IN THE MATTER OF THE TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATION NUMBER 3,209,850 MADE BY KINGSLEY BEVERAGES FZCO

AND IN THE MATTER OF AN APPEAL FROM THE DECISION OF LOUISE WHITE (O/266/19) DATED 20 MAY 2019.

DECISION

Introduction

1. This is an appeal from the decision of Ms Louise White, for the Registrar, dated 20 May 2019 (O/266/19) where she upheld the opposition of Crown Melbourne Limited under section 5(2)(b) of the Trade Marks Act 1994 to the trade mark application of Kingsley Beverages FZCO. While other grounds of opposition were raised these were not considered by the Hearing Officer as the opposition was entirely successful under section 5(2)(b). Kingsley Beverages appeals that decision.

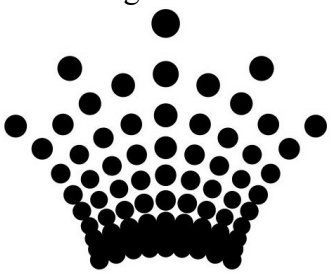
2. The application was for the following mark (No 3,209,850) which included a device (which I will call a "crown spray device"):

KINGSLEY
BEVERAGES

3. The application was made on 31 January 2017 in respect of the following goods in Class 32:

> Non-alcoholic beverages, namely energy drinks, sports drinks and soft drinks; non-alcoholic carbonated beverages; water.

4. The Opposition was based on more than one earlier mark, but the only one considered by the Hearing Officer was the following international trade mark (No 1,268,492):



5. The following services, among others, were protected by that mark in Class 43:

> Hotels, hotel reservations, hotel services, rental of temporary accommodation, accommodation reservations and accommodation bureaux; provision of food and drink; cocktail lounge services; bars; cafes; snack bars; self-service restaurants and restaurant services; catering services; hospitality services; providing facilities for exhibitions.

6. Neither the Appellant nor the Respondent challenged the Hearing Officer's decision to consider only this earlier mark as it was clearly the closest.

Standard of review

7. The standard of appeal is by way of review. Neither surprise at a Hearing Officer's conclusion nor a belief that he or she has reached the wrong decision suffice to justify interference in this sort of appeal. Before that is warranted, it is necessary for me to be satisfied that there was a distinct and material error of principle in the decision in question or that the Hearing Officer was wrong. The relevant principles were set out in *TT Education Ltd v Pie Corbett Consultancy* [2017] RPC 17 by Daniel Alexander QC and more recently by the Supreme Court in *Actavis Group PTC EHF v ICOS Corporation* [2019] UKSC 15.

8. What is meant by a material error was explained by the Lord Carnworth in the Supreme Court in *R (R) v Chief Constable of Greater Manchester* [2018] UKSC 47, [2018] 1 WLR 4079 at paragraph 64:

> In conclusion, the references cited above show clearly in my view that to limit intervention to a "significant error of principle" is too narrow an approach, at least if it is taken as implying that the appellate court has to point to a specific principle—whether of law, policy or practice—which has been infringed by the judgment of the court below. The decision may be wrong, not because of some specific error of principle in that narrow sense, but because of an identifiable flaw in the judge's reasoning, such as a gap in logic, a lack of consistency, or a failure to take account of some material factor, which undermines the cogency of the conclusion. However, it is equally clear that, for the decision to be "wrong" under CPR r 52.11(3), it is not enough that the appellate court might have arrived at a different evaluation…

9. And, in *Z, R (On the Application Of) v London Borough of Hackney* [2019] EWCA Civ 1099 Lewison LJ at paragraph 66 highlighted that:

> It is not enough simply to demonstrate an error or flaw in reasoning. It must be such as to undermine the cogency of the conclusion. Accordingly, if there is no such error or flaw, the appeal court should not make its own assessment

10. I will take these principles into account.

Appeal

11. The Appellant made four challenges to the Hearing Officer's Decision: first, that the Hearing Officer incorrectly found that the crown spray device had independent distinctive character; secondly, that the Hearing Officer did not properly consider the issue of indirect confusion; thirdly, that there was an error in assessing the similarity of the goods; and finally, that the evidence of one of the Appellant's witnesses was not taken into account when she made her decision. I will address each in turn.

Independent distinctive character

12. The Hearing Officer considered Arnold J's guidance on independent distinctive character in *Whyte and Mackay Ltd v Origin Wine UK Ltd and Another* [2015] EWHC 1271 (Ch) and then set out her reasoning at paragraph 28 of her Decision:

> It is noted that though the respective crown devices are not strictly identical, they are so similar that they almost so. It is noted that at the hearing, the applicant argued that the device in its trade mark was included to denote the spray pattern of a carbonated drink. I take this to mean that this is its relationship with the verbal elements on the mark, particularly "beverages". I have considered this point carefully, but conclude that such an interpretation is not immediately obvious. Rather, it is more likely than not that the device in the later trade mark will be seen and understood as representing a crown. This device does not have a clear and immediate relationship with the verbal elements of the mark. It is considered that it plays an independent distinctive role within it. Having decided that, the next stage is to consider, having taking into account all the relevant circumstances of the case in respect of confusion, whether or not the average consumer, would consider each of the trade marks in issue here, to have emanated from the same source.

13. Mr St Quintin, for the Appellant, suggests that in this paragraph the Hearing Officer is applying a "new" test for determining whether there is independent distinctive character, namely whether an element of a composite mark (in this case the crown spray device) "does not have a clear and immediate relationship" with the remainder of the mark. This test, it was submitted, has no basis in case law and was not viable.

14. It was accepted by Mr St Quintin that while there has been some guidance on whether an element of a composite mark has an independent distinctive character there is no clear test which the Hearing Officer was misapplying. His primary submission was that an element of a mark having an independent distinctive character was an exception from a general principle. This submission was based on the ruling of the Bundespatentgericht in *DRILLISCH ALPHATEL* [2009] ETMR 27, paragraph 11 which was cited without dissent by Arnold J in *Aveda Corporation v Dabur India Ltd* [2013] EWHC 589 (Ch) at paragraph 25.

15. Mr St Quintin went on to suggest that the "test" applied by the Hearing Officer means that an element has an independent distinctive role within a composite mark, unless there was a "clear and immediate relationship" between it and other elements. In other words, he suggested, such a role for an element became the usual case rather than an exception.

16. The difficulty I have with the Appellant's submission is, as Mr St Quintin accepted before me, there is no 'bright line' test for whether an element of a composite mark has an independent distinctive character. Indeed, the assessment is heavily fact dependent. Accordingly, the Hearing Officer needed to explain why in her mind the element of the mark "stands out" from the rest of the mark. This is clearly what the Hearing Officer was doing.

17. Notwithstanding an elegant attempt to elevate the Hearing Officer's statement regarding the "clear and immediate relationship" into a legal "test", it is my view that the relevant sentence was little more than the Hearing Officer setting out her factual

reasoning and she neither created nor applied a new test. I therefore reject this challenge to the Hearing Officer's decision.

Indirect confusion

18. The Appellant's second challenge was that the Hearing Officer made an improper finding of indirect confusion. What is meant by "indirect confusion" was explained by Ian Purvis QC, sitting as the Appointed Person, in *LA Sugar* (O/375/10) at paragraph 16 and 17:

> Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: "*The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark*"
>
> 17. Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:
>
> (a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right ("26 RED TESCO" would no doubt be such a case).
>
> (b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as "LITE", "EXPRESS", "WORLDWIDE", "MINI" etc.).
>
> (c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension ("FAT FACE" to "BRAT FACE" for example).

19. Mr St Quintin suggested that none of these categories of indirect confusion applied to the instant case and no reasoning was set out to by the Hearing Officer to explain why the categories should be expanded. He went further saying the Hearing Officer had ignored "the mandate" at the end of paragraph 16.

20. In this regard, I am reminded of the comments of James Mellor QC, sitting as an Appointed Person, in *Duebros* (O/547/17) at paragraph 81:

> 81. I remind myself of paragraphs [16]-[17] in the Decision of Mr Iain Purvis Q.C. as the Appointed Person in L.A. *Sugar Limited v By Back Beat Inc*, Case BLO/375/10. These paragraphs are frequently cited by Hearing Officers. Whilst I agree with the central reasoning, some caution is required lest these paragraphs start being applied akin to a statutory test. In particular, it is important that the detail of each of the sub-paragraphs does not provoke the tribunal into too detailed an analysis of what I believe should be an emulation of an instinctive reaction in the mind of the average consumer when encountering the later mark with an imperfect recollection of the earlier mark in mind.
>
> > 81.1. First, whilst the CJEU has discussed or adverted to the concept of indirect confusion in many judgments relating to EU trade mark law, the Court has never explained indirect confusion in as detailed a way as Mr Purvis' three categories. The

> furthest the Court appears to have gone is to indicate that a likelihood of indirect confusion exists where the average consumer forms the view that the goods come from economically linked undertakings. As the EUIPO Guidelines indicate, the Court has only explained what it means by economically linked undertakings in the context of cases on free movement of goods.
> 81.2. Second, in my view it is important to keep in mind the purpose of the whole exercise of a global assessment of a likelihood of confusion, whether direct or indirect. The CJEU has provided a structured approach which can be applied by tribunals across the EU, in order to promote a consistent and uniform approach. Yet the reason why the CJEU has stressed the importance of the ultimate global assessment is, in my view, because it is supposed to emulate what happens in the mind of the average consumer on encountering, for example, the later mark or the mark applied for with an imperfect recollection of the earlier mark in mind. It is not a process of analysis or reasoning, but an impression or instinctive reaction.
> 81.3. Third, when a tribunal is considering whether a likelihood of confusion exists, it should recognise that there are four options:
>
> > 81.3.1. The average consumer mistakes one mark for the other (direct confusion);
> > 81.3.2. The average consumer makes a connection between the marks and assumes that the goods or services in question are from the same or economically linked undertakings (indirect confusion);
> > 81.3.3. The various factors considered in the global assessment lead to the conclusion that, in the mind of the average consumer, the later mark merely calls to mind the earlier mark (mere association);
> > 81.3.4. For completeness, the conclusion that the various factors result in the average consumer making no link at all between the marks, but this will only be the case where either there is no or very low similarity between the marks and/or significant distance between the respective goods or services.
> > 81.3.5. Accordingly, in most cases, it is not necessary to explicitly set out this fourth option, but I would regard it as a good discipline to set out the first three options, particularly in a case where a likelihood of indirect confusion is under consideration.
>
> 81.4. Fourth, I think it is important to stress that a finding of indirect confusion should not be made merely because the two marks share a common element. When Mr Purvis was explaining in more formal terms the sort of mental process involved at the end of his [16], he made it clear that the mental process did not depend on the common element alone: 'Taking account of the common element <u>in the context of the later mark as a whole</u>.' (my emphasis).

21. Further, I note the comments of Amanda Michaels, also sitting as an Appointed Person, in *Miss Dope* (O/601/19) who set out the above extract and then continued at paragraph 29:

> Furthermore, I would add that as it is not a statutory test, the examples given by Mr Purvis QC in *L A Sugar* should not be taken as identifying the only circumstances in which indirect confusion may be found likely to arise, or, indeed, as dictating a finding of indirect confusion in any particular circumstances. All of these cases turn upon their specific facts, and Mr Purvis QC's reasoning in *L A Sugar* cannot displace the need for the tribunal to undertake a global appreciation of whether the average consumer is liable to make a connection between the marks and assume that the goods in question are from the same or economically linked undertakings, in the manner described by Mr Mellor QC in *Duebros*.

22. As these judgments make clear, a Hearing Officer does not need to identify a specific type of indirect confusion from those classified by Mr Purvis in *LA Sugar*. Indeed, I entirely agree with Mr Mellor that a case of indirect confusion is an "instinctive reaction

in the mind of the average consumer". Accordingly, the reasoning of the Hearing Officer need only extend to why she believes a consumer would think the two undertakings are linked.

23. This is precisely what the Hearing Officer did in paragraph 30 of her Decision where she went into some detail regarding why she thought there would be indirect confusion:

> In considering whether there is a likelihood of indirect confusion, I do not ignore the presence of the words KINGSLEY BEVERAGES. They clearly have a visual impact and also ensure an aural departure from the earlier trade mark. However, the words do not achieve the same effect conceptually. There remains a degree of conceptually similarity. This is admittedly low, however the differences in the later trade mark do not result in a conceptual gap. Visually, and despite the verbal elements in the later trade mark, it is considered that the crown device of the earlier trade mark is sufficiently distinctive within the later trade mark. Further, though KINGSLEY is dominant, the crown also has an almost instantaneous eye catching quality due to its position in the mark. Bearing this in mind, it is considered that a consumer, familiar with the earlier trade mark in respect of services for the provision of drinks and upon seeing the later trade mark is more likely than not to conclude that the opponent has extended its trade into the provision of soft drinks, under the name KINGSLEY BEVERAGES. An illustrative example could be the earlier trade mark being used on the front of a café, which also sells beverages bearing the later trade mark. As such, it is concluded that, on balance, a consumer upon seeing the later trade mark, is more likely than not to conclude that it is a brand extension of the earlier trade mark. There is considered to be indirect confusion and the opposition succeeds in its entirety.

24. These are all factual findings and conclusions the Hearing Officer was fully entitled to make. Finally, and for the sake of completeness, Mr St Quintin suggested that the finding of indirect confusion had been tainted by the Hearing Officer's conclusion that the crown spray device had an independent distinctive role.

25. As I have concluded the Hearing Officer was entitled to find that that device had such a role; the only issue is whether having this in mind might otherwise taint a decision on indirect confusion. As I said in *Lions Gate Entertainment Inc v Telegraph Media Group* [2019] FSR 16, paragraph 13, the finding that an element of an earlier mark has an independent distinctive role and then comparing that element with the later mark is a more structured way of determining that there might an economic link between the two marks; in other words, it is a way of finding one type of indirect confusion to exist. There is therefore nothing to Mr St Quintin's criticism.

26. Accordingly, this ground of challenge to the Hearing Officer's decision must be rejected. She was fully entitled to find that there was indirect confusion.

Similarity of goods

27. The Appellant also challenged the finding on the similarity of the goods and services in paragraph 13 of the Hearing Officer's Decision:

> In terms of general purpose, it is considered that the goods and services can coincide. This is because bar and café services provide drinks which aim to quench thirst. This is also true of the later goods. Further, such establishments are often used to sell the later goods. The applicant sought to draw distinctions between energy and sports drinks and other types of soft drinks and between those produced on the premises and those not. It is considered that energy and sports drinks are merely types of soft drinks and their consumption is not restricted so narrowly so as

> to include only people who have (or are about to) undertake a physical or sporting activity. They are widely available consumables and are commonly offered in bars, cafes and other drink providing establishments. Persuasive support for this can also be found in a recent decision of the Board of Appeal, dated 1st June 2017 (Case R 2103/2016-1) which considered such goods and services to be complementary. Further, cafés and bars commonly offer both drinks that have been produced "in-house" and those that have been sourced ready made. I cannot see therefore how this distinction helps the applicant. All of the later goods are considered to be similar to the earlier services, to a low to medium degree.

28. Mr St Quintin criticised this finding for two reasons. First, he says that there was a distinction in consumer perception between drinks produced on the premises and those which are manufactured elsewhere. Put simply, consumers do not view any pre-packaged soft drinks as manufactured by the cafes and bars where they are sold. Secondly, he suggested that the Hearing Officer misapplied the First Board of Appeal's decision R-2103/2016 *BAD ASS* (1 June 2017).

29. In relation to the first point, I am not sure it is correct in fact. While smaller cafes and bars are unlikely to manufacture their own pre-packaged drinks those with multiple establishments might well do so. Indeed, many cafes and coffee shops which are parts of a chain or franchise do sell pre-packaged drinks using their own branding (whether or not they also sell third party branded drinks alongside). Accordingly, the finding by the Hearing Officer that energy, sports and soft drinks are sold in bars, cafes and other drink providing establishments is entirely accurate and essentially complete. There was no need to add that such drinks might be "own brand" or manufactured by other undertakings.

30. Moving on to the Appellant's second criticism, in paragraph 29 of *BAD ASS*, the Board of Appeal found that various beverages, including sports drinks and energy drinks, were complementary to "providing food and drink" in class 43 and so were similar to a low degree. After citing this case, the Hearing Officer found that the similarity between the same goods and services was higher, namely they were similar at a low to medium degree.

31. Mr St Quintin suggests that the Hearing Officer should have found only a low level of similarity. I disagree. She was not bound by *BAD ASS*. The similarity of goods and services is determined by reference to the relevant public. In the instant case and *BAD ASS* the relevant public is the public at large (*BAD ASS*, paragraphs 17 and 18; Decision, paragraph 22). This public will evolve with time and place. Thus, the assessment of similarity may be answered differently depending upon whether the relevant public is British or pan-European. A Hearing Officer is not compelled to follow the approach of the Board of Appeal or even the European Courts when assessing the factual matters associated with the characteristics of the relevant (British) public (see *Caledonian* (O/382/16), paragraph 26). Accordingly, the Hearing Officer arriving at a different finding from the Board of Appeal's in *BAD ASS* is entirely proper.

32. I accordingly dismiss this challenge to the decision.

Failure to consider evidence

33. Finally, the Appellant submitted that the evidence of one of its witnesses (David Tate) was not taken into account by the Hearing Officer. In summary, Mr Tate (a trade mark attorney) exhibited various examples of marks either in use or registered which included something like the crown spray device; one of these was even the Intellectual Property Office's former logo. Mr Tate also exhibited a number of uses of crown devices and trade mark searches using related words.

34. It is right that the Hearing Officer did not summarise the evidence filed, or expressly rely upon it. She concluded (in paragraph 5 of her Decision) that the evidence related to grounds of opposition other than those under section 5(2)(b) and so it would be considered only if necessary.

35. Mr St Quintin submitted that Mr Tate's evidence showed that the crown device was widely used in the market place and so the Hearing Officer should have concluded the element had a low degree of distinctiveness at best (and not the average distinctiveness found by the Hearing Officer: Decision, paragraph 24).

36. Having looked at Mr Tate's evidence, it is apparent that a crown spray device or something resembling it has been used by others. But critically, the evidence provides little or no context to those other uses, either because it is "state of the register" evidence or little more than a snapshot of a website. Such acontextual evidence is rarely helpful: see *British Sugar v Robertson* [1996] RPC 281 at 305; and C-218/01 *Henkel KGAA v Deutsches Patent- und Markenamt* [2004] ECR. I-1725 at paragraph 64.

37. So while the Hearing Officer should have at least expressly considered the evidence of Mr Tate as it was relied upon by the Appellant in relation to the section 5(2)(b) ground as well as others, my view is that had she done so it would have made no material difference to her conclusions.

38. Mr Tate's witness statement does little more than exhibit various uses of a mark with little or no context in each case. A Hearing Officer cannot say a dotted crown device (like the crown spray device) is widely used in the marketplace based on a screen grab of a web page alone, any more than such a finding can be made from earlier registrations. More context would be required for it to be useful. In particular, there was no information as to how many views the website had (or how long they lasted), how long the device has been used on the website, whether the device was a primary device for the company or a sub-brand, precisely what goods or services are provided using the device and to whom, which country is targeted by the website, and so forth.

39. The Intellectual Property Office's use of a similar device likewise is immaterial. Not only was there little evidence put forward as to the Office's use of its dotted crown mark it was clearly used in relation to different goods and services. The use of a different style of crown by other drinks companies also does little to assist in relation to the distinctiveness of the crown spray device, particularly where the only context to the use is a bold statement by Mr Tate that the brands are famous or well-known.

40. There were other aspects of the evidence which were clearly irrelevant in the United Kingdom, such as the use by the Freemont Hotel in Las Vegas of a dotted crown device. Furthermore, it is not clear how the existence of a stock image assists in any way towards how an image might be used as a trade mark.

41. The search of the trade mark database for the word "crown" also assists little. There is no context for the 1,000+ live results Mr Tate's search found. If a single entry in the register needs context to show its use in the marketplace this applies equally if there are many thousand. Indeed, the search results are less probative than the individual result as it is not clear what each of the 1,000+ marks looked like or exactly what goods or services were covered (as the search was at class level).

42. A final point made by Mr St Quintin regarding the evidence related to the conceptual similarity. He submitted that the Hearing Officer did not consider the evidence from Mr Tate that Kingsley was likely to be taken to be a person's name and concluded that it was a place name. This matter was dealt with in paragraph 19 of her Decision:

> Conceptually, the earlier trade mark is likely to be understood as representing a crown. The later trade mark will be understood as referring to a forename or surname (or possibly a place name). However, the crown device is also clearly visible, will be understood as such and clearly contributes a clear concept. Kingsley has no connection with this meaning and also stands alone (albeit in conjunction with beverages). Importantly, it does not create a meaning which is obviously dissonant from the crown, (though I accept it is likely to be understood as a place name) and so there is a degree of conceptual similarity. This is pitched as being low overall.

43. It is clear that the Hearing Officer did accept that Kingsley could be a forename or surname (that is a person's name) and then she presented another possibility that it could be a place name. While Mr Tate did not put forward the possibility of a place name, a person's name also being the name of a place is common enough and so it was entirely reasonable for the Hearing Officer to reach that conclusion.

44. Mr St Quintin goes on to say that the words in brackets in the penultimate sentence show that the word Kingsley was being considered by the Hearing Officer only as a place name and not as a forename or surname as well. I do not think that the paragraph read as a whole supports this conclusion. Accordingly, I think there is nothing in Mr St Quintin's criticism.

45. In summary, even if the Hearing Officer had taken into account Mr Tate's evidence and given it its appropriate weight, a finding of average distinctiveness would still have been proper (and the finding I would have made) and likewise the finding that there is a low level of conceptual similarity. I therefore dismiss this aspect of the appeal.

Conclusion

46. I therefore dismiss the appeal in its entirety and uphold the Hearing Officer's decision. I also award the Respondent £1,000 as a contribution to the costs associated with this appeal.

PHILLIP JOHNSON
8 JANUARY 2020

For the Appellant: Thomas St Quintin (instructed by Maguire Boss)

For the Respondent: Andrew Norris (instructed by Simmons & Simmons)