

O-385-12

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION
No. 2557676
BY SIMON DOHERTY
TO REGISTER THE TRADE MARK



IN CLASSES 25 & 32

AND

IN THE MATTER OF THE OPPOSITION THERETO
UNDER No. 101322 BY
NAKED JUICE CO. OF GLENDORA, INC.

BACKGROUND

1) On 4 September 2010 Simon Doherty (hereinafter the applicant) applied to register the following mark:



2) In respect of the following goods:

Class 25: Clothing, headgear and footwear.

Class 32: Bottled and draft beers, soft drinks and syrups, including water and carbonated water, non-alcoholic beers.




3) The Class 32 specification was amended on 30 December 2010 to delete "soft drinks and syrups, including water and carbonated water".

4) The application was examined and accepted, and subsequently published for opposition purposes on 1 October 2010 in Trade Marks Journal No.6855.

5) On 17 December 2010, Naked Juice Company of Glendora, Inc. (the opponent), filed a notice of opposition. The grounds of opposition are in summary:

a) The opponent is the registered proprietor of the following trade marks:

Mark	Number	Date of filing and registration date	Class	Specification
NAKED JUICE	2112652	12.10.96 / 18.07.97	32	Fruit juices, fruit drinks; non-alcoholic drinks, syrups, purees and preparations, all for making beverages; all included in Class 32.

	2504494	11.12.08 / 26.06.09	32	Fruit and vegetable juices, juice drinks and fruit flavored waters; fruit drinks; smoothies; syrups and preparations for making such beverages; mineral and aerated waters and other non-alcoholic drinks.
THE NAKED TRUTH	CTM 4660866	29.09.05 / 20.09.06	32	Fruit and vegetable juices, frozen fruit beverages, soy-based beverages not being milk substitutes.
	CTM 6069934	04.07.07 / 25.04.12	32	Fruit juices; fruit drinks; non-alcoholic drinks; smoothies; syrups and preparations for making such beverages; mineral and aerated waters and other non-alcoholic drinks.
	CTM 7433899	04.12.08 / 16.06.09	32	Fruit and vegetable juices, juice drinks and fruit flavored waters; fruit drinks; smoothies; syrups and preparations for making such beverages; mineral and aerated waters and other non-alcoholic drinks.

b) The opponent contends that the trade mark NAKED and variations thereto including NAKED JUICE and THE NAKED TRUTH are the property of the opponent in relation to non-alcoholic drinks and particularly, fruit juices and vegetable juices. It claims its primary brand is the mark NAKED. The mark NAKED JUICE has been used in the UK since 2002 by the opponent's predecessors in business, PepsiCo Group. The opponent states that since Naked Juice Company of Glendora Inc was acquired by Pepsico Group the businesses of the two companies were consolidated and reputation in the NAKED mark in the UK has expanded. The opponent contends that the mark applied for is similar to its registered marks shown above and that the goods are similar. It contends that the mark in suit offends against Section 5(2)(b).

c) The opponent also contends that due to their reputation in the word NAKED, the relevant public will believe that there is an economic link between the two parties or the applicant will ride on the coattails of the opponent and gain benefits associated with a highly reputed and distinctive mark without the associated cost of developing or maintaining such a reputation and thereby gain an unfair advantage from the opponent's reputation and the distinctiveness of its marks. Further, use of the mark in suit may tarnish the opponent's reputation on account of its involuntary association with third party goods which may be of lower quality. This would cause detriment to the opponent's reputation. The opponent also contends that due to the high distinctiveness of their marks, use of the mark in suit may erode/dilute the distinctiveness of the opponent's marks and impair the marks' ability to be instantly recognised as indicating the trade mark origin of the

opponent's goods. This will make it less likely that consumers will purchase the opponent's goods and will result in a corresponding change of economic behaviour causing detriment to the opponent's marks. For these reasons the mark in suit offends against Section 5(3).

d) The opponent contends that it has used its marks shown in paragraph (a) above throughout the UK since 2002. It contends it has used the marks in relation to the goods for which they are registered. The opponent contends that it has accrued goodwill as a result of the use it has made of its marks in the word NAKED or marks containing the word NAKED, and that use of the mark in suit could result in the misrepresentation that the applicant's goods are connected with the opponent's goodwill. The mark in suit therefore offends against Section 5(4) (a).

e) The opponent contends that goods in class 25 such as those applied for by the applicant are typically used as promotional items in advertising products such as alcohol. The opponent contends that the applicant had no intention to use the mark in suit to develop a genuine business in the production and sale of such goods and that these goods are intended solely for promotional purposes. As such the opponent contends that the application in relation to goods in Class 25 was made in bad faith and offends against Section 3(6) of the Act.

6) On 7 March 2011, the applicant filed a counterstatement which basically denied the opponent's contentions, but did not put the opponent to strict proof of use. They did however, put the opponent to proof of reputation and confusion.

7) Both sides filed evidence. Both parties seek an award of costs in their favour. The matter came to be heard on 19 September 2012. At the hearing, the opponent was represented by Mr Malynicz of Counsel instructed by Messrs Marks & Clerk; the applicant was represented by Mr King of Messrs Stevens Hewlett & Perkins.

OPPONENT'S EVIDENCE

8) The opponent filed four witness statements. The first, dated 7 September 2011, is by George Eapen the Marketing Manager of the opponent. He states that the NAKED products were first launched in the UK in 2008 and have been used continuously since in respect of non-alcoholic drinks. He provides the following figures which relate to use on NAKED products in the UK.

Year	Volume Litres	Retail sales £million	Gross Revenue £million
2008	342,000	1.9	1
2009	641,000	3.6	1.9
2010	770,000	4.3	2.3

9) Mr Eapen states that sales are made throughout the UK via retail outlets such as Tesco, Waitrose, Sainsbury's, Boots and Starbucks. The sales figures relate to four

flavours of fruit smoothie, *Mighty Mango*, *Blue Machine*, *Berry Tasty* and *Green Machine*. He states that during 2010 approximately £100,000 was spent on advertising NAKED products. However, the examples he highlights, a surfing competition in London using a wave machine, and an application for mobile phones are dated July and August 2011 respectively. He provides the following exhibits:

- GE1: A copy of an extract of the opponent's website, which is undated but shows use of CTM 6069934 on a fruit smoothie.
- GE2: Specimen labels which is undated but which shows use of CTM 6069934 on bottles of fruit smoothies.

10) The second witness statement, dated 7 September 2011, is by Chloe Graves. She states:

"2) I am a Buyer at Waitrose Limited (hereinafter referred to as My Company), which position I have held since February 2011. I have been a Buyer at My Company since 2008."

11) Precisely what this statement is meant to convey I am unsure. She goes on to state that her company has sold the opponent's product since November 2007. She does not state precisely what the products were. Later she states that the opponent's products are sold in 200 stores throughout the UK. Again she does not state exactly what is sold or since when they were sold via all 200 stores, although the exhibit shows that in early 2010 the smoothie products were being sold in over 200 stores. At exhibit CG3 she provides examples of invoices in relation to these fruit smoothies dated 19 May 2009 for £6,933 and 25 February 2010 for £12,923.

12) The third witness statement, dated 19 September 2011, is by James Bailey the Dairy Category Manager of Sainsbury's Supermarkets Ltd a position he has held since 2009. He states that he is familiar with the opponent's products and that the smoothies Naked Blue and Naked Green were sold via 42 stores since 11 August 2010 and 230 stores since 8 June 2011. The smoothies Naked Mango Machine and Naked Berry Taste have been sold via 181 stores since 8 June 2011. He provides figures for the volumes of the opponent's products sold via Sainsbury's stores but as these would be subsumed within the figures for the UK as a whole already provided by the opponent these are of little relevance. He also refers to promotions of the opponent's products and provides invoices but all are dated after the relevant date.

13) The fourth witness statement, dated 22 September 2011, is by Esther Mary Gottschalk the opponent's Trade Mark Attorney. She provides at exhibit EMG1 a distribution spreadsheet referred to by James Bailey in his witness statement. This shows the addresses of Sainsbury stores throughout the UK.

APPLICANT'S EVIDENCE

14) The applicant filed two witness statements. The first, dated 18 February 2012, is by Simon Doherty the sole owner of Artisan Brewing Company which he has owned since its incorporation in April 2008. He states that he has been involved in the drinks sector since 2003 having previously been a sales representative for a wine merchant. He states that he has used the mark applied for in relation to Class 32 goods since January 2009 and in relation to Class 25 goods since September 2010. He states that his beer is created using the best raw ingredients with no tampering and that this ethos is encapsulated in the Bare Naked brand. He was also influenced by a band called "BARE NAKED LADIES" of whom he is a fan. He states that he has been selling beer in the South Wales area since May 2009, although he occasionally sells to mid-Wales. These sales are to local public houses, restaurants, cafes and weddings. His beer is not sold wholesale or to supermarkets. He states that customers can buy directly from the brewery and he holds monthly beer festivals, which usually attract over 100 people. He states that he has experience of the drinks industry and has carried out research into the alcohol and drinks sector and has been unable to identify any soft drink expanding into alcoholic versions. He provides the following exhibits:

- Exhibit SD1: Copies of emails between Mr Doherty and a local designer dated between August 2008 and January 2009 where Mr Doherty mentions "Bare Naked Beers" as the best name he had come up with to describe his brewing ethos.
- Exhibit SD2: An article from the Guardian dated 23 February 2010, which refers to Mr Doherty and his BARE NAKED BEERS being sold in and around Cardiff. They are described as vegetarian beers, using local produce.
- Exhibit SD3: An internet print out containing pictures of a beer festival held in July 2010, this shows BARE NAKED BEERS being sold.
- Exhibit SD4: Copies of invoices to two bars in Cardiff, dated 16 January 2009 – 19 March 2009 showing sales of "Barenaked Beers".
- Exhibit SD5: A copy of an order history showing Mr Doherty purchasing business cards, stationery, promotional articles and T-shirts featuring the mark "Bare Naked Beers". The orders are dated between 8 September 2008 and 24 February 2009.
- Exhibit SD6: This shows use of the mark in suit on T-shirts and a hoodie. They are offered for sale on the Artisan Brewing Co website. This is not dated.
- Exhibit SD7: A copy of an invoice relating to a Bare Naked Beer T-shirt, dated 11 December 2011.

- Exhibit SD8: A copy of the Wikipedia entry relating to the band BARE NAKED LADIES. This shows a band which consists of four men, formed in 1988 and still active in February 2012. They have been nominated for Grammy Awards
- Exhibit SD9: A list of well known UK soft drinks brands.

15) The second witness statement, dated 20 February 2012 is by Mark King the applicant's Trade Mark Attorney. He states that in March 2010 Sainsbury's had 537 stores (exhibit MK1) yet in the opponent's evidence Mr Bailey states that on 11 August 2010 (less than one month prior to the application being filed) the opponent's product was sold in only 42 stores. At exhibit MK2 he provides an extract from the Guardian newspaper which states that the soft drinks market for the UK in 2010 was £9.4bn whereas sales of the opponent's product were £4.3million or 0.02% of the UK market.

16) Mr King provides print outs from the "drink aware" campaign which describe alcoholic drinks as having a dehydrating effect which he claims would mean that the normal circumspect drinker would know and so not drink alcohol to quench their thirst. The article is undated other than for the search date of 17 February 2012. He states that he carried out a search of UK soft drinks brands (exhibit MK5) and could find only one, Sprecher, which was also used upon alcohol. He also points out certain deficiencies in the opponent's evidence which I do not need to set out here.

OPPONENT'S EVIDENCE IN REPLY

17) The opponent filed a witness statement, dated 31 May 2012, by Stewart Penrose Hosford the opponent's Trade Mark Attorney. He makes a number of criticisms of the applicant's evidence which do not assist my decision. Mr Hosford asserts that Pete & Johnny Limited were part of the PepsiCo group of companies and that in or around 2006 PepsiCo acquired Naked Juice Company of Glendora Inc. He states that around this time the business of Pete and Johnny was absorbed into Naked Juice Co of Glendora, Inc and the mark 2112652 assigned to the opponent. He provides the following exhibits:

- Exhibit SPH1: A copy of a witness statement dated 22 December 2005, by Carol Allen the Financial Controller of Pete & Johnny Ltd. This statement was filed in relation to a revocation action filed by Naked Juice Company. This deals with the use of the mark NAKED by Pete & Johnny Ltd. However, no evidence has been adduced that this company was owned by PepsiCo, or that any goodwill was assigned to PepsiCo. Further, there is no evidence of goodwill being assigned to the opponent in the instant case.
- Exhibit SPH2: This consists of a copy of the Registry decision in BL O-151-11. The opponent wishes the conclusion regarding the similarity of the specification to be prayed in aid.

- Exhibit SPH3: Copies of invoices dated between 13 February 2008 and 18 January 2010 from Walkers Snacks Limited. These are to three companies in and around London and show sales of “Naked” products.

18) That concludes my summary of the evidence filed, insofar as I consider it necessary.

DECISION

19) At the hearing the opponent made it clear that they were not opposing the Class 25 goods under Section 5(2)(b). I shall first consider the ground of opposition under Section 5(2)(b) of the Act which reads:

“5.-(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.”

20) An “earlier trade mark” is defined in section 6, the relevant part of which states:

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

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

21) The opponent is relying upon its five trade marks outlined in paragraph 5 above. The mark in suit was applied for on 4 September 2010 and so all of the opponent’s marks are clearly earlier trade marks. The applicant did not put the opponent to proof of use under Section 6A of the Act.

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

Chemise Lacoste SA v Baker Street Clothing Ltd [ALLIGATOR O/333/10] Mr Hobbs QC acting as the Appointed Person set out the test shown below which was endorsed by Arnold J. in *Och-Ziff Management Europe Ltd and Oz Management Lp v Och Capital LLP; Union Investment Management Ltd & Ochocki*, [2010] EWCH 2599 (Ch).

(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods/ services in question; 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, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements; nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;

(e) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element in that mark;

(f) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa;

(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;

(h) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient;

(i) 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;

(j) if the association between the marks causes the public to wrongly believe that the respective goods or services come from the same or economically linked undertakings, there is a likelihood of confusion.

23) In essence the test under section 5(2)(b) is whether there are similarities in marks and goods which would combine to create a likelihood of confusion. In my consideration of whether there are similarities sufficient to show a likelihood of confusion I am guided by the judgments mentioned above. The likelihood of confusion must be appreciated globally and I need to address the degree of visual, aural and conceptual similarity between the marks, evaluating the importance to be attached to those different elements taking into account the degree of similarity in the goods, the category of goods in question, how they are marketed, who the relevant consumer is and the nature of the purchasing act. Furthermore, I must compare the applicant's mark and the marks relied upon by the opponent on the basis of their inherent characteristics assuming normal and fair use of the marks on the goods in their specifications.

24) In the instant case the opponent has provided turnover figures. However, it is not clear precisely which trade mark and goods these figures relate to, and they have not been put into context of the market for the range of goods for which the opponent's marks shown at paragraph 5 above are registered. Whilst I accept that all the marks are registered only for goods in class 32 the goods included are relatively different e.g. water and smoothies. From my own knowledge, in the context of the UK market for the goods covered by the opponent's marks the turnover figures of approximately £3.5 million per annum appear to be somewhat modest. Whilst the opponent has filed evidence from the trade it lacks of clarity. The only use shown in any of the evidence relates to the Community Trade Mark number 6069934. It was contended at the hearing that a company does not have to meet the "famous" test in order to benefit from an enhanced reputation. I fully accept this contention. However, it is for the opponent to show that they have a reputation in a mark. When, as in the instant case there are five marks referred to, which have significant differences, and it is not made clear which mark the turnover figures refer to or even what products the turnover figures refer to (other than non-alcoholic drinks) then, in my opinion, the opponent cannot benefit from an enhanced reputation. In my opinion, the opponent's marks have only a reasonable degree of inherent distinctiveness as the term "naked" alludes to the purity of the product i.e. no added sugars or chemicals, just the fruit alone.

25) As the case law in paragraph 22 above indicates I must determine the average consumer for the goods of the parties. I must then determine the manner in which these goods are likely to be selected by the said average consumer. Although the applicant's specification includes alcohol which can only be purchased by those over eighteen it also includes non-alcoholic beers which could be purchased by the whole of the populace. Whilst the goods included in the specifications of both parties vary somewhat in their prices and the methods of purchase, none of them would be considered to be complex or expensive. Drinks, both alcoholic and non-alcoholic tend, for the most part, to be purchased in shops and pubs. In shops they will be self selected and the visual aspect will be the most important element. In pubs drinks are mostly displayed via

labels on pumps at the bar or in cabinets where the labels can be viewed. When ordering in a pub aural considerations must be considered, but the initial choice will still be made visually. Whilst I accept that the average consumer is reasonably circumspect and observant I believe that the goods of both parties will be purchased or selected with only a modicum of care.

26) I shall now consider the goods of the two parties. The accepted test for comparing goods is that set out by Jacob J. in *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 28 TREAT, which was effectively endorsed by the Advocate General in *Canon*; ETMR 1. The factors to be taken into account are:

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

27) For ease of reference, I set out the specifications of both parties below:

Applicant's specification	Opponent's specifications
Class 32: Bottled and draft beers, non-alcoholic beers	<p>2112652: In class 32: Fruit juices, fruit drinks; non-alcoholic drinks, syrups, purees and preparations, all for making beverages; all included in Class 32.</p> <p>2504494: In class 32: Fruit and vegetable juices, juice drinks and fruit flavored waters; fruit drinks; smoothies; syrups and preparations for making such beverages; mineral and aerated waters and other non-alcoholic drinks.</p> <p>CTM 4660866: In class 32: Fruit and vegetable juices, frozen fruit beverages, soy-based beverages not being milk substitutes.</p> <p>CTM 6069934: In class 32: Fruit juices; fruit drinks; non-alcoholic drinks; smoothies; syrups and preparations for making such beverages; mineral and aerated waters and other non-alcoholic drinks.</p> <p>CTM 7433899: In class 32: Fruit and vegetable juices, juice drinks and fruit flavored waters; fruit drinks; smoothies; syrups and preparations for making such beverages; mineral and aerated waters and other non-alcoholic drinks.</p>

28) At the hearing I made it clear that I regard the terms “non-alcoholic beers” in the applicant’s specification and “non-alcoholic drinks” which appears in four of the opponent’s specifications above as being identical. The applicant then set out a fall-back position whereby they would restrict their application by removing the term “non-

alcoholic beers” thus leaving just “Bottled and draft beers” as the specification to be considered. They also referred me to case B/L O-262-10 where the Hearing Officer said:

“24. I find that, with the exception of ‘beers’ in the IR, the respective goods are identical. This is self evident and not in dispute. So far as ‘beers’ are concerned, I find that these are similar to a limited degree to ‘non-alcoholic drinks’, for which the earlier CTM is registered. This is because, as Mr Tate for the holder was constrained to accept at the hearing, non-alcoholic drinks includes non-alcoholic beers. In my judgment, these goods are partly similar in nature, both being beers, but partly different: one being an alcoholic drink and the other not. They are also similar in purpose, both being recreational drinks. The degree of competition between the products is low because the choice of a non-alcoholic beer would usually be taken by someone who had already decided not to drink alcohol. However, there may be some occasions when consumers might choose between an alcoholic and non-alcoholic beer.”

29) In response to the fall-back position Mr Malynicz made the following points:

“I am not sure whether you can get draught non-alcoholic beers, but you may. You can certainly get bottled non-alcoholic beers. They are widely available. Therefore, those include non-alcoholic beers. It does not actually help him. He would have to exclude from bottled and draught beers as well the non-alcoholic aspect. That is just in relation to that.





The second thing we would say is it still does not help him even if he tinkers with bottle and draught beers and makes it excluding non-alcoholic because there is still similarity for the reasons we have suggested between those goods, Carlsberg Light and the low alcoholic versions of well known bottled beers. So we do not think that really helps him in the end. In fact, he is rather desperate, in our submission.

The average consumer point. Again, this is in my learned friend's submissions and his arguments in the case. There is an assumption that somehow under 18 they drink non-alcoholic, over 18 they drink alcoholic. I am not going to make submissions about underage drinking, but one of the things I would say is that lots of people over 18 drink non-alcoholic beer and it is perfectly substitutable for beer.”

30) I prefer to adopt the approach outlined at paragraph 28 above, and also take into account the fact that alcoholic drinks can only be sold within licensing hours to those over eighteen. Also, in supermarkets areas containing alcoholic drinks are often closed to shoppers outside licensing hours and would not normally contain non-alcoholic drinks for this reason, although I accept that non-alcoholic beers would be in close proximity. The position regarding the specifications is therefore that the applicant’s specification in relation to “non-alcoholic beers” is identical to the term “non-alcoholic drinks” found in four of the opponent’s marks. However, “Bottled and draft beers” are only similar to a limited degree to the term “non-alcoholic drinks”. This only leaves the opponent’s mark

CTM 4660866 which does not have the term “non-alcoholic drinks” in its specification. To my mind, there is no similarity between “Bottled and draft beers” and “Fruit and vegetable juices, frozen fruit beverages, soy-based beverages not being milk substitutes”, whilst “non-alcoholic beers” has only a faint degree of similarity to “Fruit and vegetable juices, frozen fruit beverages, soy-based beverages not being milk substitutes”.

31) I now turn to consider the marks of the two parties. For ease of reference these are reproduced below:

Applicant's Trade Mark	Opponent's Trade Marks
	2112652: NAKED JUICE
	2504494: 
	4660866: THE NAKED TRUTH
	6069934: 
	7433899: 

32) In considering the marks I take into account the following paragraphs of the *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH* [C-120/04] case which read:

“[30] However, beyond the usual case where the average consumer perceives a mark as a whole, and notwithstanding that the overall impression may be dominated by one or more components of a composite mark, it is quite possible that in a particular case an earlier mark used by a third party in a composite sign including the name of the company of the third party still has an independent distinctive role in the composite sign, without necessarily constituting the dominant element.

[31] In such a case the overall impression produced by the composite sign may lead the public to believe that the goods or services at issue derive, at the very least, from companies which are linked economically, in which case the likelihood of confusion must be held to be established.”

33) And also Case T-6/01 *Matratzen Concord GmbH v OHIM* where the GC stated:

“A complex trade mark cannot be regarded as being similar to another trade mark which is identical or similar to one of the components of the complex mark, unless that component forms the dominant element within the overall impression created by the complex mark. That is the case where that component is likely to dominate, by itself, the image of that mark which the relevant public keeps in mind, with the result that all the other components of the mark are negligible within the overall impression created by it.”

34) At the hearing the opponent did not put forward individual contentions for each of its marks but instead simply referred to them as all being “naked” marks. I accept that 2504494 and 7433899 are identical, whilst 6069934 is virtually identical to them both. Further, I also accept that 2112652 is very similar to all three marks. However, I do not regard 4660866 to be simply a “naked” mark as visually, aurally and conceptually it is significantly different to the other four marks. At the hearing the opponent contended that the visual similarity between its marks and the mark in suit was “modest”. To my mind, this is understating the position somewhat. The mark in suit is very busy. However, despite the hops on either side of the main label and the bottle device which would be mostly ignored by the average consumer, there is the issue of the additional wording at the top and the bottom. The company name and website address at the bottom of the mark will again, in my opinion largely be overlooked. The average consumer will see the wording at the top of the mark as a strapline. The words “Beer as nature intended” are not distinctive merely offering an opinion upon the product. The average consumer will view the words “Bare Naked Beer” as the dominant element. Clearly the term “beer” is purely descriptive which simply leaves the words “Bare Naked”. The opponent’s strongest case is under its marks 2504494 and 7433899 which to my eye appear to be identical. They have a minor device element of a leaf over the letter “e” but this whilst it will be noticed is not the dominant element of the mark. The dominant element will be the word “naked”. To my mind, the visual similarities far outweigh the differences.

35) The opponent contended that aurally the marks were highly similar as “they both include the word NAKED”. The statement is correct in that both marks do indeed contain the word “naked”. Whilst I cannot ignore the fact that the applicant’s mark contains the strapline “Beer as nature intended”, I do not consider this distinctive, nor do I believe that the average consumer would verbalise this element of the mark. Similarly they would not verbalise the name of the company or website address which is shown at the bottom of the mark. The part of the mark which would be voiced is “Bare Naked”. There are aural differences but to my mind the similarities outweigh any differences.

36) Conceptually, it was contended, there is identity as “there is no real difference in meaning between BARE NAKED and NAKED. Both mean, quite simply, naked.” I agree with this view.

37) When determining whether there is a likelihood of confusion I have to take a number of factors into consideration. There is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and vice versa. I must consider whether the opponent’s trade marks have a distinctive nature, the average consumer for the goods, the nature of the purchasing process and the issue of imperfect recollection. I must also take into account that these goods will be chosen with only a modicum of care. In the instant case the opponent’s marks have only a reasonable degree of inherent distinctiveness. The trade marks are sufficiently similar, such that even when used on goods which are only similar to a limited degree to the opponent’s goods there is a likelihood of confusion on the part of the public, or a likelihood of association with the earlier trade mark. The ground of opposition under Section 5(2)(b) succeeds.

38) Given this finding the applicant’s request at the hearing of a fallback position, whereby it would restrict its specification to “Bottled and draft beers” only does not assist it.

39) Although the above finding determines matters I shall consider the ground of opposition under Section 5(3) of the Act which states:

“(3) A trade mark which –

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in 3 the United Kingdom (or, in the case of a Community trade mark or international trade mark (EC) in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

40) The relevant principles can be gleaned from the case law of the Court of Justice of the European Union. In particular, cases *General Motors Corp v Yplon SA* [2000] RPC 572, *Adidas Salomon AG v Fitnessworld Trading Ltd.* [2004] ETMR 10, *Intel Corporation Inc v CPM United Kingdom Ltd* - [2009] RPC 15 and *L’Oreal SA and others v Bellure NV and others* - Case C-487/07. These cases show that:

(a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors*, paragraph 24.

(b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors*, paragraph 26; but the reputation of the

earlier mark may extend beyond the consumers for the goods and services for which it is registered; *Intel*, paragraph 51.

(c) It is necessary, but not sufficient, for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind; *Adidas Saloman*, paragraph 29 and *Intel*, paragraph 63.

(d) Whether such a link exists must be assessed globally taking account all relevant factors, including the degree of similarity between the respective marks and between the respective goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark's reputation and distinctiveness; *Intel*, paragraph 42

(e) Although it is not a necessary factor, a link between the trade marks is necessarily established where the similarity between the marks causes the relevant public to believe that the goods/services marketed under the later mark come from the owner of the earlier mark, or from an economically connected undertaking; *Intel*, paragraph 57.

(f) Where a link is established, the owner of the earlier mark must also establish that it has resulted in the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the future; *Intel*, paragraph 68: whether this is the case must also be assessed globally, taking account of all the relevant factors; *Intel*, paragraph 79.

(g) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious likelihood that this will happen in future; *Intel*, paragraphs 76 and 77.

(h) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel*, paragraph 74.

(i) Detriment to the repute of the earlier mark is caused when the goods or services for which the later mark is used by the third party may be perceived by the public in such a way that the earlier trade mark's power of attraction is reduced; *L'Oreal*, paragraph 40.

(j) Unfair advantage covers, in particular, cases where a third party seeks to ride on the coat-tails of the senior mark in order to benefit from a transfer of the image of the earlier mark, or of the characteristics it projects to the goods/services identified by the later mark; *L'Oreal*, paragraph 41.

41) The onus is upon an opponent to prove that its earlier trade marks enjoy a significant reputation or public recognition and it needs to furnish the evidence to support this claim. In the instant case the opponent filed evidence which it contended showed that it had reputation in the term “NAKED” for non-alcoholic drinks. At paragraph 24 above I set out my concerns with the evidence provided and came to the conclusion that the opponent had not shown reputation in any of its marks for any product. Thus the opponent fails at the first hurdle, and the opposition under Section 5(3) fails.

42) I now turn to consider the ground of opposition under Section 5(4)(a) which reads:

“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

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.”

43) In deciding whether the marks in question offend against this section, I intend to adopt the guidance given by the Appointed Person, Mr Geoffrey Hobbs QC, in the *WILD CHILD* case [1998] RPC 455. In that decision Mr Hobbs stated that:

“The question raised by the grounds of opposition is whether normal and fair use of the designation WILD CHILD for the purposes of distinguishing the goods of interest to the applicant from those of other undertakings (see section 1(1) of the Act) was liable to be prevented at the date of the application for registration (see Article 4(4)(b) of the Directive and section 40 of the Act) by enforcement of rights which the opponent could then have asserted against the applicant in accordance with the law of passing off.

A helpful summary of the elements of an action for passing off can be found in Halsbury’s Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731 is (with footnotes omitted) as follows:

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

- (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.

44) Earlier in this decision I found that use of the mark in suit, actual or on a fair and notional basis would result in confusion with the opponent's marks, even when used upon goods only similar to a limited extent. Accordingly, it seems to me that the necessary misrepresentation required by the tort of passing off will occur. The opposition under Section 5(4)(a) of the Act must succeed.

45) Lastly, I turn to consider the ground of opposition under section 3(6) which reads:

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

46) Section 3(6) has its origins in Article 3(2)(d) of the Directive, the Act which implements Council Directive No. 89/104/EEC of 21 December 1988 which states:

"Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that...

(c) the application for registration of the trade mark was made in bad faith by the applicant."

47) In case O/094/11 [*Jan Adam*] Mr Hobbs Q.C. acting as the Appointed Person summed up the bad faith test in the following manner:

"31. The basic proposition is that the right to apply for registration of a trade mark cannot validly be exercised in bad faith. The invalidity of the application is not conditional upon the trade mark itself being either registrable or unregistrable in relation to any goods or services of the kind specified. The objection is absolute in the sense that it is intended to prevent abusive use of the system for acquiring title to a trade mark by registration. Any natural or legal person with the capacity to sue and be sued may pursue an objection on this ground: see the Judgment of the Court of Justice in Case C-408/08P Lancôme parfums et beauté & Cie SNC v. OHIM [2010] ECR I-00000 at paragraph [39] and the Opinion of Advocate General Ruiz-Jarabo Colomer at paragraphs [63] and [64]. Since there is no requirement for the objector to be personally aggrieved by the filing of the application in question, it is possible for an objection to be upheld upon the basis of improper behaviour by the applicant towards persons who are not parties to the proceedings provided that their position is established with enough clarity to show that the objection is well-founded.

32. Any attempt to establish bad faith must allow for the fact that there is nothing intrinsically wrong in a person exercising *'the right to apply the rules of substantive and procedural law in the way that is most to his advantage without laying himself open to an accusation of abuse of rights'* as noted in paragraph [121] of the Opinion delivered by Advocate General Trstenjak in Case C-482/09 Budejovicky Budvar NP v. Anheuser-Busch Inc on 3 February 2011. In paragraph [189] of his judgment at first instance in Hotel Cipriani SRL v. Cipriani (Grosvenor Street) Ltd [2009] EWHC 3032 (Ch); [2009] RPC 9 Arnold J. likewise emphasised:

... that it does not constitute bad faith for a party to apply to register a Community trade mark merely because he knows that third parties are using the same mark in relation to identical goods or services, let alone where the third parties are using similar marks and/or are using them in relation to similar goods or services. The applicant may believe that he has a superior right to registration and use of the mark. For example, it is not uncommon for prospective claimants who intend to sue a prospective defendant for passing off first to file an application for registration to strengthen their position. Even if the applicant does not believe that he has a superior right to registration and use of the mark, he may still believe that he is entitled to registration. The applicant may not intend to seek to enforce the trade mark against the third parties and/or may know or believe that the third parties would have a defence to a claim for infringement on one of the bases discussed above. In particular, the applicant may wish to secure exclusivity in the bulk of the Community while knowing that third parties have local rights in certain areas. An applicant who proceeds on the basis explicitly provided for in Art. 107 can hardly be said to be abusing the Community trade mark system.

These observations were not called into question in the judgment of the Court of Appeal in that case: [2010] EWCA Civ 110; [2010] RPC 16. They were re-affirmed by Arnold J. in Och-Ziff Management Europe Ltd v. Och Capital LLP [2011] ETMR 1 at paragraph [37].

33. The line which separates legitimate self-interest from bad faith can only be crossed if the applicant has sought to acquire rights of control over the use of the sign graphically represented in his application for registration in an improper manner or for an improper purpose. The appropriate remedy will in that case be rejection of the offending application for registration to the extent necessary to render it ineffective for the purpose which made it objectionable in the first place.

34. In a case where the relevant application fulfils the requirements for obtaining a filing date, the key questions are: (1) what, in concrete terms, is the objective that the applicant has been accused of pursuing? (2) is that an objective for the purposes of which the application could not properly be filed? (3) is it established that the application was filed in pursuit of that objective? The first question serves

to ensure procedural fairness and clarity of analysis. The second question requires the decision taker to apply a moral standard which, in the absence of any direct ruling on the point from the Court of Justice, is taken to condemn 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'*: Gromax Plasticulture Ltd v. Don & Low Nonwovens Ltd [1999] RPC 367 at 379 (Lindsay J). The third question requires the decision taker to give effect to the principle that innocence must be presumed in the absence of evidence sufficient to show that the applicant has acted improperly as alleged.

35. In assessing the evidence, the decision taker is entitled to draw inferences from proven facts provided that he or she does so rationally and without allowing the assessment to degenerate into an exercise in speculation. The Court of Justice has confirmed that there must be an overall assessment which takes into account all factors relevant to the particular case: Case C-529/07 Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH [2009] ECR I-4893 at paragraph [37]; Case C-569/08 Internetportal und Marketing GmbH v. Richard Schlicht [2010] ECR I-00000 at paragraph [42]. As part of that assessment it is necessary as part of that approach to consider the intention of the applicant at the time when the application was filed, with intention being regarded as a subjective factor to be determined by reference to the objective circumstances of the particular case: Chocoladefabriken Lindt & Sprüngli GmbH (above) at paragraphs [41], [42]; Internetportal und Marketing GmbH (above) at paragraph [45]. This accords with the well-established principle that 'national courts may, case by case, take account -on the basis of objective evidence -of abuse or fraudulent conduct on the part of the persons concerned in order, where appropriate, to deny them the benefit of the provisions of Community law on which they seek to rely': Case C16/05 The Queen (on the applications of Veli Tum and Mehmet Dari) v. Secretary of State for the Home Department [2007] ECR I-7415 at paragraph [64].

36. The concept of assessing subjective intention objectively has recently been examined by the Court of Appeal in the context of civil proceedings where the defendant was alleged to have acted dishonestly: Starglade Properties Ltd v. Roland Nash [2010] EWCA Civ 1314 (19 November 2010). The Court considered the law as stated in Royal Brunei Airlines v. Tan [1995] 2 AC 378 (PC), Twinsectra Ltd v Yardley [2002] 2 AC 164 (HL), Barlow Clowes International Ltd v. Eurotrust International Ltd [2006] 1 WLR 1476 (PC) and Abu Rahman v. Abacha [2007] 1 LL Rep 115 (CA). These cases were taken to have decided that there is a single standard of honesty, objectively determined by the court and applied to the specific conduct of a specific individual possessing the knowledge and qualities that he or she actually possessed: see paragraphs [25], [28], [29] and [32]. This appears to me to accord with treating intention as a subjective factor to be determined by reference to the objective circumstances of the particular case, as envisaged by the judgments of the Court of Justice relating to the assessment of objections to registration on the ground of bad faith."

48) 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 or at least a date no later than that (*Chocoladefabriken Lindt & Sprüngli AG v. Franz Hauswirth GmbH* [2009] ECR I-4893; *Hotpicks Trade Mark*, [2004] RPC 42 and *Nonogram Trade Mark*, [2001] RPC 21).

49) The opponent contends that the application in relation to the class 25 goods was made in bad faith as there was no intention to use the mark on such goods other than as promotional items. Whilst I accept that it is standard practice in the brewing industry to use clothing as a promotional item I cannot simply presume that this is all that the applicant intends doing. On the application itself and in the counterstatement the applicant has denied the charge. Mr Malynicz referred me to exhibit SD6 which shows the applicant's website where T-shirts and hoodies with the mark in suit on the chest. He suggested that this showed use as a promotional item. However, it is a sad fact of life in the UK that many companies sell items of clothing under a trade mark but with that trade mark emblazoned upon the chest or leg of the item proclaiming for all to see that the wearer has purchased the "correct" brand. I therefore do not accept that this exhibit shows that the applicant intends only to use the mark upon clothing in a promotional manner. Given the clear denial of the charge, and the absence of any evidence the ground of opposition under Section 3(6) fails.

CONCLUSION

50) The opposition has succeeded in two of the four grounds. The opponent has succeeded against all of the goods in the specification under Class 32, however it has failed in respect of the class 25 goods. The mark can therefore be registered in respect of:

Class 25: Clothing, headgear and footwear.

COSTS

51) As both sides have achieved a measure of success I do not propose to favour either side with an award of costs.

Dated this 8th day of October 2012

**George W Salthouse
For the Registrar,
the Comptroller-General**