

O-024-06

TRADE MARKS ACT 1994

**IN THE MATTER OF AN APPLICATION UNDER
NUMBER 16043 BY SPIRITS INTERNATIONAL N.V.
FOR A DECLARATION OF INVALIDITY IN RESPECT OF INTERNATIONAL
REGISTRATION NO. 692450 IN THE NAME OF S.C. PRODAL 94 S.R.L.**

TRADE MARKS ACT 1994

**IN THE MATTER OF an application under No. 16043
by Spirits International N.V. for a Declaration of Invalidity
in respect of International Registration No. 692450
in the name of S.C. Prodal 94 S.r.l.**

DECISION

1. International Trade Mark Registration No. 692450 is for the mark STALINSKAYA and is registered in Classes 33, 35 and 39 for the following goods and services:

- Class 33:** Industrial and natural alcoholic beverages, beverages made with wine in general.
- Class 35:** Gathering for third parties of alcoholic beverages (excluding their transport) enabling consumers to see and purchase the above goods conveniently; import-export activities; advertising and sales promotion.
- Class 39:** Transport, packaging and warehousing of goods.

2. The registration currently stands in the name of S.C. Prodal 94 S.r.l. and has a date of protection of 29 November 2000.

3. By an application dated 16 April 2004, Sprits International N.V. applied for the registration to be declared invalid on the following grounds:

- 1. Under Section 5(2)(b)** because the registered mark and the applicants=earlier mark relied upon are similar, and the goods for which the mark is registered are identical to those covered by the applicants=earlier mark.
- 2. Under Section 5(3)** because the applicant enjoys a reputation in the United Kingdom subsisting in the trade mark STOLICHNAYA, and that use of the mark in suit would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the applicants=earlier mark. The earlier mark was first used in the United Kingdom in relation to vodka in 1966.
- 3. Under Section 5(4)(a)** by virtue of the law of passing off.

4. On 4 June 2004, the registered proprietors filed a counterstatement in which they deny the ground on which the application is based.

5. The registered proprietors and the applicants for invalidity both ask for an award of costs in

their favour.

6. Both sides filed evidence in these proceedings, which, insofar as it may be relevant to these proceedings I have summarised below. Neither side took up the offer of a hearing, electing instead to have the matter determined from the papers and written submissions in lieu of a hearing.

Applicants= evidence

7. This consists of two Witness Statements. The first is dated 14 October 2004, from Stanislav Brasiler, Managing Director of Spirits International N.V., a position he has held since 1999. Mr Brasiler states that the facts contained in his statement come either from his own personal knowledge, or from his company's books to which he has full access.

8. Mr Brasiler begins by stating that his company is the owner of the trade mark STOLICHNAYA, and is the registered proprietor of the trade mark STOLICHNAYA following an assignment in 1999. He confirms that the mark has been used continuously since that date. He says that the mark was coined in 1938 by Mr V.G. Svirida, the Chief of the Technical Department of Glavspirit, the administrative body for the spirits industry in the Soviet Ministry of Food. Production of the vodka produced under this name commenced in 1941 in Leningrad, and from 1944, in distilleries throughout the USSR.

9. Mr Brasiler says that STOLICHNAYA was probably first used in the UK in 1945. He refers to Exhibit SB1 which is a letter dated 30 June 1960, sent by V/O APRODINTORG@, the state owned body that undertook vodka exports from the USSR, to the Russian Trade Mission in London, and a translation thereof. Mr Brasiler refers to the certificate that accompanied the letter which lists sales of STOLICHNAYA vodka in England from 1954 to 1960. Mr Brasiler refers to this as showing sales of STOLICHNAYA from 1945. However, the list shows 1954 as the first date of sales, which leads me to believe that Mr Brasiler may have transposed the numerals 4 and 5, and that the actual date of first use in the UK is 1954 and not 1945. Sales are expressed in litres, with the name of a firm given alongside.

10. Exhibit SB2 consists of copies of labels that Mr Brasiler says have been in use since 1966. The main label has STOLICHNAYA in block capitals on the top, and in an italicised script over the image of an industrial building, presumably a distillery. The label that would be affixed to the rear of the bottle also has STOLICHNAYA in block capitals on the top, several references to the brand in the descriptive text, and a reference to AFirst Drinks Brands Ltd@ as being the exclusive UK distributor. Mr Brasiler later confirms that this company has been his company's UK distributor since 1998, which seems to indicate that the label at Exhibit SB2 dates from 1998 or later.

11. Mr Brasiler gives further details of the sales of STOLICHNAYA made in the UK in the years 1991 to 2003, in some cases by turnover in \$US, or by liquid volume (litres/case), all of which shows there to have been significant sales, particularly in the years 2001 - 2003. Mr Brasiler puts the 2003 sales into context, stating that in that year sales of STOLICHNAYA equated to 24% of the UK market for vodka. He goes on to give details of worldwide sales.

12. Mr Brasiler refers to his company's promotion of STOLICHNAYA, Exhibit SB3

consisting of examples of advertisements and features from various, mostly drinks trade publications. All appear to pre-date the relevant date, but not all were, or can be placed as having been available in the UK. Those that were available in the UK depict the mark in the same style as the label at Exhibit SB2. The figures for the advertising spend on STOLICHNAYA in the years 2000 -2003 amount to , 53,236, , 50,000, , 31,500 and , 108,535 respectively.

13. Mr Brasiler refers to Exhibit SB4, which consists of a selection of invoices, dating from 14 March 1996 to 3 November 2003, and show sales of STALICHNAYA vodka, primarily to First Drinks Brands Ltd. He concludes his Statement by referring to the International drinks exhibitions attended by his company. Although these have all been outside of the UK, Mr Brasiler says that they were attended by delegates from the UK.

Registered proprietors= evidence

14. This consists of two Witness Statement. The first is dated 16 March 2005, and comes from Louise Westbury, a trade mark attorney employed by fj Cleveland, the trade mark proprietors=representatives in these proceedings.

15. Ms Westbury refers to the results of various searches conducted on the Internet, details of which she shows as Exhibits LW1 to LW24. As well as giving some history of the development of vodka, the exhibits show that there is a link between vodka and Russia in the people=s minds. Ms Westbury also provides information relating to the availability of vodka in the UK, noting that there are a number of brands stated to be of Russian origin that have ARussian sounding@names, including references to STOLICHNAYA which is also known by the shortened form ASTOLI@. Ms Westbury asserts that within the mark STALINSKAYA the first element, STALIN will be recognised by the majority of the relevant public as being the name of Joseph Stalin.

16. The second Witness Statement is dated 15 March 2005, and comes from Natalia Binert, a native Russian speaker, and since 2001, a professional translator of English into Russian.

17. Ms Binert says that in Russian, the suffix AYA is used for feminine adjectives in the singular form. The Russian word STOLICA is a noun meaning Ametropolis@or Acapital@, and the word STOLICHNAYA is an adjective meaning Ametropolitan@or Acapital. Ms Binert goes on to say that STALIN is the adopted name of Joseph Stalin, the surname being taken from the Russian word ASTAL@meaning Asteel@. The Russian word STALINSKAYA is a feminine adjective in the singular form meaning AStalin=s@or Aof Stalin@. Ms Binert says that in Russian, the words STOLICHNAYA and STALINSKAYA are of entirely different derivations and that the stress of the words falls on different syllables.

18. That concludes my review of the evidence insofar as it is relevant to these proceedings.

Decision

19. Turning first to consider the ground on which the opposition is based. The relevant part of the statute reads:

A5.-(2) A trade mark shall not be registered if because -

(a) YYYYYYYY.

(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 of the Act as follows:

A6.- (1) In this Act an earlier trade mark® meansB

(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. I take into account the well established guidance provided by the European Court of Justice (ECJ) in *Sabel BV v. Puma AG* [1998] E.T.M.R. 1, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* [1999] E.T.M.R. 1, *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v. Adidas AG* [2000] E.T.M.R. 723. 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*, paragraph 22;

(b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v. Puma AG*, paragraph 23, 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.* paragraph 27;

(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*, paragraph 23;

(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*, paragraph 23;

(e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 17;

(f) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it; *Sabel BV v. Puma AG*, paragraph 24;

(g) 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*, paragraph 26;

(h) 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*, paragraph 41;

(i) 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*, paragraph 29.

22. The applicants rely on one trade mark, that qualifies as an earlier mark under the above provisions. This is registered in respect of a single item, namely vodka. The registration that they seek to invalidate is registered in three classes, one covering goods and two relate to services. None of these specifically mentions vodka, so the question is whether the terms within the specifications would include vodka, or goods that would be considered similar to such an item.

23. The first list of goods is in Class 33 and is in respect of the following description of goods:

Industrial and natural alcoholic beverages, beverages made with wine in general.

24. I do not know what industrial alcoholic beverages are, and there is no evidence to assist me. Whilst I presume that the term refers to a beverage manufactured from synthetic ingredients, Collins English Dictionary states that Vodka is made from grain, potato, etc, indicating that the spirit is made from natural products. Whatever is the case, I have no doubt that the description natural alcoholic beverages does cover vodka, so in respect of Class 33 of the application identical goods are involved. The remaining goods are potentially of a similar nature, are for the same purpose and capable of sharing the same channels of trade and consumer. They are, at the very least, closely allied to vodka and should be regarded as being similar.

25. Class 35 of the application covers what is commonly termed retail services, and services connected to such an activity. The specification specifically includes the service relating to the retailing of alcoholic beverages. Insofar as vodka is an alcoholic beverage the description must include the activities involved in the retailing of identical goods, and accordingly constitute a service similar to the goods covered by the applicants' earlier mark.

26. The remaining specification of the application covers services related to the transport and warehousing of goods, which would include the transport and warehousing of vodka. Unlike retailing where the goods are inseparable from the service, transport and storage is a quite distinct activity. I accept that traders may provide a delivery service to consumers, but that is after having purchased the goods and is a separate part of the retail activity. I do not consider such services to be similar to the goods of the applicants' earlier mark.

27. There is nothing in the wording of any of the respective specifications that would separate them in the market or course of trade. Accordingly, I must notionally assume that they operate in the same sector, and share the same channels of trade, from manufacture to retail. I see no reason why the customer for the registered proprietors' goods/services should be any different to those that would buy the applicants' goods, so the same consumers are involved.

28. Turning to the similarity or otherwise of the respective marks. The *Sabel* case states that the question should be addressed by considering how the respective marks look to the eye, sound to the ear and the idea or message that they may leave with the consumer. In determining each, reference will inevitably be made to the individual elements of which a mark is composed, and rightly so, for the case law requires consideration to be given to the distinctiveness and dominance of the component parts. However, it must be remembered that the consumer does not embark on a forensic analysis of trade marks and it is the marks as a whole that must be compared.

29. In her evidence, Natalia Binert, a professional translator explains that STALIN was the adopted name of the famous Russian dictator Joseph Stalin, and that STALINSKAYA is a feminine adjective in the singular form, meaning 'of Stalin' or 'of Stalin's'. Apart from this there is no evidence or even a suggestion that STALINSKAYA and STOLICHNAYA have any meaning, relevant or otherwise. That being the case I must assume that these are both marks that possess a distinctive character.

30. There is some suggestion that the STALIN element in the subject registration is a distinctive element that will assist in distinguishing the goods in the marketplace. Would this be a feature in the mark that would be recognised by the public? It is difficult to dispute that Joseph Stalin is an important figure in world history, and it seems likely that a significant number of the public will have heard the name Stalin even if they do not know much about the man himself. But I do not think that the fact that STALIN may be recognised is enough to conclude that this element would be picked out from a word in which it is contained and used as a point of reference. In an appeal resulting from earlier proceedings involving the parties (2003 WL 23014917) Mr Justice Laddie commented that, for what it is worth, when he first saw the case and before he had read either the decision or the skeleton arguments, the fact that the appellant's mark started with the name STALIN was something which I did not notice. For my part, and again, for what it is worth, I did notice that the applicants' earlier mark started with the name STALIN, but given that I was embarking on an analysis of the similarity of this with the trade mark under attack, and not forgetting that I am well used to looking at trade marks and considering their construction, I do not believe that anything can be made of this.

31. On my assessment I consider that the distinctiveness of the respective marks rests in their entirety, and that there is no individual component within either that can be regarded as dominant and distinctive.

32. In his evidence Mr Brasiler refers to the applicants having first used STOLICHNAYA in the UK in 1945, in support referring to a certificate from V/O Prodintorg, the Russian trade mission in London, detailing imports of vodka from 1954 and not 1945 as stated. There is no explanation for this discrepancy and I am left to wonder whether this is a typographical error. Detailed evidence starts at 1966 when the applicants say they imported 9,700 dal (97,000 litres) of STOLICHNAYA vodka into the UK. Mr Brasiler confirms that from 1966 there have been continuous sales of STOLICHNAYA vodka in the UK under a label shown as exhibit SB2. The exhibit shows two labels, one for the front and one for the reverse of a bottle. Both bear the word STOLICHNAYA in plain block capitals at the top, the front label has the word in a stylised script across the centre with the ® symbol denoting that it is a registered trade mark. The labels contain the usual non-trade mark matter, including a reference to First Drinks Brands Limited of Southampton being the exclusive UK distributor. Given that at paragraph 8 of his Statement, Mr Brasiler says that this company has been the UK distributor since 1998, this is clearly not an example of the actual label used in 1966.

33. There is some suggestion that the applicants' mark is commonly abbreviated to the form STOLI. Whilst there is some evidence that shows the applicant has used the abbreviation, it also demonstrates where STOLI is used it is in conjunction with the STOLICHNAYA trade mark.

34. Mr Brasiler provides figures for sales of vodka by volume from 1991, and from 1994 to 2003 (omitting 1999 and 2000) for turnover in US\$. Whilst both seem to show a significant trade, without knowing the size of the market or the sterling value of the turnover it is not possible to gauge their significance. Mr Brasiler does put the extent of his company's trade in 2003 into context by stating that STOLICHNAYA accounted for 24% of the total market for vodka imports in the UK, but that does little to assist in assessing other years. Nor does it tell me whether this is the total UK market for vodka. Exhibit SB3 shows examples of advertising in various trade magazines, and publications that appear to be provided to travellers. The advertisements depict bottles of STOLICHNAYA vodka, the label being the same as that shown in exhibit SB2, the name being clearly displayed. Two of these appear to have been available in the UK in 1997, but there is no information on the extent of the circulation, and being trade publications it is uncertain whether they will have reached many ordinary consumers.

35. To my mind, STOLICHNAYA is prima facie a word with a strong distinctive character. Whilst it is possible that the length and scale of use shown by the evidence could have bolstered this distinctiveness, there are too many gaps in the detail to be able to say this with any certainty. I am, however, satisfied that they have used the mark to an extent that STOLICHNAYA will have built a reputation amongst consumers in relation to vodka.

36. The selection of a beverage in establishments such as supermarkets and off licences, and from a drinks list in restaurants, will primarily be a visual act, which means that similarity in the appearance of the marks will be of some significance. However, the selection may also be

made orally, such as through an enquiry made of a sales assistant, waiter or at a bar, and in such circumstances it will be the aural similarity that will play its part. But however the goods at issue are obtained, they are of such a nature that conceptual similarity will have some bearing.

37. In a visual comparison of long words such as **STALINSKAYA** and **STOLICHNAYA**, I consider that it is less important whether they contain the same number of letters. What matters is the impact on the eye brought about by factors such as any similarities in their structure, sequencing of the letters and syllables, and whether they are, or contain elements that would be, discernable, recognisable and memorable to the consumer. It should also be borne in mind that in long words such as in this case, bigger differences may have less significance than in words composed of fewer letters.

38. Compared side by side it is clear that whilst the respective marks are not identical, it is possible to see that there are, as I have highlighted, similarities in the structure of the words: **STALINSKAYA** and **STOLICHNAYA**. That the similarities are at the beginning and termination of the words lessens the impact of the difference contained within, and more so given that both have the letters LI forming central syllables. I am of course conscious that the consumer will not always be in a position to see the respective goods displayed side by side. They may well be able to do so in supermarkets, off-licences and bars where drinks are habitually displayed together by type, but of course only in establishments that stock both brands and that is an unknown quantity.

39. It is perhaps when spoken that the differences in **STALINSKAYA** and **STOLICHNAYA** are most marked. Whilst there are similarities in the use of some consonants, vowels and syllables, there are differences, most notably in the first two syllables. In the applicants=mark these run together and create a softer sound than in the applicants=mark, where the combination is harder and requires a deliberate articulation. That said, words are not usually enunciated with regard to every letter and syllable, so when heard the differences in sound will diminish.

40. Whether there is any conceptual similarity will depend on the message or idea, if any, that the words **STALINSKAYA** and **STOLICHNAYA** may create in the minds of the consumer. There is no evidence or suggestion that **STOLICHNAYA** has any meaning and I must proceed on the basis that it will be seen as an invented word. Whilst I do not dispute the evidence of Ms Binert, I do not consider that many consumers in the UK would be aware that **STALINSKAYA** is the feminine adjective in the singular form of **STALIN**, with a meaning of **AStalin** or **Aof Stalin**. I do not believe that there is any dispute that Russia has a reputation for vodka, and it is my considered view that the consumer will see these words when used in connection with such goods as being a Russian sounding name, but would not know or indeed care whether they have any particular meaning.

41. Balancing all of the factors I come to the view that whilst there may be differences in the respective marks, these are outweighed by the elements in common, and that the respective marks should be regarded as similar.

42. As I have mentioned, the circumstances in which the trade in beverages such as vodka is carried out make it possible for different brands of the same product to be displayed alongside one another. In such circumstances the consumer will be able to tell that there are two brands with similarities in their names. However, it is just as likely that there will be times where the consumer, having seen one brand some time previously, has to try and recall the name from memory, and in this respect it is well settled that their recollection is likely to be less than perfect. That there appear to be many brands of vodka on the market, some having Russian sounding brand names will make a clear recollection even more difficult and raise the potential for confusion.

43. Taking all factors, in particular, the identity in the goods/services, channels of trade and consumer, the similarities in the respective marks and the potential for confusion through imperfect recollection into account, I come to the view that if the registered proprietors were to use their mark in connection with the goods in Class 33 and services in Class 35 for which they seek registration, that there is a real likelihood of confusion. The objection under Section 5(2)(b) succeeds in respect of these classes, but in relation to the services of Class 39 the opposition fails.

44. Turning next to the ground under Section 5(3). That section reads as follows:

A5.-(3) A trade mark which - (a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark, 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.

45. The European Court of Justice in *Davidoff & Cie SA and Zino Davidoff SA v Gofkid Ltd* (C-292/00) which was confirmed by its decision in *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd* (C-408/01) determined that Article 5(2) of the Directive granted a right to the proprietor of an earlier trade mark with a reputation, to prevent others from using an identical or similar trade mark in relation to goods or services where such use would, without due cause, take unfair advantage or be detrimental to the distinctive character of the earlier trade mark.

46. Other than a simple recital of the relevant section of the Act, the applicants do not provide any explanation as to the nature of their objection. The first requirement to be met under Section 5(3) is for the earlier trade mark to be identical or similar to the trade mark that is the subject of these proceedings. As I have already stated in my determination of the grounds under Section 5(2)(b), I find the marks to be similar.

47. The next requirement is that the opponent's mark possesses a reputation in the UK to the extent set out by the ECJ in *General Motors Corporation v. Yplon SA* [1999] E.T.M.R. 122 (Chevy). The court concluded that the requirement implies a certain degree of knowledge amongst the public, and that the required level would be considered to have been reached when the earlier mark is known by a significant part of the relevant sectors of the public. In deciding whether this requirement is fulfilled all relevant factors should be considered, including, the market share held by the trade mark, the intensity, geographical extent and

duration of its use and the size of the investment made by the undertaking promoting it; the stronger the reputation and distinctive character, the easier it will be to accept that detriment has been caused to it.

48. The evidence shows that from at least 1966, and well before the relevant date, the applicants have used the trade mark STOLICHNAYA in relation to vodka. Mr Brasiler confirms that the use has been throughout the UK, a claim that has not been challenged. Although the figures relating to their trade have not been put into context of the overall size of the UK market, they do relate to a single product, namely vodka, and as such are of a sufficient level to indicate that there has been a significant trade. I consider it is reasonable to infer that at the relevant date, the opponent's STOLICHNAYA trade mark is likely to have become known to a significant part of the relevant public in relation to the product for which it has been used.

49. So having established that the respective marks are similar, and that the applicants=mark STOLICHNAYA has the requisite reputation, can I conclude that there will be advantage gained, or detriment caused by the registered proprietors=use of STALINSKAYA? In the *General Motors Corporation v. Yplon SA* case, the ECJ said the following:

A42. Above all, it is necessary to give full weight to the provisions of Article 5(2) as a whole. Thus the national court must be satisfied in every case that the use of the contested sign is without due cause; and that it takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the mark. These requirements, properly applied, will ensure that marks with a reputation, whether or not the reputation is substantial, will not be given unduly extensive protection.

43. It is to be noted in particular that Article 5(2), in contrast to Article 5(1)(b), does not refer to a mere risk or likelihood of its conditions being fulfilled. The wording is more positive: "takes unfair advantage of, or is detrimental to". [FN14] Moreover, the taking of unfair advantage or the suffering of detriment must be properly substantiated, that is to say, properly established to the satisfaction of the national court: the national court must be satisfied by evidence of actual detriment, or of unfair advantage. The precise method of adducing such proof should in my view be a matter for national rules of evidence and procedure, as in the case of establishing likelihood of confusion: see the tenth recital of the preamble.@

50. The words Awithout due cause@were considered in *Premier Brands UK v Typhoon Europe* [2000] FSR 767. In that case Neuberger J. indicated that the interpretation of the words Awithout due cause@had to be considered in relation to the general purpose and effect of section 10(3), the purpose of which being to protect the value and goodwill of trade marks, particularly where they are well known, from being unfairly taken advantage of or unfairly harmed. It was not relevant whether the later mark had been innocently adopted. The words have to be read as not merely governing the words "the use of the sign", but also the words "takes unfair advantage of, or is detrimental to@, and bearing in mind the overall purpose of Section 10(3) requires the defendant to show not merely that the use of the allegedly infringing sign in connection with the defendant's goods is "with due cause", but also that although the use of the sign might otherwise be said to "take unfair advantage of or is detrimental to" the mark, the advantage or detriment are not "without due cause". He considered this conclusion

to be consistent with the view of the Benelux Court in *Lucas Bols* [1976] I.I.C. 420 at 425, where, when discussing the meaning of "without justifiable reason" the Court said:

What this requires, as a rule, is that the user (of the mark) is under such a compulsion to use this very mark that he cannot honestly be asked to refrain from doing so regardless of the damage the owner of the mark would suffer from such use, or that the user is entitled to the use of the mark in his own right and does not have to yield this right to that of the owner of the mark@

51. The registered proprietors do not specifically deny that they will benefit, or that the distinctiveness or reputation of the applicants' mark will suffer as a result of their use of STALINSKAYA, instead relying on a general denial of all of the grounds. Whilst there is nothing inherently wrong with this, the consequence is that in the event of it being found that advantage will be gained, or detriment suffered, I do not see that I am in a position to conclude that the registered proprietors nonetheless had due cause to use the trade mark.

52. In my determination of the ground under Section 5(2)(b), I found that taking into account all of the relevant circumstances, there was a likelihood of origin confusion in respect of the goods contained in Class 33 and the services covered by Class 35 of the subject registration. Whilst such confusion is not necessary for there to be a finding in favour of the applicants, that there is potential for confusion must inevitably lead to the possibility of the registered proprietors gaining an unfair advantage, or detriment suffered by the earlier mark.

53. The position in respect of Class 39 is less clear cut, in that the services of transport, packaging and warehousing covered by that class of the registration are far removed from the goods for which the earlier mark is distinctive and has a reputation. It may well be that the use of STALINSKAYA in respect of such services will remind the public of the applicants' mark STOLICHNAYA, but being so different to the goods for which it is known, will not lead them to believe that there is any economic connection. As was stated in the *Premier brands* case, Section 10(3) is not intended to have the sweeping effect of preventing the use of any sign which is the same or similar to, a registered trade mark with a reputation or have the intention of enabling the proprietor of a well known registered mark to be able to object as a matter of course to the use of a sign which may remind people of his mark.@

54. There is no evidence to assist me, but as far as I am aware, traders in alcoholic beverages do not also engage in the transport or storage of goods other than their own, so why should the public make any association? It may well be that the trade mark STOLICHNAYA is sufficiently unusual for the public to make such a link no matter what goods or services it is used in connection with, but that is a very large chunk of conjecture. It is just as possible that they will see STOLICHNAYA and conclude that it is a family name (I am aware that it is common for such to be used on the sides of vehicles) and that there is someone of the same name, not necessarily connected to the vodka people. I do not see that the registered proprietors' use of a similar mark in respect of the services covered by Class 39 of the registration will arouse a reaction, positive or negative, in any members of the public who may come into contact with it. Accordingly, the ground under Section 5(3) succeeds in respect of Classes 33 and 35, but not in respect of the services of Class 39 of the subject registration.

55. This leaves the ground under Section 5(4)(a). That section reads 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,
- (b) ...

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

56. Mr Geoffrey Hobbs QC, sitting as the Appointed Person set out a summary of the elements of an action for passing off in his decision in the *WILD CHILD* Trade Mark case [1998] RPC 455. Mr Hobbs summarised the requirements as follows:

- (a) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (b) that there is a misrepresentation by the defendant (whether or not intentional leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and
- (c) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

57. I have accepted that the applicants' mark *STOLICHNAYA* has an established reputation in respect of vodka, and I see no reason why the same should not be the case in respect of goodwill. I have previously stated that I consider the respective marks to be similar, and consequently, I consider that there is a misrepresentation on the part of the registered proprietors. However, in my findings in relation to the grounds under Section 5(2)(b) and 5(3) I stated that whilst there is a likelihood of confusion/detriment in relation to the goods of Class 33 and services of Class 35 of the subject registration, the services of Class 39 are so far removed that the public are unlikely to see any connection with the applicants.

58. In *Harrods v Harrodian* [1996] R.P.C. 697, it was accepted that there is no rule that the respective parties must be operating in the same field of activity, but the more remote the activities, the stronger the evidence needed to establish a real likelihood of damage. Where the fields of activity are different, the burden of proving that the registered proprietor's use presents a real likelihood of damage to the applicants' business is a very heavy one (*Stringfellow's* [1984] R.P.C. 546.). The applicants have not used their trade mark on a range of goods and services, only vodka, and I do not see that there would be any expectation in the minds of the public that use of *STOLICHNAYA* on unconnected activities would be connected with the applicants. The services in Class 39 of the subject registration are remote from the trade for which the applicants are known; there is no evidence that they are in any way connected. Consequently, I do not see that there is a likelihood of them suffering damage

by the registered proprietors=use of STALINSKAYA in relation to those services, nor have the applicants adduced any evidence to show that there would be. Accordingly, I find the ground under Section 5(4)(a) made out in respect of Classes 33 and 35, but not in respect of the services of Class 39 of the subject registration.

59. The application having been partially successful, the applicants are entitled to an award of costs. I therefore order the registered proprietors to pay the applicants the sum of , 1,500 as a contribution towards their costs. This sum 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 19th day of January 2006

**Mike Foley
for the Registrar
The Comptroller General**