|------------------------|
| 1/07/07 – 30/06/08 | 12.6 |
| 1/07/06 – 30/06/07 | 10.2 |
| 1/07/05 – 30/06/06 | 10.9 |
| 1/07/04 – 30/06/05 | 13.5 |
| 1/07/03 – 30/06/04 | 15.3 |

18. The brand has attracted broader media attention. Exhibit SK11 contains a number of press articles. In one, entitled 'CALLING THE SHOTS', published in HARPERS magazine (December 2000), it reports BAILEYS success in the cream liqueur market, noting that the brand manager of the time, Dan Braden, felt that the brand was becoming more 'diverse' in the sense that it was more than simply a liqueur to be drunk at home and at Christmas. Instead, continues the article, the brand has become a core ingredient in many of the world's shots, shooters and cocktails. Moreover, BAILEYS latte had moved the brand into the coffee market. Mr Braden is reported as saying, "it has become the core element of any bar, pub, restaurant or home". In another article, 'STICK AND TWIST', published in the November 2002 HARPERS, reports that BAILEYS is one of the world's most recognisable brands, having a 57.8% share of the global market in cream liqueurs.
19. Exhibits SK12 – SK19 detail specific promotions in the UK undertaken by RAB in respect of BAILEYS Cream Liqueurs over the years and these include open air concerts and fireworks displays in 1991 and 1992; a promotional campaign in the GROCER magazine in 1985; a series of television adverts "Let your senses guide you" between 1998- 2003 shown on all UK terrestrial commercial channels, ie ITV, Channel 4 and 5; sponsorship of the 1995 World Figure Skating Championships in Birmingham which reached a global audience of 222 million viewers in over 44 countries in the world; sponsorship of the TV series SEX AND THE CITY between 2002 – 2004 which attracted audiences of an estimated 2.9 million women in the airing of each series; further television adverts: "Float", "Lewis and Kelly", "Shaker face", and "Listen to your lips" from 2004 to date; and finally, sponsorship of a network radio chart show, "The A List", broadcast across 50-60 radio stations in the UK, including HEART FM, during 2006-2007.
20. Finally, as regards the UK market, there is a further bundle of advertising press and promotional materials at Exhibit SK 20, including a reader promotion article in THE PUBLICAN, dated August 23rd 1999, saying that BAILEYS is the UK's top selling liqueur brand and has a 97% share of the cream liqueur sector in the 'on trade'. Other articles, such as, eg in the February 2001 edition of THE GROCER highlight the brand's seasonal popularity at Christmas and the desire to better spread the popularity over the year and also to make it more appealing to both sexes. In one 1998 promotion linked to TESCO, the supermarket, if the purchaser buys a bottle of BAILEYS then, when it is scanned through the till, the purchaser has the chance of winning a weekend break in Paris or a free bottle of BAILEYS instantly. Ms Keith says that she understands that the BAILEYS brand is used on display materials in retail and wholesale outlets and is often seen at point of sale in outlets.

21. The remainder of the evidence details the brand's sales and promotion in Ireland, where it was launched in 1974, in Europe and the United States of America. This is intended to cement the claim to 'well known mark' status. I will not summarise the evidence here, as I have said I do not think this is disputed by the other side, except to say that it is limited by being only well known as a liqueur, a cream one at that. I will decide in due course the impact, in any, of the brand's global reputation, but for the time being it is the reputation in the UK which I must focus upon.
22. There is also a witness statement dated 14th July 2009 from Ms Katy Adams, who is a registered trade mark attorney with Diageo. This is entirely legal submission rather than evidence of fact and therefore I will not summarise it here but deal with the arguments in due course.

Applicant's evidence

23. This comprises a witness statement dated 20th October 2009 by Marc Esteve, one of the partners in the BWM business. He sets out the history of the business, much as I have recounted in para 4 above, which I shall not repeat. Exhibit B contains a bundle of examples of the mark in use in relation to stationery, packaging, brochures, invoices and printouts from their website at www.baileyswines.com. He reports the turnover figures as follows:

| Year | Turnover |
|--------|----------|
| 2005/6 | £48,500 |
| 2006/7 | £66,000 |
| 2007/8 | £77,000 |

Total turnover since 2005 thus amounts to £195,000 with total sales of 20,000 bottles.

24. Total advertising cost during his period amounts to £25,000, averaging around £8,000 per annum which, for the most part represents spend on the website, its optimisation and promotion via internet search engines.
25. In connection with the internet usage, he says that the partnership has registered a number of domain names including baileysdelicatessen.co.uk, baileysdelicatessen.com, baileyswines.com, baileyswines.co.uk, baileyswinemerchants.co.uk and baileyswinemerchants.com. The business has been advertised using GOOGLE™ AdWords since the day the website went live in December 2005. Exhibit C comprises details of the domain names from the WHOIS database as well as GOOGLE™ analytics, relating to the 2008 – 2009, showing that interest in the website comes from around the UK, including

the main centres of population: London, Edinburgh, Manchester and Birmingham. This is reflected in a batch of invoices at Exhibit D from 2005 – 2009 showing the diversity of locations across the UK from which wine has been ordered.

26. Mr Esteve says that in all the time the partners have been trading under their mark they have never been asked about or requested to supply BAILEYS Irish Cream Liqueur.
27. He then makes reference to the evidence from Sharon Keith noting that in the press articles which have been supplied a clear distinction is made between the trade in spirits, to which BAILEYS liqueur belongs, and the trade in wines. In this regard he especially draws attention to tables in some of these articles which provide separate data for spirits and wines. On the basis of this he says the purchasing public will appreciate the distinct and clear difference between the two drinks products.
28. He reiterates that use of their mark commenced before the venture into online trading. Wines have been offered for sale since 1995 when the BWM business started, as part of the original delicatessen operation. In all this time RAB has provided no instances of actual confusion and he says, it was not until the publication of the mark that the opponents became aware of their business.

Opponents evidence in reply

29. This takes the form of a witness statement by Ms Katy Adam dated 18th January 2010 in which she questions the extensive goodwill claimed by BWM saying there is no third party evidence to support this claim. Mere registration of domain names and use of GOOGLE™ AdWords does not support this claim either. The remainder of the evidence is legal submission with which I shall deal in due course.

DECISION

30. The opposition is founded firstly upon Section 5(2) (b) of the Act. This reads:

“(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.”

31. An earlier trade mark is defined in section 6 of the Act, the relevant parts of which state:

“6.-(1) In this Act an “earlier trade mark” means –

- (a) a registered trade mark, international trade mark (UK), Community trade mark or international trade mark (EC) 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,

32. With their various filing dates in September and November 2004 it is clear that the first three of the RAB marks listed in para 3 above, and relied upon, are earlier trade marks in accordance with the Act. Given their registration dates of 29th April 2005, 1st April 2005 and 3rd January 2006 respectively, it is clear also that these dates are all less than five years before the publication of the contested mark (3rd October 2008), and so none of these marks are subject to the proof of use requirement set out in section 6A of the Act. As regards the two ‘label’ marks relied upon by RAB, these both have a priority date of 17th January 2008 and so these too are earlier marks which are not subject to proof of use requirements. I will therefore base my consideration on the specifications of goods as registered.

33. In my consideration of a likelihood of confusion, I take into account the guidance from the settled case law provided by the European Court of Justice (“ECJ”) in *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG & Adidas Benelux BV* [2000] E.T.M.R. 723, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH* C-120/04 and *Shaker di L. Laudato & C. Sas v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) C-334/05 P* (LIMONCELLO). 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*,

- (b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v Puma AG*, 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.*,

(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*,

(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*,

(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.*,

(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*,

(g) in determining whether similarity between the goods or services covered by two trade marks is sufficient to give rise to the likelihood of confusion, the distinctive character and reputation of the earlier mark must be taken into account; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.*,

(h) 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*,

(i) 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 and Adidas Benelux BV*,

(j) 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.*,


(k) assessment of the similarity between two marks means more than taking just one component of a composite trade mark and comparing it with another mark; the comparison must be made by examining each of the marks in question as a whole, which does not mean that the overall impression conveyed to the relevant public by a composite trade mark may not, in certain circumstances, be dominated by one or more of its components;

Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH

(l) it is only when all other components of a complex mark are negligible that it is permissible to make the comparison on the basis of the dominant element; *Shaker di L. Laudato & C. Sas v OHIM*

Comparison of marks

34. RAB has cited five earlier rights. They all either comprise or contain the word element, BAILEYS. The first ('055) is BAILEYS, word only, with no stylised or fancy script. The specification is for alcoholic beverages at large. The second and third ('020 and '968) are identical and show the word BAILEYS against a rounded banner in red, gold and black. The respective specifications differ in that '020 specifically excludes beer. The fourth ('721) contains the word BAILEYS on the banner device as above, but as part of a 'label' containing other matter such as a river and meadow picture and the words "THE ORIGINAL IRISH CREAM" and "THE ORIGINAL", as well as a signature at the bottom. The specification is for alcoholic beverages. The fifth ('598) shows the same label that comprises the fourth, but *in situ* on a dark bottle together with cap, containing what I assume to be the same signature as on the label. It is clear to me that RAB's broadest possible rights exist in respect of the first mark ('055) which has no device element and is not obviously part of a label, either in isolation or affixed to a bottle. On that basis, if RAB cannot succeed in respect of '055 (which also shares the broadest specification without any exclusions) they will not succeed in respect of any of the other marks and accordingly, I will restrict my further analysis only to '055.

| RAB's mark | BWM's mark |
|------------|---|
| BAILEYS |  The logo for Baileys Wine Merchants features a small crest on the left with the letters 'BWM' inside. To the right of the crest, the text 'Baileys Wine Merchants' is written in a serif font, with 'Baileys' in a larger size. Below this, the tagline 'Your best source for Spanish Wines' is written in a smaller, sans-serif font. |

35. The case law makes it clear that I must undertake a full comparison of both marks in their totalities, taking account of all differences and similarities. The comparison needs to focus on the visual, aural and conceptual identities of both marks.

36. In terms of visual appearance, RAB's mark presents as a single, seven letter word mark, BAILEYS, in plain, upper case script. BWM's mark presents as a nine word mark, the dominant words, in upper and lower case plain script, being 'Baileys Wine Merchants' and beneath that, the

- words “Your best source for Spanish Wines’. Additionally, in BWM’s mark there is, to the left of the words, a device of what appears to be a classical house or shop premises. Taking the respective similarities and dissimilarities of the marks into account I find that the marks share an average level of visual similarity. Any assessment of dominant and distinctive characters I shall carry forward both to my conceptual analysis below and to the final global assessment; for the time being my concern is purely visual appearance.
37. Aurally, RAB’s mark will be pronounced BAY- LEES. BWM’s mark will be pronounced BAY-LEES WINE MER-CHANTS, YOUR BEST SO-RSE FOR SPAN-ISH WINES. In reality, the average consumer is likely to focus upon the first three, dominant words, recognising the words below these are intended as a ‘strap line’ to explain the scope and nature of the business. Plainly the device of the house or shop front will not be enunciated in normal speech. Taking the respective similarities and dissimilarities into account I find that the marks share an average degree of similarity.
38. The question of conceptual similarity or dissimilarity hinges around the shared word, BAILEYS. I would accept in this regard the submission that it is the word ‘BAILEYS’ that comprises the distinctive and dominant element in BWM’s mark, the other elements being either ‘decorative’, as in the house or shop front device, or descriptive, as in the words ‘WINE MERCHANTS’, or plain laudatory, as in ‘YOUR BEST SOURCE FOR SPANISH WINES’. This is not to say that a purely decorative element cannot under any circumstances within a composite mark be a distinctive or dominant element. Plainly it can and, as such, the device of building has a certain distinctiveness in BWM’s mark and may even be registrable in its own right. But taking the mark as a whole it would be my view that it is the word BAILEYS which stands out as the identifier most likely to be referenced and recollected by the average consumer, rather than any other element. I should stress that the words ‘distinctive and dominant’ are intended to mean in a purely trade mark sense, and therefore my aim is to apply in particular both the *Medion* and *Shaker* cases to which I have referred in sections (k) and (l) in para 33 above. That is to say that the words ‘distinctive and dominant’ engage an analysis of what in particular the average consumer will take to have trade mark significance within the totality of the composite mark – what is the unique identifier ? This is a quite different question to what may be, in purely forensic terms (eg size, colour or any other visual denomination), the element which ‘stands out’ the most.
39. Concerning that distinctive, dominant element, I believe BAILEYS will be assumed to have surnominal origin and significance – that is, most likely as a surname (but also possibly a Christian name) of a person or persons

intimately connected with the business, maybe the founder. This is especially true of BWM's mark which puts the word BAILEYS into the (possessive, albeit without an apostrophe) context of a phrase, BAILEYS WINE MERCHANTS. In such a context, there is no other meaning that BAILEYS can assume, other than that of a person's surname, possibly a Christian name. The same would also be true of RAB's mark, and this is because the average consumer in the UK would be aware that BAILEY is not an uncommon name in the UK. Whilst I have no evidence on the point, I believe I can take it on judicial notice that BAILEY (and thus BAILEYS, as the possessive version) is a recognisable name. The name is not uncommon; it attaches, for example, to famous people such as DAVID BAILEY, the photographer, or BILL BAILEY, the musical comedian.

40. Marks cannot be said to be conceptually similar because they both comprise, or contain as distinctive or dominant elements, recognisable surnames. That would be a nonsense; SMITH is not conceptually similar to SMYTH. The two surnames can readily be distinguished, the more so because SMITH is such a common surname, any variation of it is likely to resonate immediately with the average consumer. In this case however, the name is the same, BAILEYS. This is put into a particular context in BWM's mark, that is, the name of a wine merchants which sells Spanish wine and, by the use of the device, may have been established for a while and has a 'tradition' and/or is possibly small scale, nevertheless the fact is that the name BAILEYS is common to both marks. It is important to recognise that the other elements in BWM's mark do not conspire, individually or collectively, to vary the fact that the BAILEYS element will still be seen as a name. Those other elements are nonetheless points of conceptual difference. Of course, RAB's mark only has the name BAILEYS and no context at all. On that basis it is inevitable that, conceptually, the marks will have a moderate degree of similarity. I say 'moderate degree' on the basis that conceptually the marks are not identical since BWM's mark places the word BAILEYS into a specific context of the name of a wine merchant.
41. Bringing together my findings on visual, aural and in particular conceptual similarity above, I conclude that the respective marks are similar to a moderate degree. I will carry this finding forward to my overall conclusion of likelihood of confusion.

Comparison of goods and services

42. In assessing the similarity of services, it is necessary to apply the approach advocated by case law and to take account of all the relevant factors relating to the services in the respective specifications. In *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* the ECJ stated at paragraph 23 of the Judgment:

‘In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, *inter alia*, their nature, their end users and their method of use and whether they are in competition with each other or are complementary.’

43. Other factors have been identified in *British Sugar Plc v James Robertson & Sons Limited (Treat)* [1996] R.P.C. 281, such as the nature of the users and the channels of trade.

44. It is important to recognise that even though the evidence on similarity is sparse to say the least, I nevertheless have the statements of case and am able to draw upon commonly known facts. Mr Geoffrey Hobbs QC sitting as the Appointed Person said in *Raleigh International trade mark* [2001] R.P.C. 11, at para 20, that such evidence will be required if the goods or services specified in the opposed application for registration are not identical or self-evidently similar to those for which the earlier trade mark is registered. But where there is self-evident similarity, and especially in relation to everyday items, evidence may not be necessary. He also stated that the tribunal may, in an appropriate case, consider the question of similarity from the viewpoint of the notional member of the relevant purchasing public.

45. The goods and services to be compared are:

| RAB's goods | BWM's services |
|-------------------------------------|---|
| Class 33 Alcoholic beverages | Class 35 The bringing together, for the benefit of others, of a variety of Spanish wines and spirits, enabling customers to conveniently view and purchase those goods from a general merchandise store, from a general merchandise catalogue by mail order, or from a general merchandise store Internet website; advertising; business management; business administration; office functions; provision of information to customers; the bringing together, for the benefit of others, of a variety of Spanish wines and spirits, enabling customers to conveniently |

| | |
|--|---|
| | view and purchase those goods from an Internet web site; provision of advice and assistance in the selection of foods and wines; consultancy and advisory services in relation to all the aforesaid services. |
|--|---|

46. The first point to make is that RAB's goods are not, by virtue of their proven reputation in liqueurs or cream liqueurs, *limited* to only that type of alcoholic beverage. Their specification, as filed, is for 'alcoholic beverages' at large; that specification is not subject to proof of use or an application to revoke by BWM or anyone else. As such I must consider the full breadth of RAB's specification of goods which includes, eg Spanish wines. It may well be that a particular reputation in a given product could, in certain circumstances (eg where other products are sold in a materially different way (see the Appointed Person's decision in *Roja Dove* BL O-016-10) place a limit *on the extent to which that reputation is treated as increasing the likelihood of confusion*. But in this case I can see no grounds for treating RAB's reputation in liqueurs as placing any such limit in relation to my analysis.
47. The issue in this case is then, the question whether BWM's application in respect of firstly, retail services, and secondly, "advertising; business management; business administration; office functions; provision of information to customers; provision of advice and assistance in the selection of foods and wines and consultancy in relation to all the aforesaid services" can be said to be similar to RAB's specification in respect of alcoholic beverages only. Firstly as regards the retail services only, the European Courts have issued two key decisions on this question. In Case C-418/02 *Praktiker Bau-und Heimwerkermärkte AG* ("*Praktiker*") the ECJ approved the registration of retail services and said that it was not necessary to specify in detail the services in question (ie whether they are provided, eg by a supermarket, department store, mail order or electronically online). However it was necessary to specify the goods or types of goods in all cases. Plainly BWM has done exactly that in their specification.
48. The second case is that of T-116/06 *Oakley Inc v OHIM* ("*Oakley*"). In this case before the General Court ("GC", previously the CFI), the Court held that the respective goods and services do not have the same nature, purpose and method of use, for example, because goods are fungible when services are not (para 47). Despite this, the Court found that the Board of Appeal was correct to find that there were similarities, given the complementary nature of the goods and the respective retail services. That is to say that the goods are indispensable to, or at the very least

important for the provision of the retail services, which are specifically provided when the goods are sold (paras 54 and 55). This must be true, regardless of how those services are provided, whether by means of a catalogue or traditional brick and mortar environment . As a consequence, the Court found that retail services are not merely auxiliary or ancillary to the goods in question (para 56). The one rider I should note to this is that the finding of overall similarity is only endorsed by the GC in respect of retail services which are in respect of *identical, or closely connected to* the goods of the earlier mark (para 56). Plainly in this case the goods on sale by BWM are alcoholic beverages and so are identical to those specified by RAB.

49. I appreciate there is always a danger in regarding cases like *Oakley* as being authority for broad and inflexible legal propositions, eg to the effect that in all cases retail services for the sale of goods identical to or closely connected to those specified in an opponent's specification *must, a priori*, be regarded as similar to the goods themselves. This is far too rule-based and prescriptive an approach; it potentially obviates the need for any evidence on the point and absolves the decision maker from any responsibility for weighing such evidence, even in technical cases which involve specialist goods and retailing. In the *particular* circumstances of the *Oakley* case, it was accepted, eg by the GC (para 50) that, "the manufacturers of the goods in question (clothing) often have their own sales outlets for their goods or resort to distribution agreements which authorise the provider of the retail services to use the same mark as that affixed to the goods sold". I have no evidence or even submissions on that point as concerning the goods and services in issue here.
50. With this reservation in mind, I nonetheless find that, as in *Oakley*, the respective goods and retail services are similar. The evidence for example shows some 'linkage', eg as between the large retailer, TESCO, and BAILEYS referred to in para 20 above, such that one may assume that BAILEYS have specifically authorised use of their mark in that particular promotion. I am also aware that large retailers produce their own brands of alcoholic drinks and also that the producers of drinks, both large and small, may operate their own retail outlets through traditional bricks and mortar and/or online versions. These I believe are commonly known facts.
51. In summary, I find that the following constitute 'similar' services to the RAB's goods:

The bringing together, for the benefit of others, of a variety of Spanish wines and spirits, enabling customers to conveniently view and purchase those goods from a general merchandise store, from a general merchandise catalogue by mail order, or from a general merchandise store Internet website; the bringing together, for the

benefit of others, of a variety of Spanish wines and spirits, enabling customers to conveniently view and purchase those goods from an Internet web site; provision of advice and assistance in the selection of foods and wines.

52. I should explain that I have included in this group the services of: “provision of information to customers and provision of advice and assistance in the selection of foods and wines” on the basis that they are very closely allied to BWM’s retail services. In terms of the principal retail services specified by BWM in the Class these services are offered to BWM’s retail or potential retail *customers*, rather than other businesses. In a retail context it would inevitably be part and parcel of a retailer’s role, not to say *raison d’être*, to offer their customers advice and assistance in their selection of product.
53. However, I need also to consider the remaining services listed in Class 35: “advertising; business management; business administration; office functions; provision of information to customers; provision of advice and assistance in the selection of foods and wines and consultancy and advisory services in relation to all the aforesaid services”. According to the Explanatory Note published by WIPO for Class 35 of the Nice Agreement, the classification of Class 35 is explained as follows¹:

“Class 35 includes mainly services rendered by persons or organizations principally with the object of:

1. help in the working or management of a commercial undertaking, or
2. help in the management of the business affairs or commercial functions of an industrial or commercial enterprise,

as well as services rendered by advertising establishments primarily undertaking communications to the public, declarations or announcements by all means of diffusion and concerning all kinds of goods or services.

This Class includes, in particular:

- the bringing together, for the benefit of others, of a variety of goods (excluding the transport thereof), enabling customers to conveniently view and purchase those goods; such services may be provided by retail stores, wholesale outlets, through mail order catalogues or by means of electronic media, for example, through web sites or television shopping programmes;

¹ Available at <http://www.wipo.int/classifications/nivilo/nice/index.htm?lang=EN#> .

.....”

54. Against this background, use of the BWM's 'remaining services' (hereafter I shall refer to these services as the 'remaining services') in Class 35 would be considered as purely ancillary or 'internal' to their main retail services. That is to say it is unlikely that BWM offer *to other businesses*: "advertising; business management; business administration; office functions; consultancy and advice services in relation to the aforesaid". Such ancillary or internal use would not be consistent with the essential function of a trade mark which is to guarantee to the average consumer the origin of particular goods or services. Since these services cannot be 'lumped together' or conflated with the main retail services, I am left therefore to consider these services on a normal and notional basis. Accordingly, these services are not similar to RAB's goods since they are not by their nature similar. Alcoholic beverages are a tangible, physical object to be drunk in a variety of situations whilst advertising; business management; business administration; office functions are not physically tangible but instead all services geared to *help* in the everyday working of a commercial undertaking or, in the case of advertising, *communicating* the benefits of the products or services of that commercial undertaking. The respective goods and services are not offered through the same trade channels. Alcoholic beverages are offered for sale by specialist retailers or the through general retail, whilst the remaining services in BWM's specification are offered to businesses through specialist trade channels, which the general public are unlikely to access. It follows also that their respective customers will not be the same. Moreover, there is no complementary relationship (in the sense that one is dependent upon the other) between the respective goods and services.

55. Finally, I would make special mention of "consultancy and advice services in relation to the aforesaid services". I understand from WIPO published advice in respect of the Nice Classification that "consultancy and advice services" are classified according to the subject matter of the consultancy and advice so that, eg transportation consultancy would be in Class 39, financial consultancy in Class 36 and so forth.² That being the case, the consultancy and advice services specified in Class 35 will go to the *retail services per se*, rather than the subject of the retail services, namely the wines. The same will be true of the remaining services of BWM's specification identified in para 54 above. I therefore conclude that "consultancy and advice services in relation to the aforesaid services" are not similar to RAB's alcoholic beverages as they are more remote in terms of their nature (offered only to businesses), trade channels (again offered to businesses through specialist channels) and consumers. My finding is then that "consultancy and advice services in relation to the aforesaid services" are not similar to RAB's goods specification.

² See <http://www.wipo.int/classifications/nivilo/nice/index.htm?lang=EN#>

The average consumer and nature of the purchase

56. As matters must be judged through the eyes of the average consumer (*Sabel BV v. Puma AG*, paragraph 23), it is important that I assess who the average consumer is for the goods and services, and whether there is anything about the nature of transactions under the respective marks that may lead me to conclude that the average consumer is other than someone “deemed to be reasonably well informed and reasonably circumspect and observant” (see authority (b) in para 33 above).
57. The average consumer for the goods covered by RAB’s Class 33 goods will be the general public. The average consumer for BWM’s Class 35 retail (including product advice) services will comprise the general public who have a particular interest in Spanish wine. As far as the remaining services are concerned the average consumer may well be other businesses rather than the general public.
58. The respective attention that average consumers will bring to the purchases may vary considerably. The average consumer of BWM’s retail services at one end of the spectrum will comprise a knowledgeable and discerning wine drinker familiar with Spanish wines and perhaps prepared to pay a premium for some. This characterisation will not however be universal; at the other end of the spectrum there will be the casual enquirer or simply curious non-expert. It should be recalled in this context that the retail services specified by BWM include both online and traditional environments such as general merchandise store or catalogue, and both would be subject to the casual and curious customer as well as the more well informed. The average consumer for RAB’s alcoholic beverages (as distinct from liqueurs specifically) will be drawn from the wide pool of alcohol consuming members of the public as the range of products covered is vast, ranging from the cheapest cider or beer to the most expensive wines or champagnes. Also it must be recognised that alcoholic beverages at large are purchased in different environments such as pubs or restaurants as well as off licences or supermarkets.

Use and distinctive character of the earlier trade mark

59. Before I bring my findings together in an overall assessment, I have to consider whether RAB’s mark has a particularly distinctive character, either arising from the inherent characteristics of the trade mark or because of the use made of it. In terms of its inherent distinctiveness I consider RAB’s mark to have a moderate level of distinctiveness. As I have said above at para 39, BAILEYS is a not uncommon surname in the UK. In terms of the goods for which the earlier mark is registered, these too will be produced and manufactured by many different operators, from the smallest farm to the largest producer, and it is possible that any one of

these may have the name BAILEY. This is a factor in the moderate level of inherent distinctiveness I am prepared to accord the earlier mark.

60. I must also consider the effect of reputation on the global consideration of a likelihood of confusion under Section 5(2)(b) of the Act. This was considered by David Kitchin Q.C. sitting as the Appointed Person in *Steelco Trade Mark* (BL O/268/04). Mr Kitchin concluded at para 17 of his decision:

“The global assessment of the likelihood of confusion must therefore be based on all the circumstances. These include an assessment of the distinctive character of the earlier mark. When the mark has been used on a significant scale that distinctiveness will depend upon a combination of its inherent nature and its factual distinctiveness. I do not detect in the principles established by the European Court of Justice any intention to limit the assessment of distinctiveness acquired through use to those marks which have become household names. Accordingly, I believe the observations of Mr. Thorley Q.C in *DUONEBS* should not be seen as of general application irrespective of the circumstances of the case. The recognition of the earlier trade mark in the market is one of the factors which must be taken into account in making the overall global assessment of the likelihood of confusion. As observed recently by Jacob L.J. in *Reed Executive & Ors v Reed Business Information Ltd & Ors*, EWCA Civ 159, this may be particularly important in the case of marks which contain an element descriptive of the goods or services for which they have been registered. In the case of marks which are descriptive, the average consumer will expect others to use similar descriptive marks and thus be alert for details which would differentiate one mark from another. Where a mark has become distinctive through use then this may cease to be such an important consideration. But all must depend upon the circumstances of each individual case.”

61. It is undisputed that RAB’s mark has not only been used but has also acquired a substantial reputation in the UK in the field of liqueurs, specifically cream liqueurs. But to what extent, if at all, will this affect the overall assessment of likelihood of confusion? In this case, RAB’s use and reputation (which it must be noted is in connection with a ‘name’, BAILEYS, rather than a descriptive mark as such) attaches only to liqueurs, a very specific area of the drinks market. It does not attach to the broader term, ‘alcoholic beverages’. So, in respect of liqueurs RAB enjoys a significantly enhanced level of distinctiveness however there is no evidence that this enhanced distinctiveness carries across or extends to other alcoholic beverages.

Likelihood of confusion

62. The various findings I have arrived at above need now to be factored into an overall assessment of likelihood of confusion. I need to adopt a global approach which takes into account ‘imperfect recollection’ on the part of the consumer, as advocated by the ECJ in *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* It is also the case that the authorities, to which I have referred above in para 33 above, recognise two forms of confusion, direct and indirect. By direct confusion, it is meant that the average consumer is likely to mistake one mark for another, assuming imperfect recollection of course. By indirect, it is meant that although the average consumer will not necessarily mistake the respective marks directly, he or she may well nevertheless assume an association, in that goods sold under the mark the subject of the application derive from the same economic undertaking as the goods sold under the earlier mark.

63. I have decided the respective marks are similar to a moderate degree. In respect of the services of :

” The bringing together, for the benefit of others, of a variety of Spanish wines and spirits, enabling customers to conveniently view and purchase those goods from a general merchandise store, from a general merchandise catalogue by mail order, or from a general merchandise store Internet website; provision of information to customers; the bringing together, for the benefit of others, of a variety of Spanish wines and spirits, enabling customers to conveniently view and purchase those goods from an Internet web site; provision of advice and assistance in the selection of foods and wines”

the goods and services are similar. However in respect of

“advertising; business management; business administration; office functions; consultancy and advisory services in relation to all the aforesaid services”

the goods and services are not similar.

64. I have also found that the average consumers for the respective marks may well overlap to the extent that they comprise the general alcohol drinking public. I have also found that the earlier mark has a moderate level of inherent distinctiveness but given both the specific reputation (only in relation to liqueurs) which I have found, and the nature of the mark itself (ie, the fact it is based upon a name rather than purely descriptive) I am of the view that the effect of reputation in this case on the overall assessment of likelihood of confusion is, in fact, neutral, in other words it makes the likelihood of confusion neither more nor less likely.

65. In all of these circumstances of this case, taking into account in particular the shared element 'BAILEYS' and the association between alcoholic beverages and retail services in respect of the same, I find a likelihood of confusion in respect of the services which I consider to be similar, namely:

" The bringing together, for the benefit of others, of a variety of Spanish wines and spirits, enabling customers to conveniently view and purchase those goods from a general merchandise store, from a general merchandise catalogue by mail order, or from a general merchandise store Internet website; provision of information to customers; the bringing together, for the benefit of others, of a variety of Spanish wines and spirits, enabling customers to conveniently view and purchase those goods from an Internet web site; provision of advice and assistance in the selection of foods and wines."

66. But that there is no likelihood of confusion in respect of

"advertising; business management; business administration; office functions; consultancy and advisory services in relation to all the aforesaid services"

Parallel or concurrent trading

67. Against this findings, I need to assess whether any 'parallel or concurrent' trading which BWM has engaged in prior to filing disturbs my findings. This is something that carries no weight at all say RAB. However, the fact that there is no evidence of actual confusion may in certain circumstances be a relevant factor in this assessment, in cases for example of 'peaceful co-existence' or 'parallel trading'. If the evidence establishes that the respective marks have actually been put to use in the same market (as opposed to the notional use which is normally considered), without the consumer being confused regarding economic origin, then this can inform the tribunal's assessment. Alan Steinfield QC, sitting as a deputy judge of the High Court, in *Fiorelli Trade Mark* [2007] RPC 18 gave weight to an absence of confusion in the marketplace. However, this should be tempered by a number of decisions which express caution about the circumstances in which it is appropriate to give these factors weight (see the Court of Appeal in *The European Ltd v. The Economist Newspaper Ltd* [1998] FSR 283 at page 291, Laddie J in *Compass Publishing BV v Compass Logistics Ltd* [2004] RPC 41 at 809 and the Court of Appeal in *Phones 4U Ltd v Phone 4u. co. uk Internet Ltd* [2007] RPC 5 at paragraphs 42 to 45.) In the first of the above cases, Millet LJ stated:

"Absence of evidence of actual confusion is rarely significant, especially in a trade mark case where it may be due to differences extraneous to the plaintiff's registered trade mark."

68. Whilst BWM say their website has been live since 2005 and the 'bricks and mortar' business since before that date, the fact is that the Spanish wine retailing market is not the same as and does not coincide with RAB's use of the mark BAILEYS on cream liqueurs. This may have been the case if for example, BWM had actually sold BAILEYS liqueurs or drinks in their premises or online without instance of confusion. But, as matters stand I cannot say that parallel trading has in fact occurred in this case, and accordingly it is not a factor in my assessment.
69. In all the circumstances of case, I find that the opposition succeeds under section 5(2)(b) for the services specified in para 65 above, but fails in respect of those services specified in para 66.

Section 5(3)

63. In view of my findings above I turn to consider the ground for opposition under Section 5(3) of the Act which reads as follows:

“5.-(3) A trade mark which –

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark or international trade mark (EC), 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.”

64. The scope of Section 5(3) has been considered in a number of cases notably *General Motors Corp v Yplon SA* (CHEVY) [1999] ETMR 122 and [2000] RPC 572, *Adidas Salomon AG v Fitnessworld Trading Ltd.* [2004] ETMR 10, *Premier Brands UK Limited v Typhoon Europe Limited* (TYPHOON) [2000] FSR 767, *Daimler Chrysler v Alavi* (MERC) [2001] RPC 42, *C.A. Sheimer (M) Sdn Bhd's TM Application* (VISA) [2000] RPC 484, *Valucci Designs Ltd v IPC Magazines* (LOADED) O/455/00, *Mastercard International Inc and Hitachi Credit (UK) Plc* [2004] EWHC 1623 (Ch), *Electrocoin Automatics Limited and Coinworld Limited and others* [2005] FSR 7, *Davidoff & Cie SA v Gofkid Ltd* (DAVIDOFF) [2003] ETMR 42, *Intel Corporation Inc. v CPM United Kingdom Ltd* (INTEL) [2009] RPC 15, *L'Oreal v Bellure* [2010] RPC 1 and *Whirlpool Corp v Kenwood Limited* [2010] RPC 2.

65. The applicable legal principles arising from these cases are as follows:

a) 'Reputation' for the purposes of Section 5(3) means that the earlier mark is known by a significant part of the public concerned with the products or services covered by that mark (paragraph 26 of the ECJ's judgment in *CHEVY*).

b) Under this provision the similarity between the marks does not have to be such as to give rise to a likelihood of confusion between them; the provision may be invoked where there is sufficient similarity to cause the relevant public to establish a link between the earlier mark and the later mark or sign (*Adidas Salomon v Fitnessworld*, paragraphs 29-30).

c) Whether there is a link, within the meaning of *Adidas-Salomon and Adidas Benelux*, between the earlier mark with a reputation and the later mark must be assessed globally, taking into account all factors relevant to the circumstances of the case (*INTEL*).

d) The fact that, for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark calls the earlier mark with a reputation to mind is tantamount to the existence of such a link between the conflicting marks, within the meaning of *Adidas-Salomon and Adidas Benelux*. (*INTEL*)

e) The stronger the earlier mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it (per Neuberger J. in *Premier Brands*, and the ECJ in *CHEVY*, paragraph 30).

f) Whether use of the later mark takes or would take unfair advantage of, or is or would be detrimental to, the distinctive character or the repute of the earlier mark, must be assessed globally, taking into account all factors relevant to the circumstances of the case (*INTEL*).

g) Unfair advantage is taken of the distinctive character or the repute of the earlier trade mark where there is clear exploitation and free-riding on the coat-tails of a famous mark or an attempt to trade upon its reputation (*Spa Monopole v OHIM*).

h) The use of the later mark may be detrimental to the distinctive character of the earlier mark with a reputation even if that mark is not unique; a first use of the later mark may suffice to be detrimental to the distinctive character of the earlier mark; proof that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or

services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future (*INTEL*).

i) Taking unfair advantage of the distinctive character or repute of a mark relates not to detriment caused to the earlier mark but to the advantage taken by the third party. Such an advantage may be unfair even where the use is not detrimental to the distinctive character or to the repute of the mark (*L'Oreal v Bellure*). It is not sufficient to show that an advantage has been obtained. There must be an added factor of some kind for that advantage to be categorised as unfair (*Whirlpool Corp v Kenwood Limited*).

66. I have already found in my analysis under section 5(2)(b) that RAB has a reputation in the UK in respect of liqueurs, specifically cream liqueurs; that much is uncontested by BWM. I have also found that RAB are successful under section 5(2)(b) in respect of the core retail services specified in Class 35. I do not wish to consider the case against the retail services further under section 5(3). The question now is, under section 5(3) to what extent (if any) may RAB extend their success under section 5(2)(b) to those 'remaining' services in Class 35 ?

67. Having found that RAB has a 'reputation' in liqueurs the next question is whether there is the requisite 'link' as between the mark with the reputation and the mark applied for (see authorities (b)-(d) above) in relation to the remaining services and this is a matter of global assessment taking into account all relevant factors. It is important to recall that a 'link' is established even where there may be no likelihood of confusion (as under section 5(2)(b)) but where an earlier mark is simply brought to mind.

68. The ECJ also set out the factors to take into account when considering if the necessary link exists:

"41. The existence of such a link must be assessed globally, taking into account all factors relevant to the circumstances of the case (see, in respect of Article 5(2) of the Directive, *Adidas-Salomon and Adidas Benelux*, paragraph 30, and *adidas and adidas Benelux*, paragraph 42).

42. Those factors include:

- the degree of similarity between the conflicting marks;
- the nature of the goods or services for which the conflicting marks were registered, including the degree of closeness or dissimilarity

between those goods or services, and the relevant section of the public;

– the strength of the earlier mark’s reputation;

– the degree of the earlier mark’s distinctive character, whether inherent or acquired through use;

– the existence of the likelihood of confusion on the part of the public.”

69. As regards those factors, I have already found in relation to my section 5(2)(b) analysis, that the respective marks are similar to a moderate degree. I regard the reputation of RAB’s mark to be strong, but only in relation to liqueurs. Those who know of RAB’s BAILEYS mark know it to be a liqueur. Finally, as far as a comparison of goods and services is concerned, I found under section 5(2)(b) that alcoholic beverages and the remaining services of Class 35 are not similar. Upon further analysis of the goods and services under section 5(3), there is no degree of similarity at all given in particular the fact that respective average consumers share no identity or commonality. As I have already said, the remaining services under Class 35 are services predominantly or even exclusively provided to the business community whilst alcoholic beverages are sold to the public in a variety of circumstances. Taking all the factors together, including the fact that BAILEY is a not uncommon surname, I conclude that the average consumer will not make a ‘link’ between the respective marks.

70. I would just add that even if I had found there to be a ‘link’ this would not have been the end of the story of course, as RAB would still have to have shown that either unfair advantage or detriment to distinctive character or repute would arise. Their pleadings in this respect are scant to say the least, and to put flesh on the bones of their claim I have had to draw on paras 19- 22 of Katy Adams’s witness statement of 14th July 2009.

71. As far as unfair advantage is concerned, Ms Adams says this arises because of the confusion with RAB’s earlier mark. In effect, BWM’s mark when used on retail services confers on BWM, says Ms Adams, a ‘commercial advantage’ because of likely confusion with RAB’s earlier mark. It must be remembered that BWM have already been using their mark since 2005 on the internet and before then in connection with their delicatessen business. It cannot be concluded from the evidence in relation to, eg turnover since 2005 that any advantage, let alone *unfair* advantage, has resulted. In 2005/6 the turnover was £48,500 and this rose to £77,000 in 2007/8. This head of damage is plainly unsubstantiated.

72. As far as detriment to distinctive character is concerned, Ms Adams's case is likewise tantamount to pure assertion. The claim is that any BAILEYS mark, either on its own or part of a composite mark for any goods or services similar or associated with RAB's, will blur the distinctive character of their mark "so that they are no longer capable of immediately arousing an association with their cream liqueur product". In effect the claim is that there is and only ever will be one "BAILEYS". As I have said, this is, and would be recognised as a not uncommon surname. In my view there would be no 'weakening' or 'blurring' whatsoever of BAILEYS capacity to be associated with liqueurs. The case law requires evidence of a 'change in economic behaviour' on the part of consumers for such detriment to be established. There is no such evidence at all, whilst the sales of BAILEYS liqueur have gone down since 2005, it strains credulity to breaking point and beyond to attribute that, in part or whole, to BWM's business under their mark. This head of damage is similarly not made out.

73. Finally, there is detriment to repute of the earlier mark. This claim is based on the assertion that if BWM sold products of a lower quality, the opponent's mark will suffer tarnishment. Tarnishment is generally, if not exclusively, found where goods and services are so dissonant (eg rat poison and chocolate or tobacco and health foods) that one may reasonably expect some damage to the repute of the earlier mark. BWM is a specialist online (as well as traditional bricks and mortar) retailer of wines, specifically Spanish wine. They bring a specialist knowledge to their trade. Those wines may vary in price and quality but the prospect that a poor quality wine (whether or not (most likely not) it bears the BAILEYS name), or selection of wine, or even the circumstances under which the wine is sold by BAILEYS the retailer, would somehow tarnish the BAILEYS liqueur brand is so improbable as to almost constitute an unworthy slur on BWM. This head of damage is likewise not made out.

74. As I found that no 'link' is even if I were wrong, none of the specific heads of damage are made out I do not even have to consider any possible defence of 'due cause' that BWM may put up. In the circumstances the ground under section 5(3) fails in its entirety.

Section 5(4)(a)

75. I cannot see that the ground under section 5(4)(a) adds anything to the ground under section 5(2)(b). RAB would have been able establish good will in the UK in their distinguishing 'BAILEYS' sign for liqueurs by the material date (the date of application). If they had had no such goodwill then they would nonetheless have had a strong case for arguing that their mark is in fact a well known mark entitled to section 56 protection. But goodwill is simply the first step and they would then have had to demonstrate that a misrepresentation would have occurred. As far as the

remaining services of Class 35 are concerned and consistent with my findings under section 5(2)(b) and 5(3) no misrepresentation would have been demonstrated. Additionally, I would have had to factor in BWM's own use of their sign prior to the date of application, albeit not attested to by third parties and also accepting Ms Adams's submission that mere ownership of domain names does not constitute proof of goodwill. This would not have rendered them 'senior user' but they could claim use back to 1995 as a delicatessen. On that basis I would have had to consider whether it would have been equitable for RAB to prevent registration of BWM's mark given the length of time which BWM could lay claim to use of their BAILEYS distinguishing sign.³ In the circumstances the claim under section 5(4)(a) fails to add any more to the success under section 5(2)(b).

Costs

76. The opponent, RAB, has nonetheless succeeded to a large extent, if not entirely, under section 5(2)(b) of the Act. Accordingly, it is entitled to a contribution towards its costs. In the circumstances I award RAB the sum of £ 1300 as a contribution towards the costs of the proceedings. The sum is calculated as follows:

Filing fee for opposition - £200
Preparing a statement and considering counterstatement - £200
Preparing evidence and considering and commenting on other sides evidence - £600
Preparing submissions - £300

77. I order Baileys Wine Merchants to pay R A Bailey & Co the sum of £1300. The sum should 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 26 day of July 2010

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

³ See, eg BL O-120-04, Croom's Application para 46.