

O-194-09

TRADE MARKS ACT 1994

**IN THE MATTER OF INTERNATIONAL REGISTRATION
No. 855361 AND A REQUEST BY SHANGHAI LEI YUN SHANG
PHARMACEUTICALS CO. LTD
TO PROTECT IN CLASS 5 THE TRADE MARK**

Ley's

AND

**IN THE MATTER OF OPPOSITION NO 71404 BY
FRITO-LAY TRADING COMPANY GMBH**

**TRADE MARKS ACT 1994
IN THE MATTER OF International Registration
No. 855361 and a request by Shanghai Lei Yun Shang
Pharmaceuticals Co. Ltd to protect a trade mark in class 5**

and

**IN THE MATTER OF Opposition No 71404
By Frito-Lay Trading Company GmbH**

BACKGROUND

1. On 21 February 2005, Shanghai Lei Yun Shang Pharmaceuticals Co Ltd (“SLYS”) requested protection of its international registration in the United Kingdom for the trade mark “Ley’s”.

2. Protection is sought for:

Class 05:

Medicines for human purposes, namely, traditional Chinese medicine, all made from natural herbs and according to traditional Chinese formula products; Chinese traditional medicine bags, all made from natural herbs and according to traditional Chinese formula products.

3. On 25 September 2006, Frito-Lay Trading Company GmbH (“FLTC”) filed a notice of opposition to the granting of protection on grounds under Section 5(2)(b), Section 5(3) and Section 5(4)(a) of the Trade Marks Act 1994 (“The Act”). In relation to these grounds, FLTC relies upon its earlier CTMs¹, together with a claimed common law right. FLTC also rely on Section 56 (protection of well known trade marks) as the basis for a further ground under Section 5(4)(a). The earlier registered trade marks are shown below:

¹ Community Trade Mark

CTM 4044236	Specification:
	<p>Class 05: Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides; expressly excluding any pharmaceutical preparation for the treatment and care of skin.</p> <p>Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, compotes; eggs, milk and milk products; edible oils and fats.</p> <p>Class 30: Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice.</p>
CTM 3810603	Specification:
	<p>Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, compotes; eggs, milk and milk products; edible oils and fats; ready to eat snack foods consisting primarily of potatoes, nuts, other fruit or vegetable materials or combinations thereof including potato chips, potato crisps, taro chips, pork snacks, beef snacks.</p> <p>Class 30: Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread,</p>

	pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice; ready to eat snack foods consisting primarily of grains, corn, cereal, other vegetable materials or combinations thereof, including corn chips, tortilla chips, rice chips or rice cakes, crackers, pretzels, puffed snacks, popped popcorn, candied popcorn and peanuts, snack food dipping sauces, salsas, snack bars.
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4. SLYS filed a counterstatement denying the grounds of opposition.
5. Only FLTC filed evidence, a summary of which follows. Neither side requested a hearing. Only FLTC filed formal written submissions (which were submitted with its evidence), although, SLYS also made a number of submissions in its counterstatement which I will take into account in reaching my decision.

FLTC’s evidence

6. This is a witness statement from Mr Joseph J. Ferretti, who provides legal services to PepsiCo and is authorised to make this statement on behalf of FLTC (the parent company of PepsiCo). Mr Ferretti explains that Lay’s is one of the most famous brand names worldwide for savoury snack foods and that the trade marks upon which the opposition is based are used throughout the European Union (“EU”) in relation to these types of foods and, in particular, potato crisps. Exhibit JF-1 shows a number of graphics of packaging used for products sold under these marks and, in his view, these clearly show use of the marks.
7. According to Mr Ferretti, “Lay’s Light” is a sub brand and forms part of the Lay’s range. Exhibit JF-2 is a promotional photograph highlighting FLTC’s snack food brands, including the Lay’s brand.
8. Exhibit JF-3 is a list of current² active sales markets for the Lay’s brand. I note that this list includes the majority of the Member States of the EU. The Member States not covered are Luxembourg, Malta, Ireland, Slovakia and Slovenia (though in his witness statement, Mr Ferretti claims that the Lay’s brand is exported to the latter two countries). Mr Ferretti also explains that the Lay’s brand is produced locally in each of the relevant territories and is a leading seller in most countries where FLTC has an affiliated local company. These include Cyprus, France, Greece, Hungary, the Netherlands, Poland, Portugal, Spain and Turkey.
9. Exhibit JF-4 shows sample pages from a number of websites which feature Lay’s product information. According to Mr Ferretti, these are visited every month by thousands of people from the EU and around the world.

² The list is dated 2008

10. Exhibit JF-5 shows reprints of articles about the Lay's brand that have appeared in the following publications: Eurofood, Market Research Europe, Brand Strategy, The Reuter Business Report, The Spanish Business Digest and The Portuguese Business Digest.

11. Mr Ferretti also explains that FLTC spend a considerable amount on advertising to promote the Lay's brand. This includes television commercials, newspaper inserts, magazine advertisements and various promotions in stores and other outlets. Exhibit JF-6 is a photograph of a billboard in Spain. Exhibit JF-7 is a reprint of an article that appeared on 19 April 2002 in Euromarketing. This article reports that Hollywood star Antonia Banderas is to star in a European ad campaign in Spain, Portugal, Greece, the Netherlands and Belgium to promote a new olive oil based sub brand of LAY'S potato crisps.

12. Approximate sales and advertising figures throughout Europe are also given:

Year	Amount - sales (US Dollars)	Amount – advertising (US Dollars)
2003	542,900,000	33,000,000
2004	658,100,000	38,000,000
2005	796,900,000	39,000,000
2006	932,400,000	43,000,000
2007	1,242,200,000	53,000,000
2008	1,606,800,000	58,000,000

13. Mr Ferretti concludes his witness statement by asserting that as a result of the geographic extent of sales throughout the EU, the turnover of products bearing the Lay's trade mark, the expenditure on advertising and promotion of the brand and the extent to which it is recognised by consumers throughout the EU, it is clear that the Lay's and Lay's Light trade marks have a reputation throughout the EU.

DECISION

The ground of opposition under Section 5(2) (b)

Proof of use regulations

14. In opposition proceedings, earlier marks for which the registration procedure was completed before the end of the five year period ending with the date of publication of the applied for mark (SLYS's mark) may only be relied upon to the extent that they have been used (or that there are proper reasons for non-use)³. SYLS's mark was published on 23 June 2006. FLTC's CTM No. 4044236 (which is the sole mark relied upon as the basis of its Section 5(2)(b) ground) completed its registration procedure on 24 July 2007. Consequently, the proof of use regulations

³ See section 6A of the Act (added by virtue of the Trade Marks (Proof of Use, etc.) Regulations) 2004 (SI 2004/946) which came into force on 5th May 2004.

do not apply. I must, therefore, consider FLTC's mark for its entire specification as registered.

The law and the leading authorities

15. Section 5(2)(b) of the Act states:

“(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.”

16. When making my determination, I take into account the guidance from the case-law of the European Court of Justice (“ECJ”) on this issue, notably: *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, *Marca Mode CV v Adidas AG & Adidas Benelux BV* [2000] E.T.M.R. 723, *Case C-334/05P Shaker di Laudato & C.Sas v OHIM (“LIMONCHELLO”)* and *Case C-120/04 Medion* [2005] ECR I 8551, 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 services, and vice versa; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*,

(f) the assessment of similarity can only be carried out solely on the basis of the dominant element in a mark if all of its other components are negligible (*Limonchello*, para 42)

(g) 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*,

(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 the goods

17. All relevant factors relating to the goods in the respective specifications should be taken into account in determining this issue. In *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* the ECJ stated at paragraph 23 of its judgment:

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

18. Other factors may also be taken into account such as, for example, the relevant channels of distribution (see paragraph 53 of the judgment of the CFI in Case T-164/03 *Ampafrance S.A. v OHIM – Johnson & Johnson GmbH (monBebe)*).

19. FLTC, in its notice of opposition, appear to be relying purely upon its class 5 goods as the basis for its opposition under section 5(2)(b). I say this because in its accompanying statement of case the only goods it compares against the goods of the application are its class 5 goods. The respective specifications are shown below for ease of reference.

FLTC's specification	SLYS's specification
<p>Class 05: Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides; expressly excluding any pharmaceutical preparation for the treatment and care of skin.</p>	<p>Class 05: Medicines for human purposes, namely, traditional Chinese medicine, all made from natural herbs and according to traditional Chinese formula products; Chinese traditional medicine bags, all made from natural herbs and according to traditional Chinese formula products.</p>

20. FLTC argues that as its specification consists of the class 5 class heading (albeit excluding goods for the treatment and care of the skin), then this must be taken to cover all goods in class 5 given the OHIM⁴ guidelines on opposition. Given this, it argues that the goods are identical because SLYS's goods are also in class 5 and, therefore, fall within its all class protection. SLYS argue that FLTC'S specification covers conventional (or western) medicines which are neither identical nor similar to those of its specification. Conventional and Chinese medicines have, it says, different natures and methods of use and purposes. The former, according to SLYS, are based on complex chemicals and research and development using modern technology. The underlying ethos is also different in that conventional medicines are based on a separation of the mind and body and that Chinese medicine is based on a 3,000 year old medical system which seeks to balance forces within the body enhancing life force (Chi). SLYS also argue that few retail outlets sell the two medicines side by side and that medical practitioners and commercial intermediaries make a clear distinction between the practices of each type of medicine (although, I note that there is no evidence filed to support any of this).

21. In relation to the whether the goods are identical or not, there are two issues that I need to consider. The first is in relation to the use of the class heading and whether this gives automatic protection for all of the goods that fall within that class. On this, I am aware of the OHIM guidelines, but I simply do not agree with them and am not bound by them. The purpose of a specification is to clearly identify the goods (and services) for which protection is sought. I do not see that this can be satisfied (in

⁴ Office for Harmonisation in the Internal Market (Trade Marks and Designs)

relation to protection sought for everything in a particular class) by utilising the wording of a class heading. Whilst this may identify the goods and services specifically listed and those that fall under the generality of a terms specifically listed in the class heading, it cannot be taken as identifying goods and services which, although properly classified in the same class, do not fall within the generality of the terms listed in the class heading. This argument is, therefore, rejected⁵.

22. In terms of whether the goods are identical, the second issue is whether SLYS's goods fall within any of the general terms set out on FLTC's specification. In terms of approach, the case-law tells me that "in construing a word used in a trade mark specification, one is concerned with how the product is, as a practical matter, regarded for the purposes of the trade"⁶. I must also bear in mind that words should be given their natural meaning within the context in which they are used; they cannot be given an unnaturally narrow meaning⁷. In the round, this means that although dictionary definitions (and my own understanding of the words) may assist, I must also be conscious of what terms mean to the trade.

23. There are two terms in FLTC's specification with potential breadth, namely "pharmaceutical preparations" and "dietetic substances adapted for medical use". In relation to pharmaceutical preparations, a pharmaceutical is defined as "relating to drugs or pharmacy" and a preparation as "something that is prepared, such as a medicine" (both definitions come from Collins English Dictionary). As the definition of "pharmaceutical" relates to "drugs" I must also consider what this means. The same dictionary describes this as "any synthetic or natural chemical substance used in the treatment, diagnosis, and prevention of disease". On this reading, traditional Chinese herbal medicine is unlikely to be regarded as a type of drug or pharmaceutical (although this does not rule them out from being similar). However, other sources provide slightly different definitions, for example the on-line version of Collins Language defines drug as "any substance used in the treatment, prevention, or diagnosis of disease" (emphasis added). The reference to "any substance" provides a broader definition that could, therefore, encompass SLYS's goods as they (being medicines) are also used to treat and prevent disease. If I took this broader meaning into account then I may have found that the goods are identical, however, I am conscious that other sources provide less broad definitions and, furthermore, there is no evidence to inform me as to whether the trade would regard a Chinese herbal medicine as a pharmaceutical. From my own knowledge, I am aware that Chinese medicine may be an alternative to traditional western pharmaceutical products; therefore, it strikes me that in terms of identity, the normal understanding of the term pharmaceutical (and that understood by the trade), is more likely to be that of a traditional laboratory created drug rather than a herbal based preparation that may possess some medicinal property. I appreciate that this point is an arguable one, but given my own understanding, together with the inconsistent dictionary definitions, and taken together with an absence of evidence from the trade, my view is that the goods are not identical.

⁵ For further discussion, see *Daimler AG v Sany Group Co. Ltd* [2009] EWHC 1003 (Ch)

⁶ *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281.

⁷ *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd and Another* [2000] FSR 267.

24. Irrespective of the above, the goods may still be similar. It is clear that both have the same (medicinal) purpose, namely to prevent or cure disease or illness. Both will, potentially, be aimed at the same user e.g. members of the public who wish to cure or prevent a particular illness. The nature could be similar, although one may be a chemical based product and the other a herbal based product, both could take a similar form such as tablets, powders etc. The method of use could also be the same, e.g. by oral administration or topical application. The goods are, in my view, clearly competitive. The herbal medicine may be seen as an alternative to the pharmaceutical and, therefore, compete with each other. In terms of channels of trade, whilst Chinese medicine may often be sold in specialist shops (although there is no evidence on this) nothing rules out such goods from being sold in the same shops such as large pharmacy stores. Taking all this into account, my view is that SLYS's goods are highly similar to the term "pharmaceutical products" in FLTC's specification.

25. I must also consider the position in relation to FLTC's "dietetic substances adapted for medical use" to see if this puts it in any better position. In contrast to pharmaceutical preparations the dietetic substance is not limited to being pharmaceutical in nature and, therefore, will cover other dietetic substances for medical use including, potentially, dietetic substances that incorporate Chinese herbal medicine. Dietetic substances, from my understanding of the term, are items for the diet (such as foodstuffs) but the goods in question here differ from normal foodstuffs because they are adapted in some way to perform a medicinal function. To my mind, the goods covered by SLYS' specification are medicines per se rather than dietetic substances adapted for medicinal purposes and are, consequently, not identical. Nevertheless, the capacity of dietetic substances to be adapted for medicinal purposes not just by the addition of a pharmaceutical substance but, also some form of herbal, including Chinese herbal, substance means that they are, nevertheless, very similar. On similarity, the trade channels could be the same, the users the same, the nature may be slightly different but the overall purpose is the same or very similar. I view SLYS's goods as being very similar to FLTC's "dietetic substances adapted for medical use".

Average consumer and the purchasing act

26. As the ECJ states in *Sabel BV v. Puma AG*, matters must be judged through the eyes of the average consumer. I must, therefore, assess who this is. I am of the view that there may be two types of average consumer for these goods – the professional (i.e. those involved in the medical profession, which would include both practitioners and those with a commercial interest) and the public at large. One would expect the professional consumer to possess a certain degree of expert knowledge, which may not necessarily be present in the public at large. However, bearing in mind the nature of the goods, namely those used to treat, ease or prevent a medical condition or symptoms, I would expect each type of average consumer to display a reasonably high degree of care and attention both before and during the purchasing process.

27. With regards to the purchasing act, the public at large may purchase items of this nature on a self selection basis whether in a store or via a website. Additionally, a wide variety of these kinds of goods are sold over the counter, therefore, the

average consumer would need to make an oral request to purchase such goods. With regards to the professional consumer, these goods may be purchased following a sales pitch, as a result of research articles or even through word of mouth. Though visual and conceptual considerations are important and will not be ignored, it seems to me that it is the aural aspect which is of greater importance to the purchasing act, for both types of average consumer identified.

Comparison of the marks

28. In assessing this factor, I must consider the visual, aural and conceptual similarities between the respective trade marks, bearing in mind their distinctive and dominant components (*Sabel BV v.Puma AG, para 23*). The respective trade marks are reproduced below for ease of reference.

FLTC’s earlier trade mark	SLYS’s trade mark application
	<p>Ley’s</p>

29. FLTC argue that the dominant and distinctive element of its mark is the word “Lay’s”, pointing out that this is at the top of the mark and further emphasised with the use of a device element. It also asserts that the word “light” is descriptive in relation to snack foods and should be disregarded or at least, given less attention than the word “Lay’s”. FLTC point out that there is only one letter difference between Lay’s/Ley’s and both words are the same length. As such, in its view, they are visually similar. It also argues that, aurally, both marks would be pronounced in the same way and are therefore aurally identical (or at least the distinctive and dominant components).

30. SLYS argue that the marks are visually distinct and that Lay’s is not the dominant and distinctive element of FLTC’s mark, that the overall impression given by the respective marks is different and that the word light (with a human figure on place of the letter l) does have an impact. The difference in spelling between Lay’s and Ley’s is, according to SLYS obvious. Aurally, it argues that its mark can be pronounced “lies” thus distinguishing it from the earlier mark. Finally, SLYS argue that due to the meaning of the word “lay” as a verb and common surname, there is no conceptual similarity between the marks.

31. I have considered these arguments carefully. Visually, I note that FLTC’s mark includes two distinct elements whereas SLYS’s mark consists of one word only. I must decide what the distinctive and dominant components of each mark are.

Clearly, in relation to SLYS's mark, this is the word LEY'S. With regards to FLTC's mark, the first question is whether the word "light" in the mark should be seen as descriptive of the goods and (according to FLTC), disregarded or given less attention than the "LAY'S" element. Looking at the presentation of the word "light" first of all, namely the substitution of a device where the letter "l" would normally be present, I am not persuaded that this significantly alters the overall effect of the word. It is still easily recognisable as the word "light" and, in my view, the average consumer would see it as such. I am persuaded that the word light is descriptive for snack foods and possibly many other types of food and/or drink related goods. However, the question is, is it also likely to be seen as descriptive in relation to pharmaceutical preparations? I bear in mind that goods of this nature come in many different forms – not only tablets, but also sachets and liquids. It does not seem unreasonable that goods such as these may be available in, for example, sugar free versions. On this basis, and bearing in mind the totality of FLTC's mark, in my view, it is likely that the average consumer would see the word "light" as being purely descriptive for these goods. As a result of this finding, I am of the view that the word "Lay's" and the device element on which it appears comprise the dominant and distinctive component of FLTC's mark. However, even though the word "light" is descriptive, it does have some impact on the mark as a whole, particularly given its stylisation and cannot, be said to be negligible (see *Limonchello*).

32. In relation to the word elements of the marks, or at least the distinctive and dominant words -Lay's/Ley's, I bear in mind the guidance of the Court of First Instance ("CFI") decision in *Inter-Ikea Systems BV v OHIM*, where the court said:

"54 As regards the visual comparison between the verbal element of the contested mark and the earlier word marks, the applicant claims that the only difference between them is the presence of the letter "d" in the contested mark and the letter "k" in the earlier word marks. However, the Court has already held in Case T-185/02 *Ruiz –Picasso and Others v OHIM – DaimlerChrysler (PICARO)* [2004] ECR II-1739, paragraph 54 that, in the case of word marks which are relatively short, even if two marks differ by no more than a single consonant, it cannot be found that there is a high degree of visual similarity between them.

55 Accordingly, the degree of visual similarity of the earlier word marks and the verbal element of the contested mark must be described as low."

33. Though there are parallels that can be drawn between the above judgment and these proceedings, for example, both are short words and both only differ in relation to one letter, this decision referred specifically to differences in relation to a single consonant. This differs from these proceedings where the letters in question are both vowels, "a" and "e" respectively. The difference in these letters does not have the same strength of visual impact as the difference between "d" and "k" as in the above judgment. However, both are short words and one letter difference does have some effect. FLTC's mark also includes a device element which makes an impact visually as does the word "light". I cannot, therefore, conclude that there is a high degree of visual similarity between the marks. However, I would not go as far as to say that it is a low degree either. I therefore conclude that there is a reasonable degree of visual similarity between the marks.

34. Aurally, I am not persuaded by SLYS's argument that "Ley's" can be pronounced as "lies" and no evidence has been produced to support this point. In any case, even if I were to accept that it **could** be pronounced as such, in my view, it is far more likely that it will be referred to in the exact same way as FLTC's mark. I have already found that Lay's is the dominant and distinctive component of FLTC's mark, however I cannot wholly discount that the word "light" may also be referred to orally. I, therefore, cannot conclude that the marks are aurally identical. However, I do find that they are similar to a high degree.

35. Conceptually, while I accept that the word "lay" is a verb, meaning to put or place in a horizontal position or position of rest or to set down, FLTC's mark is "lay's" not "lay". To my mind, this alters the overall impression of the mark making it look slightly unusual and having the effect of ensuring that there is no defined meaning that can be immediately attached to it. SLYS did not make any submissions in relation to the meaning, if any, of the word "ley". It is, according to the Oxford English Dictionary, "a piece of land temporarily put down to grass, clover". I think it is very unlikely that the average consumer would attach such a meaning to SLYS's mark. While it could be argued that the respective dictionary entries may mean that the marks are conceptually similar, I do not think this is the case. The case law⁸ suggests that where one of the marks has a clear and specific meaning (which differ from or is the same as the other mark) that can be immediately grasped by the average consumer, this can work to counteract any visual and aural similarities. However, that is not the case here. I am therefore left with the situation that neither mark has a clear, immediate meaning. As such, I conclude that any conceptual impact is neutral.

Distinctiveness of the earlier mark(s)

36. The guidance in *Sabel BV v Puma AG* states that 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. FLTC's mark is the words "Lay's Light", together with a device element. I have already found the "Lay's" element to be the mark's distinctive and dominant component. The word "Lay's" is not meaningful (or even allusive) in relation to the goods and as such I consider it have a reasonably high degree of distinctive character.

37. What is the impact, if any, of the evidence of use filed by FLTC? I note from the evidence that its mark has been used in many countries of the EU. However, as enhanced distinctiveness is only relevant to the extent that confusion may be more (or less) likely to the UK average consumer and because the extent of the use in the UK is unclear, I do not see that this evidence has any impact. I say this evidence is unclear because use of the mark in the UK is not clearly identified, neither is there any clear evidence of promotion or advertising of the mark in the UK. Further, the nature of FLTC's business in the UK is unclear. The evidence refers to FLNA Military Export but there is no explanation as to what exactly this means. I, therefore, conclude that there is insufficient evidence to show that FLTC is entitled to claim

⁸ Case T-292/01 *Phillips-Van Heusen v OHIM – Pash Textilvertrieb und Einzelhandel (BASS) (2003) ECR and Picasso and others v DaimlerChrysler AG Picarro/Picasso case (C- 361/04P*

enhanced distinctive character (and therefore a greater penumbra of protection) in the UK for its earlier marks than that to which they are entitled to *per se*.

Likelihood of confusion

38. The case-law makes it clear that there is an interdependency between the relevant factors (*Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*) and that a global assessment of the factors must be made when determining whether there is a likelihood of confusion (*Sabel BV v. Puma AG*). I must, therefore, consider the relevant factors from the viewpoint of both of the average consumers I have identified to determine whether they are likely to be confused.

39. I have already found the respective goods to be highly similar and I also bear in mind that the average consumer rarely has the opportunity to view marks side by side and must instead rely on an imperfect picture of them he has kept in mind (*Lloyd Schuhfabrick Meyer*). I have already found the marks to be visually similar to a reasonable degree and highly similar aurally. The conceptual impact is merely neutral and does not, therefore, allow any counteraction of the visual and aural similarities to occur. Taking all these factors into account, I believe that both types of average consumer would confuse the marks.

40. Even if the difference created by the additional word “light” element were noticed and recalled, this could only mean that the average consumer(s) would believe the marks to be the responsibility of the same or an economically linked undertaking. The opposition under Section 5(2)(b) therefore succeeds.

The objections under Section 5(3) and Section 5(4)(a)

41. My findings under Section 5(2)(b) effectively settle the matter and it seems to me that FLTC is in no better position in relation to the remaining grounds of opposition. Indeed, I consider FLTC to be in a worse position.

42. In relation to its Section 5(3) ground, I accept that it has shown that the Lay’s mark has a reputation in the EU. However, this reputation is in relation to potato crisps; SLYS’s application is in relation to medicines and it is difficult to see how SLYS’s application would take unfair advantage of or be detrimental to the distinctive character or repute of its marks. Also, in relation to detriment to distinctive character, FLTC would have been required to show, as shown in the judgment in *Case 252/07, Intel Corporation v CPM United Kingdom Limited*, that the economic behaviour of the average consumer would somehow be altered by SLYS’s mark “Ley’s”. This has not been established as it is difficult to see how a reputation in the EU (but not in the UK) can lead to a change in the economic behaviour of the average consumers in this case, who are UK consumers.

43. Under the Section 5(4)(a) passing off claim, the trade and custom in the UK is not clear (see my comments in paragraph 37 above). It is therefore difficult to find that FLTC has a protectable goodwill in the UK. Further, if goodwill did exist it is

difficult to see how misrepresentation could occur between the supplier of crisps and the supplier of Chinese traditional medicine.

44. My concerns regarding use in the UK follows through to the well known mark claim. Although trade in the UK is not necessary, the mark must still be well known in the UK⁹. There is nothing in the evidence to suggest that this is the case.

COSTS

45. As the opposition has succeeded, FLTC is entitled to a contribution towards its costs. Accordingly, I order Shanghai Lei Yun Shang Pharmaceuticals Co. Ltd to pay Frito-Lay Trading Company GmbH the sum of £1500. This amount is calculated as follows:

Filing notice of opposition - £200
Preparing statement of case - £300
Considering counterstatement - £200
Filing Evidence - £500
Filing written submissions - £300

TOTAL £1500

46. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 9th day of July 2009

**L White
For the Registrar
The Comptroller-General**

⁹ See Case C-328/06, *Alfredo Nieto Nuno v Leonci Monileo Franquet*.