

**O-476-16**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF TRADE MARK APPLICATION NO 3 085 113 NUKA COLA IN  
RESPECT OF CLASS 25 IN THE NAME OF ABT MERCHANDISING LIMITED**

**AND**

**IN THE MATTER OF OPPOSITION THERETO BY BETHESDA SOFTWARES LLC  
& ZENIMAX MEDIA INC**

## Background and pleadings

1. ABT Merchandising Limited (the applicant) applied to register the trade mark number 3 085 113 NUKA COLA in the UK on 08/12/2014. It was accepted and published in the Trade Marks Journal on 19/12/2014 in respect of the following goods in Class 25:

*Clothing; headgear; footwear; t-shirts; sweatshirts; vests; jumpers; trousers; shorts; baseball caps; bandanas; trainers; socks; gloves; scarves.*

2. Bethesda Softworks LLC and Zenimax Media Inc (the opponents) oppose the trade mark on the basis of, amongst other grounds, Section 5(4) (a) of the Trade Marks Act 1994 (“the Act”). This is on the basis of its alleged earlier rights in NUKA COLA. It claims to have been selling *videos, video games, clothing, headgear, footwear, games, merchandise, glassware, figurines, cans, CDs, books, stationery, bottles, clocks, bottle openers, pins, badges, keychains, mugs, DVDs and stickers* and in respect of *entertainment services* under this sign since January 1997 and has acquired goodwill under the sign. Use of the trade mark applied for would therefore be a misrepresentation to the public and result in damage to the aforementioned goodwill.
3. The opponents also oppose on the basis of Section 3(6) of the Trade Marks Act 1994.
4. The applicant filed a counterstatement denying the claims made. Later in the proceedings, it also claims to have used NUKA COLA on clothing since August 2013.
5. Both sides filed evidence. This will be summarised to the extent that it is considered necessary.

6. A Hearing took place on 7<sup>th</sup> July 2016, with the opponent represented by Mr Douglas Campbell QC (instructed by Page, White & Farrer) and the applicant by Ms Ashton Chantrielle (instructed by Agile IP LLP).

## Legislation

7. Section 5(4)(a) states:

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

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

(b) [.....]

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

## Evidence

8. There is a substantial amount of evidence filed in these proceedings. Further, Mr Basam Karam, Director of the applicant was cross examined at the Hearing. The evidence summary will focus upon the material considered to be pertinent to the issues in hand in assessing whether or not the action under passing off law and/or bad faith law is made out.
9. In respect of the evidence filed by the opponent, this summary focusses upon the witness statement of J. Griffin Leshner, with the appropriate exhibits (or indeed parts of exhibits) being picked out and listed. The witness statement

from Mr Leshar, dated 1<sup>st</sup> October 2015, explains that he is the Legal Secretary for the Zenimax Media Inc and has been since 1999. Bethesda Softworks LLC, is a subsidiary of Zenith Media Inc and the developer of the world famous game franchise FALLOUT owning the goodwill in FALLOUT and sub brands such as NUKA COLA.

10. The computer game FALLOUT was released in 1997; FALLOUT 2 in 1998 (after which Bethesda acquired the rights to produce all FALLOUT games). FALLOUT 3 was released in 2008 and FALLOUT LAS VEGAS in 2010. The release of FALLOUT 4 is eagerly awaited (at the time of writing of the witness statement) in November 2015. The FALLOUT games are role playing video games available on platforms such as Playstation 2, 3 and 4; Xbox, Xbox 360 and Xbox One; DOS, Microsoft Windows and Mac. In June 2015, the (according to Mr Leshar) massively popular FALLOUT SHELTER mobile game was released.
11. According to Mr Leshar, a central feature of all the FALLOUT games has been the brand NUKA COLA which has been used in all the games since 1997 to date. Mr Leshar explains that in the game, the brand NUKA COLA is used to refer to a popular soft drink that was available in the world before a nuclear war took place. After the war, many bottles, vending machines and trucks branded NUKA COLA remain in the post-apocalyptic world in which the players' characters operate. Players hunt for the brand NUKA COLA to gain attributes during the game and it is one of the key focusses of the game. The bottle caps branded with NUKA COLA are used as currency. Exhibit JGL3 is a Wiki article which appears to support Mr Leshar's assertions and Exhibit JGL4 are images taken from the 2008 game FALLOUT 3 showing how the brand appears on screen during the game. It is noted that pictures of the bottles, bottle tops and vending machines are included.
12. Exhibit JGL7 outlines sales figures from an independent source. It appears to show that between 2011-2015, FALLOUT 3 sold 180,000 units in the UK and FALLOUT NEW VEGAS 214,000. The remaining sales data is not UK specific and so its cogency is limited.

13. Much detail has been provided regarding awards won by the FALLOUT games. Further, included in the evidence are a number of positive reviews. These are, by and large, not limited to the UK (rather they appear to be US focussed) or it is otherwise unclear as to their impact on the UK public (or indeed whether they accurately reflect the position in the UK).
  
14. Exhibit JGL10 are pages from a website called UKIE, an independent organisation that claims to support the UK's games and interactive entertainment industry. It is noted that prior to November 2010 FALLOUT: NEW VEGAS occupied the top spot in respect of the "All Formats Chart", slipping to number 3 by 01 November 2010. By the end of the whole of 2010, the game remained in the top ten, ending the year at number 9. Further, the game remained in the top ten during the first half of the first month of 2011 and even following that, retained a strong position in the chart at least until March of that year (when the evidence ends). The website also comments on the video game market noting that there are 1902 video game companies in the UK. As such, according to Mr Leshner, it is impressive that the opponent commonly has games at the top of the league tables. The UK games industry is worth £3.9 billion with over 34 million players in the UK, i.e. around 55% of the UK population.
  
15. There is a lot of information regarding merchandise produced by the opponent (and others) in the way of items of clothing, glassware, mugs, bags, watches. This expansion began in 2008, though much of the evidence is focussed upon 2014. It is noted that it is possible for the UK public to purchase these items (there are shipping prices for the UK included on the relevant website, though it is clear that the website which sells the items is clearly US focussed. There is also no clear evidence of sales of merchandise to the UK. It is also noted that there is a European website selling within Europe. This suffers from the same defects as the US focussed evidence. However, it is noted that there is a request/discussion from a UK customer regarding a "bobblehead" merchandise item. Specifically, the customer asks about shipping costs to the UK, but there is no mention of an actual sale occurring.

16. One of the important aspects of this evidence is that it does appear to demonstrate how computer games manufacturers routinely also produce associated merchandise, in particular items of clothing etc. Exhibit JGL15 is an extract from the Nintendo website highlighting the same with another example being ANGRY BIRDS merchandise. This information does indicate a clear potential overlap between the respective fields of activity (video games and clothing and related merchandise). It is noted that this evidence is dated 2015, which is after the relevant date in these proceedings, being 8<sup>th</sup> December 2014. However, this is not considered to be fatal as the position is highly unlikely to have been different just a year earlier. Indeed, the opponent's own activities (which commenced in 2008) appear to support this view.

17. Exhibit JGL16 contains an article from the website product-reviews.net regarding the opponent's trade mark applications to the USPTO for NUKA COLA. It states that "fans of the series will know this name well and remember the soft drink". The series referred to is of course FALLOUT. This article is focussed on the US. However, bearing in mind the strong performance of FALLOUT games in the UK, the assumption made by the article that fans would know NUKA COLA is one, that can equally apply here. This "assumption" is bolstered by further evidence contained within the same exhibit, which is a website from a UK based fan of FALLOUT who has created his own bottle of NUKA COLA as a tribute to the games in which it appears. There is a further website from another UK fan who created NUKA COLA labels to put on glass bottles; another who created their own NUKA COLA tribute drink which they were looking to sell, and a further entry from a person in the UK who has posted a guide to creating NUKA COLA drinks which "glow" (together with links to various online sellers where the respective components can be purchased). This "tribute" evidence is dated in 2008 and 2012, so is, notably, prior to the relevant date.

18. Exhibit JGL17 exhibits a large number of newspaper/press articles regarding the FALLOUT games from UK publications. The following are particularly of note:

- The International Business Times, dated April 2014, where it refers to NUKA COLA as a popular drink from the series.. It is possible that it is primarily US focussed but it interesting in that it talks about fans obsessive behaviour regarding news on the next instalment of FALLOUT, with even news of the opponent's trade mark applications becoming newsworthy with speculation that the applications are indicative that a new game in the series will be forthcoming.
- The Guardian article, dated October 2010 was written because of the imminent release of FALLOUT NEW VEGAS and refers to FALLOUT 3 as one of the greatest post-apocalyptic video games. This is clearly indicative of the popularity of the series.
- A review of FALLOUT 3 appeared in The Telegraph, dated October 2008. It describes how highly anticipated the release of the game is. Again, this highlights the popularity of the series.
- Tamworth Herald, dated 15<sup>th</sup> June 2015. This describes a showcase of FALLOUT 4 suggesting that UK fans would be having an "all nighter" so as not to miss the footage (from a trade show); The Telegraph, dated 24<sup>th</sup> June 2015, regarding the same trade show and particularly the showcase of FALLOUT 4. Both again are indicative of the popularity of the series.

19. Exhibit JGL17 also includes another article of interest. It is from an academia website and focusses upon the FALLOUT series (FALLOUT 3) with particular emphasis on culture icons and corporate logos involved in the games. This describes NUKA COLA and specifically how it is found throughout the series as the key to quests, the acquisition of survival weapons and replenishing the

health of characters. There is also a description of one of a character in the games who is a “Nuka Cola fanatic”, who has created a museum to enshrine the remnants of Nuka Cola that she owns. This character sends the player on a mission to find bottles of Nuka Cola, for which the player will be paid 40 caps for each bottle and provide the know - how for the creation of the Nuka Grenade (a DIY weapon).

### **Applicant’s evidence**

20. This are two witness statements from Mr Bassam Karam, the first of which is considered relevant. Mr Karam was also subject to cross examination at the Hearing. The majority of the evidence contained in his statement will not be summarised as it contained a number of red herrings. Rather, the material considered to be directly relevant is outlined below.

### **The first witness statement of Mr Karam**

21. This is dated 9<sup>th</sup> December 2015. Mr Karam explains that he once ran a company distributing computer/video games and that this ended in 2011 (though liquidated stock is still being sold<sup>1</sup>). After leaving the gaming industry, Mr Karam ventured into clothing and started to create “mash-ups”. NUKA COLA was an example of a mash-up and centres around the idea of nuclear energy and energy drinks. This was in August 2013, though he changed the date to 2011 during cross examination (Mr Karam later clarified that 2013 was when the mash ups went into commerce). In his witness statement, Mr Karam states that even if he had heard of NUKA COLA during the time of his distributorship activities, in any case, he ceased trading in 2011 and did not come up with NUKA COLA until 2013. So, according to him, the FALLOUT series was not in his mind at all<sup>2</sup>.

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<sup>1</sup> This was established during cross examination.

<sup>2</sup> Reference is again made to the change of date to 2011 during cross examination.



## **Cross examination of Mr Karam**

22. In terms of general observations, it is noted that in response to questioning, Mr Karam was highly animated and rather defensive. Mr Karam gave long lengthy responses to some questions which did not aid clarification of particular issues. Rather, it often had the effect of avoiding answering the exact question posed. There was some contradiction, particularly regarding dates as to when particular events took place. However, in this respect, it may simply be that Mr Karam was mistaken and so this does not, in itself, lead to the conclusion that his evidence was unreliable.
23. Mr Karam did provide some additional information. Importantly, he confirmed that he takes full responsibility for the day to day activities for the Company and though he does consult with the others who hold positions within the applicant company (his wife and father in law), it was his signature that appears on any documentation. Mr Karam also explained why he applied for NUKA COLA. It is noted that this is new evidence upon which the witness statement filed earlier in the proceedings is silent. However, this does not necessarily mean it should be ignored. The new information from Mr Karam was that he applied in order to use the registration as a “shield” following a prior business related altercation with the opponents. I will return to this point later in the decision.
24. It is considered that an important aspect of Mr Karam’s evidence, both in his witness statement and during cross examination is that he claims that he created the NUKA COLA trade mark entirely coincidentally and had not previously heard of it in relation to the opponents. Mr Karam stuck to his story in this respect. In my view, NUKA COLA is distinctive and unusual. Further, given that Mr Karam previously ran a company which distributed video games, including the FALLOUT series. Bearing in mind the aforesaid, it is considered that the notion of the choice of these words being a coincidence is wholly unconvincing. In fact, it is clearly beyond the realms of even extreme possibility.

25. Further, there is evidence of a particular pattern of behaviour from Mr Karam in respect of other signs: THATCHER JOE, VAULT BOY, IRON MIKE, applied for and/or used in respect of items of clothing which is considered to cast at least some doubt as to Mr Karam's motives in respect of NUKA COLA.

26. Bearing in mind all of the above, I am persuaded that that the applicant did copy NUKA COLA from the opponent's video games.

## Relevant date

27. In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC as the Appointed Person considered the relevant date for the purposes of s.5(4)(a) of the Act and concluded as follows:

“39. In *Last Minute*, the General Court....said:

‘50. First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51. However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non-registered national mark before the date of filing, in this case 11 March 2000.’

40. Paragraph 51 of that judgment and the context in which the decision was made on the facts could therefore be interpreted as saying that events prior to the filing date were irrelevant to whether, at that date, the use of the mark applied for was liable to be prevented for the purpose of Article 8(4) of the CTM Regulation. Indeed, in a recent case before the Registrar, *J Sainsbury plc v. Active: 4Life Ltd* O-393-10 [2011] ETMR 36 it was argued that *Last Minute* had effected a fundamental change in the approach required before the Registrar to the date for assessment in a s.5(4)(a) case. In my view, that would be to read too much into paragraph [51] of *Last Minute* and neither party has advanced that radical argument in this case. If the General Court had meant to say that the relevant authority should take no account of well-established principles of English law in deciding whether use of a mark could be prevented

at the application date, it would have said so in clear terms. It is unlikely that this is what the General Court can have meant in the light of its observation a few paragraphs earlier at [49] that account had to be taken of national case law and judicial authorities. In my judgment, the better interpretation of *Last Minute*, is that the General Court was doing no more than emphasising that, in an Article 8(4) case, the *prima facie* date for determination of the opponent's goodwill was the date of the application. Thus interpreted, the approach of the General Court is no different from that of Floyd J in *Minimax*. However, given the consensus between the parties in this case, which I believe to be correct, that a date prior to the application date is relevant, it is not necessary to express a concluded view on that issue here.

41. There are at least three ways in which such use may have an impact. The underlying principles were summarised by Geoffrey Hobbs QC sitting as the Appointed Person in *Croom's TM* [2005] RPC 2 at [46] (omitting case references):

- (a) The right to protection conferred upon senior users at common law;
- (b) The common law rule that the legitimacy of the junior user's mark in issue must normally be determined as of the date of its inception;
- (c) The potential for co-existence to be permitted in accordance with equitable principles.

42. As to (b), it is well-established in English law in cases going back 30 years that the date for assessing whether a claimant has sufficient goodwill to maintain an action for passing off is the time of the first actual or threatened act of passing off: *J.C. Penney Inc. v. Penneys Ltd.* [1975] FSR 367; *Cadbury-Schweppes Pty Ltd v. The Pub Squash Co. Ltd* [1981] RPC 429 (PC); *Barnsley Brewery Company Ltd. v. RBNB* [1997] FSR 462; *Inter Lotto (UK) Ltd. v. Camelot Group plc* [2003] EWCA Civ 1132 [2004] 1 WLR 955: "date of commencement of the conduct complained of". If there was no right to prevent passing off at that date, ordinarily there will be no right to do so at the later date of application.

43. In *SWORDERS TM* O-212-06 Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

'Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position

would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.’ ”

28. Bearing in mind the evidence from Mr Karam, the matter therefore needs to assess the situation at a date prior to the application date. That is August 2013. This is the date that, according to Mr Karam, the applicant first began putting mash up T-shirts bearing the name NUKA COLA “in commerce”, i.e. on the market.

## **General principles in respect of Passing Off**

29. Halsbury’s Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165 provides the following analysis of the law of passing off. The analysis is based on guidance given in the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731. It 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:

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

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

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

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

30. Further guidance is given in paragraphs 184 to 188 of the same volume with regard 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 is ultimately a single question of fact.

In arriving at the conclusion of fact as to 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.”

## **Goodwill**

31. I bear in mind the following:

*Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217

(HOL):

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in

custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

32. In *Hart v Relentless Records* [2002] EWHC 1984 (Ch), Jacob J. (as he then was) stated that:

“62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see per Upjohn L.J. in BALI Trade Mark [1969] R.P.C. 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not acquired any significant reputation” (the trial judge's finding). Again that shows one is looking for more than a minimal reputation.”

33. However, a small business which has more than a trivial goodwill can protect signs which are distinctive of that business under the law of passing off even though its reputation may be small. In *Stacey v 2020 Communications* [1991] FSR 49, Millett J. stated that:

“There is also evidence that Mr. Stacey has an established reputation, although it may be on a small scale, in the name, and that that reputation preceded that of the defendant. There is, therefore, a

serious question to be tried, and I have to dispose of this motion on the basis of the balance of convenience.”

34. See also: *Stannard v Reay* [1967] FSR 140 (HC); *Teleworks v Telework Group* [2002] RPC 27 (HC); *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590 (COA)

## Proof of goodwill

35. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

“27. There is one major problem in assessing a passing of 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 & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark [1969] R.P.C. 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.

28. 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. Once



raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

36. However, in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat) Floyd J. (as he then was) stated that:

“[The above] observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

37. The evidence the opponents have provided includes sales figures from independent sources, newspaper articles, reviews etc. It is considered that it unequivocally shows that the FALLOUT series of video games have been popular amongst the “gaming” community in the UK and that this was the case at the relevant date namely August 2013.

38. Further, the evidence has established that within the narrative of the games, NUKA COLA, whether it be the drink, bottle or bottle top plays an important role. There was much debate at the hearing as to the origin of a large proportion of the evidence (and so, its weight) in the sense that many of the articles describing the aforementioned significance of NUKA COLA within the FALLOUT series are American. However, in respect of evidence of this nature, I do not see how this matters. It is describing the narrative of the series and/or commenting that fans of the series will know what NUKA COLA is (and its significance) having played one or more of the games. The series

has also been popular in the UK, so I am satisfied that a UK gamer would view NUKA COLA in the exact same way as “fans” in other parts of the world.

39. I am also satisfied that it would be impossible for a gamer playing any of the opponent's series of games to have avoided the significance of NUKA COLA. Indeed it is weaved throughout the games' fabric. I have also noted from the evidence that there are examples of gamers who go on to produce their own tributes to the FALLOUT series, be it in the form of creating and making a NUKA COLA bottle; creating NUKA COLA drinks for a gamers' party etc. Though this is not use by the opponents', it supports the proposition that NUKA COLA is known to be a distinguishing feature and, crucially, one that is associated with the opponent. I am satisfied that if a video game was marketed under the name NUKA COLA, the UK public would expect it to be a game of the opponent's.

40. Bearing in mind all of the aforesaid, I am persuaded that the opponents' have a goodwill in the UK in respect of video games in respect of the distinguishing feature, NUKA COLA.

41. The evidence also includes details of the opponent's merchandising activities, notably clothing bearing NUKA COLA. It is noted that these were available for UK consumers to purchase and there is some evidence of “interest” from UK consumers. However, no evidence of sales of clothing (or other merchandise items) has been produced, so it is impossible to conclude that the opponent had acquired any significant and separate goodwill in the UK respect of its merchandise business.

## Misrepresentation

42. In assessing whether or not there has been a misrepresentation, I bear in mind the following. In *Neutrogena Corporation and Another v Golden Limited and Another*, [1996] RPC 473, Morritt L.J. stated that:

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

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

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

And later in the same judgment:

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

And also:

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

44. Of course, the application is in respect of class 25 goods, which on the face of it are a different field of activity from a trade in video games. However, the opponents' have filed evidence demonstrating the potential overlap between the fields of video games and clothing in the form of merchandising in relation to the particular game(s). The evidence has showed that they themselves provide clothing items as do other video game producers and platform providers (the ANGRY BIRDS/NINTENDO evidence refers).

45. This is therefore a scenario where the respective denominations are identical: NUKA COLA and where the respective fields of activity can overlap. It is true that the relevant consumers of video games are primarily “gamers” (those with a particular interest in gaming), but it is clearly also broader than this and extends to the general public including, for example, people who buy presents for gamers. Clothing of course is clearly aimed at the general public. Further and in any case, the popularity of video games is such that there is no reason why “gamers” should not be considered to be a significant section of the public; indeed it could be as high a percentage as 55% of the population. Should, therefore, gamers who are fans of the FALLOUT series encounter clothing sold under NUKA COLA, it is considered likely that they will expect clothing bearing NUKA COLA to be offered for sale either by the opponent's themselves or by an authorised agent as official merchandise. The case for misrepresentation is clearly made out.

## Did the applicant intend to deceive?

46. In *Office Cleaning Services Limited v Westminster Window & General Cleaners Limited* [1946] RPC 39 (HOL), Lord Simonds stated that:

“Confusion innocently caused will yet be restrained. But, if the intention to deceive is found, it will be readily inferred that deception will result. Who knows better than the trader the mysteries of his trade.”

47. An intention to deceive is not a requirement of passing off. However, bearing in mind there is also a bad faith claim against the applicant in these proceedings, the following is relevant:

- Mr Karam’s previous presence in the gaming industry and his distributorship of the FALLOUT series of games;
- A pattern of behaviour regarding other marks and signs, including the use on clothing of VAULT BOY, a character from the FALLOUT series;
- Mr Karam’s incredible explanation as to how he came up with NUKA COLA. In essence, that it was a complete coincidence.

48. The first two points can possibly be explained by reasons other than an intention to deceive, but considered in the round, they help build a picture. The latter, as I have already stated, is a wholly unconvincing explanation. As already stated, NUKA COLA is unusual and distinctive. The only reasonable conclusion to draw here is that there is not only a misrepresentation, but there was clearly an intention to deceive on the part of the applicant.

## Damage

49. In *Harrods Limited V Harrodian School Limited* [1996] RPC 697, Millett L.J. described the requirements for damage in passing off cases like this:

“In the classic case of passing off, where the defendant represents his goods or business as the goods or business of the plaintiff, there is an obvious risk of damage to the plaintiff's business by substitution. Customers and potential customers will be lost to the plaintiff if they transfer their custom to the defendant in the belief that they are dealing with the plaintiff. But this is not the only kind of damage which may be caused to the plaintiff's goodwill by the deception of the public. Where the parties are not in competition with each other, the plaintiff's reputation and goodwill may be damaged without any corresponding gain to the defendant. In the *Lego* case, for example, a customer who was dissatisfied with the defendant's plastic irrigation equipment might be dissuaded from buying one of the plaintiff's plastic toy construction kits for his children if he believed that it was made by the defendant. The danger in such a case is that the plaintiff loses control over his own reputation.

50. It is considered a highly plausible scenario that injurious association could occur here. In *Ewing v Buttercup Margarine Company, Limited*, [1917] 2 Ch. 1 (COA), Warrington L.J. stated that:

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

51. Damage in the circumstances described above, is considered to be inevitable.

52. The sum of all this is that the opponents' have been successful. As such, strictly speaking, there is no need for me to go on to consider the bad faith ground of opposition raised under Section 3(6) of the Act. However, for the sake of completeness, I will do so.

## Section 3(6) – Bad faith

53. Section 3(6) of the Act states:

“(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

54. The law in relation to section 3(6) of the Act (“bad faith”) was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch):

“130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, “Bad faith in European trade mark law” [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see *Case C- 529/07 Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. *Case C-259/02 La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and *Case C-192/03 Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the

balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but also "some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].



137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention. As the CJEU stated in *Lindt v Hauswirth*:

"41. ... in order to determine whether there was bad faith, consideration must also be given to the applicant's intention at the time when he files the application for registration.

42. It must be observed in that regard that, as the Advocate General states in point 58 of her Opinion, the applicant's intention at the relevant time is a subjective factor which must be determined by reference to the objective circumstances of the particular case.

43. Accordingly, the intention to prevent a third party from marketing a product may, in certain circumstances, be an element of bad faith on the part of the applicant.

44. That is in particular the case when it becomes apparent, subsequently, that the applicant applied for registration of a sign as a Community trade mark without intending to use it, his sole objective being to prevent a third party from entering the market.

45. In such a case, the mark does not fulfil its essential function, namely that of ensuring that the consumer or end-user can identify the origin of the product or service concerned by allowing him to distinguish that product or service from those of different origin, without any confusion (see, inter alia, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 48)."

55. Bearing in mind the findings under Section 5(4)(a) (above) and particularly those regarding intention of the applicant, it is clear that the applicant also acted in bad faith in applying for NUKA COLA. Mr Karam's defence (which emerged during cross examination) is that he intended to use any registered rights acquired as a shield against "attacks" by the opponents'. This admission, regardless of its accuracy, does not assist the applicant and does not provide a defence. A trade mark should be registered by those with a legitimate claim to the mark, not as a means of legitimising a trade that would otherwise be unlawful. The ground of opposition as based upon Section 3(6) also succeeds.

## **COSTS**

56. The opponent has been successful and is entitled to a contribution towards its costs. In the circumstances I award the opponents the sum of £2300 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

Notice of opposition and accompanying statement (plus official fee) - £500

Preparing and filing evidence - £750

Considering evidence - £300

Preparing for and attendance at a Hearing - £750

TOTAL - £2300

57. I therefore order ABT Merchandising Limited to pay Bethesda Softworks LLC and Zenimax Media, Inc the sum of £2300. The above sum should be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this 6th day of October 2016**

**Louise White**  
**For the Registrar**