

O-317-09

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO 2446341
BY OFF-PISTE WINES LIMITED TO REGISTER THE TRADE MARK**

“MORAMARCO”

IN CLASSES 32 AND 33

**AND IN THE MATTER OF CONSOLIDATED OPPOSITIONS
THERE TO UNDER NOS 95344 AND 95364
BY CONSTELLATION EUROPE LIMITED AND JON MORAMARCO**

TRADE MARKS ACT 1994

**IN THE MATTER OF application No. 2446341
by Off-Piste Wines Limited to register the trade mark:
“MORAMARCO” in classes 32 and 33**

and

**IN THE MATTER OF consolidated oppositions thereto under Nos. 95344
and 95364
by Consellation Europe Limited and Jon Moramarco**

BACKGROUND

1) On 10 February 2007, Off-Piste Wines Limited (“Off-Piste”), of Seacourt Tower, West Way, Oxford, OX2 0BA applied under the Trade Marks Act 1994 (“the Act”) for registration of the trade mark “MORAMARCO” in respect of the following goods:

Class 32: *Wine (alcohol content less than 1.2% (by volume)).*

Class 33: *Wine.*

2) On 13 July 2007, both Constellation Europe Limited (“Contellation”) of Constellation House, The Guildway, Old Portsmouth Road, Artington, Guildford, Surrey, GU3 1LR and Jon Moramarco, CEO of Constellation Brands Inc., 370 Woodcliff Drive, Suite 300, Fairport, New York, 14450 filed notice of opposition to the applications. The grounds of opposition in both cases are summarised as follows, namely:

- a) Registration of the application would offend under Section 3(6) of the Act. The opponents both claim that because two of the directors of Off-Piste were directors of a UK based company purchased by Constellation. It is claimed that they chose the name MORAMARCO to benefit from the reputation that the Moramarco family has built up over twelve generations in the wine business. Use of the word MORAMARCO would therefore, be such as to deceive the public as regards the quality of the product and would obtain benefit from the name.
- b) Registration would offend under Section 5(4) (a) of the Act because use of MORAMARCO by Off-Piste will amount to a case of false endorsement, a passing off action which would therefore prevent use of the mark.
- c) Registration would offend under Section 5(4) (b). Use of MORAMARCO in relation to wine is a statement indicative of the origin and/or quality of the

product and could harm the reputation and status of the opponents. Such a statement would be libellous.

3) Off-Piste subsequently filed identical counterstatements in both sets of proceedings claiming that neither of the opponents has any reputation or goodwill in the UK in respect of MORAMARCO and therefore the grounds under Section 5(4) (a) cannot succeed. It further contends that the grounds under section 5(4) (b) are ill-founded and that the grounds under Section 3(6) have not been set out for such an allegation.

4) The two sets of proceedings were subsequently consolidated.

5) Both sides filed evidence in these proceedings. Both sides ask for an award of costs. Neither side wished to be heard, but Off-Piste filed written submissions in lieu of a hearing.

Opponents' Evidence

6) The opponents' evidence is in the form of a witness statement by Nicholas Francis Preedy, Registered Trade Mark Attorney at HallMark IP Limited, representatives for Off-Piste at this stage in the proceedings. He states that the information contained in his witness statement is either within his personal knowledge or derived from the records supplied by the opponent or from the Internet.

7) He explains that Jon Moramarco became CEO of Constellation in January 2006 and returned to the USA in March 2007, when he became CEO of Constellation International Inc. During his time in the UK there were many articles and references to Mr Moramarco within the "English" press and publications. A selection of such articles and publications are provided at Exhibit NFP1:

- A biographical feature from, according to the handwritten note, Harpers magazine of 27 January 2006. This article talks about Mr Moramarco being a 12th generation winemaker and of his appointment as CEO of Constellation.
- An interview that appeared in Off Licence News on 26 May 2006 (again, identified by hand written notation). This article mentions that Constellation is a supplier with an estimated 20-25% share of wine in the off-trade.
- An article from Harpers website (but the website address is not visible) and dated 15 February 2008. Some text has been lost during printing but it appears to relate to a "Quality Drinks Conference" in London. Mr Moramarco is identified as the keynote speaker.

- An article from guardian.co.uk and dated 14 August 2006 discusses pricing strategies employed in the sale of wine in the UK and quotes Mr Moramarco, stating that he is CEO of Constellation, the “world’s largest wine group, best known in the UK for Stowells, Hardys and Banrock Station”.
- A press release from William Reed Conferences, dated 21 July 2006, promoting its “2nd annual International Wine Conference” in London. Mr Moramarco is listed as a speaker at the event.
- An article that appeared in the Financial Times on 28 October 2006, again discussing pricing strategies for wine. Mr Moramarco is quoted in this article.
- An article that appeared in Drinks Business in December 2006 billed as “Jago v Moramarco” and the article was introduced in the following way:

“What can be done to reverse deflation in the UK wine market? The UK’s largest retailer and biggest wine supplier went head to head to see if they could come up with a solution”
- An interview with Mr Moramarco that appeared in the publication Wine and Spirit International in February 2007.
- Three further articles from January, February and March 2007 that appeared in the trade press announcing Mr Moramarco’s departure as CEO of Constellation to take up another senior post with Constellation International Inc., back in the USA.

8) The “Jago v Moramarco” article appeared in the publication Drinks Business and at Exhibit NFP2 is extracts from Drinks Business to illustrate that it is published monthly and is “Europe’s leading drinks trade publication” with a circulation of “up to 10,000 key named people involved in the industry...The core readership is Europe...”

9) A further article from Drinks Business, dated 15 February 2008, is provided at Exhibit NFP4. This is a feature article entitled “UK Top 50 – Big Hitters”. Mr Moramarco features in this list as CEO of Constellation. I note that this article appears to be somewhat out-of-date as Mr Moramarco had ceased to be CEO of Constellation the previous March.

10) It is submitted that there is wide recognition of the extent of the connection between the Moramarco family and the wine business. In support of this, Mr Preedy provides, at Exhibit NFP5, copies of articles referring to the family’s long association with the wine business, namely:

- A short biographical article about Jon Moramarco obtained from the web address www.aolsvc.timeforkids.kol.aol.com/time/magazine/article/0,9171,1003564-1,00.html that states:

“Jon Moramarco has wine in his blood. His ancestors made wine for eight generations in southern Italy, and after his grandfather Giuseppe emigrated to the U.S., he bought a winery in Los Angeles from the Jesuits during Prohibition. Jon’s father was an expert in vine management –the pruning, spacing, grape thinning and irrigating that influence the quality of the grapes and the taste of the wine. As a young boy, Jon cleared weeds between the vines. He later went to work at the Callaway winery as a “cellar rat”, cleaning tanks, moving barrels, stacking bottles and sometimes working 19-hr. days during the busy crush season. “By high school,” he recalls, “I swore I was going to get out of the wine business.”

- A copy of a page from the website decanter.com that reports Jon Moramarco’s appointment as CEO of Constellation. It makes a reference to Mr Moramarco being “a 12th generation winemaker”.
- Extracts from moramarco.net providing a historical account of the Moramarco family beginning “in about 1916” when the “moramarco Brothers Winery was built (in Los Angeles)...operated by Papa and his brothers Nicola and Antonio. Pep was an (almost) silent, financial partner.” Following expansion in about 1920, they established themselves as fruit dealers and growers. It goes on to say that “[t]hrough the years Papa and his brothers would also be involved in the wine business” and recounts the purchase of a winery during Prohibition. It then goes on to discuss the rapid growth of the Californian wine industry following the end of Prohibition.
- Two further articles from wineindustryreport.finewinepress.com, dated 30 January 2007 and from cwine.com, dated 10 January 2006 announce Mr Moramarco’s appointments as CEO of Constellation International and Constellation respectively. Both refer to Mr Moramarco as a “12th generation winemaker”.

11) Mr Preedy also provides, at Exhibit NFP6, a copy of a letter sent to Off-Piste’s representatives drawing attention to “the reputation that attaches to the word MORAMARCO in the wine industry” and requesting that they withdraw the application.

12) At Exhibit NPF7, Mr Preedy provides copies of the results of an Internet search conducted on 14 December 2007 using the Google search engine and limited to pages from the UK. The search report detailing the first fifty hits is

provided and Mr Preedy points out that the majority of these are references to Mr Moramarco. The 35th hit is a reference to Off-Piste's Italian wine of that name.

13) Exhibit NFP8 is a copy of a page appearing on Off-Piste's website, dated 14 December 2007. Mr Preedy includes this to illustrate that when viewing the Internet hits obtained from the Google search, the high number of hits relating to Mr Moramarco or his family would leave any individual to assume a connection between the wine featured on Off-Piste's website and Mr Moramarco. The page shows a number of wine bottles bearing the mark MORAMARCO with the following text appearing under the heading MORAMARCO:

"If you had to pick a favourite Italian wine region, you would probably find it impossible to choose just one. That's one of the real reasons we love working with Mondo del Vino – they are spread throughout Italy, producing memorable wines in Sicily, Puglia, Emilia-Romagna, Abruzzo and Piedmont, to name just five locations.

Head winemakers Gaetane Carron and Scipione Giuliani spend a lot of their working hours in the vineyards, during the growing season. That is, after all, where great wine is made. Having said that, they've also got a pretty cool winery in Priocca, fitted out with some of the most high tech equipment in the business.

www.mondodelvino.com"

14) At Exhibit NFP9, Mr Preedy provides a copy of a letter received in response to the letter at Exhibit NFP6. In this letter, Off-Piste state that neither the Moramarco family nor the Constellation Group of companies have ever traded in the UK using the Moramarco name and it claims that that as a result the name is not well known in the UK to such an extent as to benefit from protection.

15) Mr Preedy's final exhibit, NFP10, is an extract from Kerly's law of Trade Marks and Trade Names. This extract concludes that celebrity endorsement of goods and services falls within the scope of passing off. Mr Preedy applies this to the circumstances in the current case to conclude that despite the word MORAMARCO not being used in trade in the UK, Mr Moramarco can still rely upon passing off as a way to protect his name.

16) Mr Preedy's statement also includes a number of submissions that I will not detail here, but I will discuss as appropriate, later in my decision.

Applicant's Evidence

17) The applicant's evidence is in the form of a witness statement by Simon James Ruaraidh Smith, solicitor and partner at Blake Lapthorn, representatives for Off-Piste. He states that the information contained in his witness statement is

either within his personal knowledge or derived from the records supplied by the applicant or from the Internet.

18) In reviewing the opponents' evidence he observes that the Exhibits illustrate that Mr Moramarco was reported talking about industry matters such as market shares, growth rates, pricing and business relationships with supermarkets. He is not reported discussing the quality or nature of wine as a product from the point of view of a consumer. He also states that, as far as the applicant is aware, there has been no mention of Mr Moramarco in the UK industry press since his departure back to his native USA.

19) Mr Smith refers to the opponents' Internet search using Google that purportedly carried hits relating to Mr Moramarco, but he states that upon closer inspection that, within the top ten hits, Mr Moramarco is only mentioned once, but there are two mentions of a Fred, two of a Steve, one of a Luigi and one of a Michele. This statement is incorrect. The only Google Internet search results are those provided at Exhibit NPF7. Here, six of the top ten hits mention Jon Moramarco, three others refer to a person named Moramarco who is the CEO of Constellation and as such appear to relate to Jon Moramarco. The tenth hit refers to a "John Moramarco" from Constellation and appears to relate to the same Mr Moramarco, albeit with an incorrect spelling of his first name. Mr Smith has conducted his own Internet search on 11 September 2008 using the same Google search engine, this time, for the full name "Jon Moramarco" in items published in the previous year. The results are provided at Exhibit SJRS/1 reflect only three hits and all appear to be republications of earlier articles that date from 2006 and January 2007.

20) In response to Mr Preedy's evidence provided at Exhibit NFP10, Mr Smith provides Exhibit SJRS/2 which is a further extract from Kerly's law of Trade Marks and Trade Names. This illustrates that the extract relied upon by Mr Preedy came under the heading of "Individual Traders and Personalities" and he contends that this puts Mr Preedy's extract in its true context, concluding that it would not relate to the "anonymous former Chief Executive Officer of an anonymous corporation".

21) Mr Smith also makes a number of other submissions that I will not itemise here, but I will refer to them, as appropriate, later in my decision.

Opponent's Evidence in reply

22) The opponents' evidence in reply is in the form of a witness statement by Joanne Mary Pritchard of TLT LLP, solicitors for Off-Piste and now its representative in these proceedings. She states that the information contained in her witness statement is either within his personal knowledge or derived from documents that she has seen.

23) In response to Mr Smith's claim that Mr Moramarco does not discuss the quality or nature of wine, Ms Pritchard points to Exhibit NFPL1 of the opponents' original evidence where he comments on the wines that he drinks and discusses his views of what makes a good wine and contrasts his palate with an eminent wine critic, Robert Parker. Ms Pritchard also identifies other parts of the opponent's exhibits that also illustrate Mr Moramarco discussing the quality of wine.

24) At Exhibit JP1, Ms Pritchard provides a copy of an Internet search for "Jon Moramarco", conducted on 1 May 2009 using the Google search engine. The search is not restricted in geographical scope but it is restricted to hits dated within one year of the search date. This records 1,310 hits and the hits pages for the first sixty are provided in the exhibit. Ms Pritchard observes that the first reference that does not refer to Jon Moramarco is the 24th hit and the first reference that does not refer to Mr Moramarco or his family is the 56th hit. Ms Pritchard states that as the wine industry is international in nature it is not appropriate to carry out a search limited to the UK as users of international businesses search internationally.

25) At Exhibit JP1, Ms Pritchard also provides a copy of a press release from Off-Piste and refers to Off-Piste as "a company created by Western Wine refugees Ant Fairbank and Paul Letheren after the Kumala business was swallowed up by Constellation" and states that the tone of the language used is such that "sour grapes are clearly discernable".

26) Ms Pritchard also makes submissions that I will refer to later, as appropriate.

DECISION

Section 5(4) (a) and Section 5(4) (b)

27) I will consider the ground under Section 5(4) (a) and (b) first. These sections read as follows:

"5.-(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

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

(b) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs.

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”.

28) The requirements for the ground of opposition under Section 5(4) (a) have been restated many times and can be found in the decision of Mr Geoffrey Hobbs QC, sitting as the Appointed Person, in *WILD CHILD Trade Mark* [1998] R.P.C. 455. Adapted to opposition proceedings, the three elements that must be present can be summarised as follows:

(1) that the opponents’ 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 applicant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the applicant are goods or services of the opponents; and

(3) that the opponents have suffered or are likely to suffer damage as a result of the erroneous belief engendered by the applicant’s misrepresentation.

29) To the above I add the comments of Pumfrey J (as he then was) in the *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* case [2002] RPC 19, in which he said:

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

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 at 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 possibilities that passing off will occur.”

30) The relevant date for determining the opponent's claim will be the filing date of the application in suit, that is to say 10 February 2007. The earlier right must have been acquired prior to that date (Article 4.4(b) of First Council Directive 89/104 on which the UK Act is based). For this reason, I discount the submission made by Off-Piste that there has been no mention of Mr Moramarco in the UK industry press since his departure back to his native USA. This is irrelevant as he returned to the USA after the relevant date.

31) I must first assess if the opponent has acquired any goodwill and if so, what is the extent of this goodwill at the relevant date. The opponent's refer to Kerly's Law of Trade Mark and Trade Names to support its claim that celebrity endorsement falls within the scope of passing off and that in the current proceedings, Mr Moramarco can rely upon this in order to protect his name. The extract from Kerly's states that "[although] in English law passing off does not extend so as to provide a "right of personality", covering character merchandising, it is now clear that celebrity endorsement of goods and services fall within the scope of passing off". However, "celebrity endorsement" begins with the premise that, by being a celebrity, the person has a protectable goodwill.

32) To assess if Mr Moramarco possesses such a goodwill in the UK, it is necessary to understand the nature of "goodwill". This has long been accepted as "the attractive force that brings in custom" (Lord MacNaughton in *Inland Revenue Commissioners v Muller & Co.'s Margarine Ltd* [1901] AC 217, HL (E)) and in *Reuter v Mulhens* [1953] 70 RPC 235 at 254 the court stated that goodwill in the context of passing off, it represents the value of the attraction to customers which the name and reputation possesses. A celebrity endorsement will have a value of attraction resulting from the reputation that celebrity enjoys.

33) In these proceedings it is also useful to bear in mind the comments of Lord Diplock in *Star Industrial Co Ltd v Yap Kwee Kor* [1976] FSR 256, 269:

"A passing-off action is a remedy for the invasion of a right of property not in the mark, name or get-up improperly used, but in the business or goodwill likely to be injured by the misrepresentation made by passing-off one person's goods as the goods of another. Goodwill, as the subject or propriety rights, is incapable of subsisting by itself. It has no independent existence apart from the business to which it is attached"

34) Off-Piste argue that Mr Moramarco in no more than an "anonymous former Chief Executive Officer of an anonymous corporation" and as such does not qualify for such protection but does accept that he has a reputation as experienced officer of large multinational company. It also comments that whether Mr Moramarco is from a family that has been involved in wine production for a number of generations is irrelevant and that there is no evidence that he or any of his family member have traded in the UK under the MORAMARCO name.

35) There is no dispute over the position held by Mr Moramarco at the relevant date, namely as CEO of Constellation. As the comments of Lord Diplock make clear, goodwill has no existence apart from the business to which it is attached. In this case, the business is that of Constellation and Mr Moramarco is merely an agent of that business. Neither he, nor Constellation, has established that there is goodwill in his name resulting from his position as CEO. There is no evidence of any “attractive force” enjoyed by Constellation as a result of Mr Moramarco’s role within the company. The evidence does illustrate that Mr Moramarco enjoyed a level of exposure in the trade press as a result of his position within the company and because of the company’s well publicised pricing strategies, but I cannot conclude that such exposure created any sort of “attractive force” (or, for the matter, the opposite) for him personally or for Constellation.

36) Of course, this is not the end of the matter as the opponents also claim that Mr Moramarco has goodwill in his surname by virtue of being a member of a long standing wine producing family. I do not believe that the opponent’s case is any stronger in respect to this argument. The evidence includes references to Mr Moramarco being a “12th generation wine maker” and that his family produced wine in Los Angeles, California since 1916. However, there is no evidence as to the size or repute of this family business or as to how this Californian business has acquired goodwill in the UK. As such, I am unable to conclude that because of his family connection to the wine industry in California that Mr Moramarco or Constellation Europe enjoys goodwill in the UK.

37) As I have no evidence regarding the size or repute of the MORAMARCO business in California it renders any questions regarding the international nature of the wine industry somewhat academic. But even if I accepted that a wine producer in California could be known in the UK under its corporate name, this would only be by expert traders and not the retail consumer of wine. The same expert trader would also differentiate between the name of a specific Italian wine and a family of Californian wine producers, with the geographic source of the wine counteracting any initial thought that there may be a connection with the Californian-based family.

38) The opponents’ evidence includes a Google search for MORAMARCO where the majority of hits relate to Mr Moramarco or, as the opponent’s claim but do not support, to members of his family. It is not until the thirty fifth hit that a reference is found to Off-Piste’s wine of the same name. This is a page illustrating bottles of wine bearing the mark MORAMARCO, but the text accompanying these illustrations only talks about the applicant’s links with an Italian wine producer named Mondo del Vino. There is no indication that Off-Piste have commenced any trade in wines named MORAMARCO.

39) The opponents contend that anybody looking for Off-Piste’s MORAMARCO wine, seeing that it is buried in hits about Mr Moramarco and his family, will be led to believe that there is a connection. I am not persuaded by this argument. As

I have already concluded, there is no evidence that Off-Piste have traded in a wine called MORAMARCO and it is therefore hardly surprising that there is scant reference to the same on the Internet. The search results may be somewhat different if Off-Piste had commenced trading. As such, the opponents' argument is flawed and I find that this Internet search does not support the claim to misrepresentation by Off-Piste. In fact, taking all of the above points into account, I find that the opponent's have failed to demonstrate that it has any protectable goodwill in the UK in respect of the sign MORAMARCO.

40) The opponents also refer to *Edmund Irvine v Talksport* [2002] FSR 60 where Laddie J identified the requirements for a case of false endorsement. Here the image of a well-known racing driver constituted a misrepresentation that the racing driver was endorsing the services in question. This is somewhat different circumstance to the current proceedings as the racing driver concerned had a protectable goodwill as a hook for such misrepresentation. In the current proceedings I have found no such goodwill.

41) The opponent's also claim that registration would offend under Section 5(4) (b) because use of MORAMARCO in relation to wine is a statement indicative of the origin and/or quality of the product and could harm the reputation and status of the opponents. It claims that, as a result, such a statement would be libellous. In light of my findings that Mr Moramarco has no goodwill in his name in the UK, it follows that use of MORAMARCO in respect of wine cannot indicate origin and/or quality in any way that could harm his reputation. As such, the opposition based upon these grounds must also fail.

Section 3(6)

42) Section 3(6) of the Act reads as follows:

“3(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

43) In terms of the date at which the matter falls to be considered, it is well established that the relevant date for consideration of a bad faith claim is the application filing date (*Chocoladefabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH*, Case C-529/07 paragraph 35).

44) In *Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J. considered the meaning of “bad faith” in Section 3(6) of the Act and stated (at page 379):

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes 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.

Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”

45) In *Harrison v. Teton Valley Trading Co* [2005] FSR 10, the Court of Appeal confirmed that bad faith is to be judged according to the combined test set out by the House of Lords in *Twinsectra v Yardley* [2002] 2 AC 164. Paragraphs 25 and 26 of the Court of Appeal decision are of particular assistance and read as follows:

“25. Lord Hutton went on to conclude that the true test for dishonesty was the combined test. He said:

“36. Therefore I consider that your Lordships should state that dishonesty requires knowledge by the defendant that what he was doing would be regarded as dishonest by honest people, although he should not escape a finding of dishonesty because he sets his own standards of honesty and does not regard as dishonest what he knows would offend the normally accepted standards of honest conduct.”

26. For my part, I would accept the reasoning of Lord Hutton as applying to considerations of bad faith. The words “bad faith” suggest a mental state. Clearly when considering the question of whether an application to register is made in bad faith all the circumstances will be relevant. However the court must decide whether the knowledge of the applicant was such that his decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.”

46) The Privy Council considered earlier authorities in *Barlow Clowes International Ltd (in liquidation) & Others v Eurotrust International Limited & Others*, [2005] UKPC 37. In particular, their Lordships considered a submission from Counsel that an inquiry into the defendant’s views about standards of honesty is required. The majority of their Lordships were also in agreement with Lord Hutton’s comments in *Twinsectra*. They then went on to state:

“15. Their Lordships accept that there is an element of ambiguity in these remarks which may have encouraged a belief, expressed in some academic writing, that *Twinsectra* had departed from the law as previously understood and invited inquiry not merely into the defendant’s mental state about the nature of the transaction in which he was participating but also into his views about generally acceptable standards of honesty. But

they do not consider that this is what Lord Hutton meant. The reference to “what he knows would offend normally accepted standards of honest conduct” meant only that his knowledge of the transaction had to be such as to render his participation contrary to normally acceptable standards of honest conduct. It did not require that he should have had reflections about what those normally acceptable standards were.

16. Similarly in the speech of Lord Hoffmann, the statement (in paragraph 20) that a dishonest state of mind meant “consciousness that one is transgressing ordinary standards of honest behaviour” was in their Lordships’ view, intended to require consciousness of those elements of the transaction which make participation transgress ordinary standards of honest behaviour. It did not also require him to have thought about what those standards were.”

47) On the basis of these authorities it is clear that a finding of bad faith may be made in circumstances which do not involve actual dishonesty. Furthermore, it is not necessary for me to reach a view on the applicant’s state of mind regarding the transaction if I am satisfied that their action in applying for the mark in the light of all the surrounding circumstances would have been considered contrary to normally accepted standards of honest conduct. Thus, in considering the actions of Off-Piste, the test is a combination of the subjective and objective. Furthermore, it is clear that bad faith in addition to dishonesty, may include business dealings which fall short of the standards of acceptable commercial behaviour i.e. unacceptable or reckless behaviour in a particular business context and on a particular set of facts.

48) Off-Piste’s choice of MORAMARCO as a mark to identify one of its wines does not appear to me to be dishonest. It has chosen a mark that is not being used commercially in the UK and with that in mind, Off-Piste’s actions would not be dishonest within the meaning given in the above mentioned authorities. Nevertheless, I must also assess whether Off-Piste acted in a way that fell short of the standards of acceptable commercial behaviour. In assessing this, it is worth recapping the relevant facts not disputed by the parties.

- Jon Moramarco became CEO of Constellation in January 2006. It is the largest wine supplier in the UK
- Constellation took over Western Wines Limited later in 2006
- Two directors of Western Wines Limited subsequently set up the applicant company, Off-Piste
- In February 2007, Off-Piste filed the contested trade mark application for MORAMARCO

- No evidence that any wine has actually been sold under the name

49) Off-Piste, in its counterstatement concedes that its choice of the MORAMARCO mark arose because the directors had met Mr Moramarco, but that the selection was made solely on the sound and nature of the word MORAMARCO and for no other reason. Further, in its written submissions, Off-Piste claims that it was not motivated by antipathy towards either of the opponents. There is no direct evidence to support or to discount this claim, however, Ms Pritchard in her witness statement suggests that no reasonable and experienced person, in any industry, would consider that it is acceptable commercial behaviour to use the high profile name of the CEO of the company that has just taken over another as a brand for a competing product of the new start up company. Even if I accept that the choice of mark was not motivated by antipathy, this is not the end of the matter as there is no need for me to give effect to the applicant's own belief in the propriety of their behaviour (*Fianna Fail and Fine Gael* [2008] ETMR 41). It is clear from the guidance referred to above that I must decide whether the knowledge of the applicant was such that his decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.

50) The opponent's claim that Off-Piste acted in a way so as to publicly express its views of the takeover of Western Wines Limited. In support of its claim, it submitted, in particular:

- the fact that Off-Piste chose the name of the CEO of the company that undertook the takeover, and that it was now in competition with;
- that it chose its company name Off-Piste as a thinly disguised public message to the opponents who contend that if the words are reversed, their true message is revealed;
- that in a press release following the creation of Off-Piste, it used language that had a tone of "sour grapes", namely describing the directors involved as being "refugees...after the Kumala business was swallowed up by Constallation".

51) As I have already said, Off-Piste's response to this claim of an acrimonious takeover is merely to deny that it was motivated by antipathy.

52) I am left to make a judgement based upon scant evidence, submissions from the opponent's regarding this scant evidence and how certain actions by Off-Piste should be interpreted and based upon a simple denial by Off-Piste regarding its motives. I am mindful that no officer of Off-Piste has given any evidence so as to rebut the prima facie case of bad faith that may be suggested by the primary facts. This leaves me with a difficult task of making a finding by balancing these factors. Taking all these into account, and on the balance of

probability, they lead me to conclude that Off-Piste chose the name as a public way of demonstrating its displeasure with Mr Moramarco and Constellation following the takeover of Western Wines Limited. In these circumstances, to attempt to monopolise Mr Moramarco's name in the UK is an act that a person adopting proper standards would consider to be unacceptable commercial behaviour and an act of bad faith. Off-Piste's denial of this is not convincing when placed in the context of the facts of the case.

53) Therefore, I find that the application to register the mark MORAMARCO is an act of bad faith and as a result the opposition based on Section 3(6) of the Act succeeds.

COSTS

54) The opposition having been successful, the opponent's are entitled to an contribution towards their costs, split equally between the two parties. I take account of the fact that no hearing has taken place, that the opponents' evidence in the two sets of proceedings is virtually identical and that the proceedings were then consolidated. I award costs on the following basis:

Notice of Oppositions and statements (inc. statutory fees)	£700
Considering statement of cases in reply	£300
Preparing and filing evidence	£800
Considering evidence	£400
TOTAL	£2200

55) I order Off-Piste Limited to pay Jon Moramarco and Constellation Europe Limited the sum of £1100 each. These sums are to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 13th day of October 2009

**Mark Bryant
For the Registrar,
the Comptroller-General**