

O-053-04

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 2124031
BY MALAYSIA DAIRY INDUSTRIES PTE LIMITED
TO REGISTER A TRADE MARK IN
CLASSES 29 & 32**

AND

**IN THE MATTER OF OPPOSITION THERETO
UNDER No. 80369 BY KABUSHIKI KAISHA
YAKULT HONSHA**

TRADE MARKS ACT 1994

**IN THE MATTER OF application No. 2124031
by Malaysia Dairy Industries PTE Limited to
register a trade mark in classes 29 & 32**

and

**IN THE MATTER OF opposition thereto under
No. 80369 by Kabushiki Kaisha Yakult Honsha**

BACKGROUND

1. On 18 February 1997 Malaysia Dairy Industries Pte Limited applied to register the following trade mark in classes 29 and 32:



2. Registration was sought in respect of the following specification of goods:

Class 29:

Eggs, milk and dairy products; beverages having a milk base.

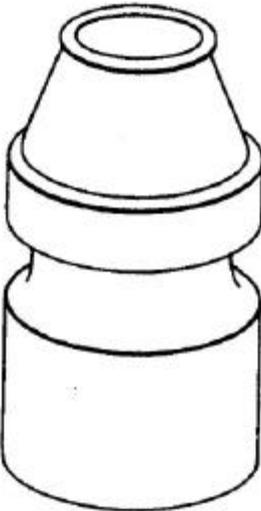
Class 32:

Mineral waters, aerated waters, non-alcoholic drinks, syrups and preparations for making drinks.

3. The application was accepted by the Registrar and published in the Trade Marks Journal.

4. On 14 November 2001 Kabushiki Kaisha Yakult Honsha filed Notice of Opposition against the application. In summary the grounds of opposition were:

(i) Under Section 5(2)(a), or in the alternative Section 5(2)(b) of the Act because the mark applied for is identical with or similar to a following earlier European Community trade mark of the opponent which has a date of application for registration earlier than the trade mark in question and is to be registered for goods identical or similar to those of the earlier trade mark and there exists a likelihood of confusion on the part of the public:

EUROPEAN COMMUNITY APPLICATION No.	MARK	PRIORITY DATE	SPECIFICATION OF GOODS
111138	 <p data-bbox="389 1715 596 1744">3 – Dimensional</p>	1 April 1996	<p data-bbox="1043 969 1362 1245">Class 29: Milk, fermented milk, yoghurt, milk beverages, fermented milk beverages, cultured milk drinks, powdered milk, butter, cheese, cream, condensed milk.</p> <p data-bbox="1043 1290 1331 1462">Class 30: Coffee, tea, cocoa, artificial coffee, coffee beverages, cocoa beverages.</p> <p data-bbox="1043 1507 1315 1641">Class 32: Soft drinks, aerated waters, non-alcoholic beverages.</p>

(ii) Under Section 5(4)(a) of the Act by virtue of the law of passing off as the opponent is the applicant for UK trade mark application number 2179331 in classes 29 and 30 which proceeded to advertisement on the basis of distinctiveness acquired through use and survey evidence. While the applicant's trade mark bears the words VITAGEN BEVERAGE and the opponent's trade mark is used in combination with the word YAKULT, the dominant part of both marks is a

three dimensional bottle shape and use of the mark applied for is likely to cause confusion. A representation of the mark applied for under number 2179331 follows:



Mark description:

The mark consists of a three dimensional shape.

Special circumstances:

Proceeding because of distinctiveness acquired through use and survey evidence.

Honest concurrent use:

Honest concurrent use with Application No 2174691

Specification of goods:

Class 29:

Fermented milk drinks, fermented skimmed milk drinks, composite fermented milk drinks.

Class 32:

Non alcoholic fermented milk drinks.

(iii) Under Section 3(6) of the Act as the mark was applied for in bad faith as the applicant does not have a bona fide intention to use the mark bearing in mind the applicant had sought to register a two dimensional representation of the same bottle under application number 1352761 and this application was refused following earlier opposition proceedings under Section 17(2) of the 1938 Act as the applicant had no bona fide intention to use the mark applied for at the date of application.

5. The applicant filed a counterstatement denying the grounds of opposition. Both sides filed evidence and have asked for an award of costs in their favour. The matter came to be heard on 16 and 17 December 2003 when the applicant for registration was represented by Mr Kitchin QC and Mr Tappin of Counsel instructed by Clifford Chance and Frank B Dehn & Co and the

opponent by Ms McFarland and Mr Pritchard of Counsel instructed by Wragge & Co and Forrester Ketley & Co.

Opponent's Evidence

6. The opponent's evidence consists of five witness statements, one each from Professor Penny Sparke, Professor Leslie de Chernatony, Sara Jane Leno, Christopher de Gylpyn Benson and Yoshinori Kuroda.

7. Professor Sparke's statement is dated 7 June 2002. She is Professor of Design History and Dean of the Design Faculty at Kingston University.

8. Professor Sparke states that she is the same individual who gave evidence on behalf of the opponent in connection with the proceedings on their previous trade mark applications : Numbers 1560017; 1560018; 2179331 and 2186991. She refers to Exhibit PS1 of her statement, which is a copy of her second statutory declaration dated February 2002 (which exhibits a copy of her first statutory declaration dated 12 October 2000), made for the purposes of those proceedings.

9. Professor Sparke confirms that she stands by her previous declarations, exhibited at PS1, in which she states that the Yakult bottle is both distinctive and memorable in terms of both its size and shape and she believes the bottle to be entirely original. She considers that the distinctiveness of the shape of the Yakult bottle arises from a number of factors taken in combination with each other, namely : the "indented waist"; the indication at the base of the neck and the slope of the neck; the length of the neck section above the indentation; the collar around the aperture; the ratio of the length of the bottle to the diameter and the fact that the bottle as a whole has a strong anthropomorphic quality ie it is body-shaped.

10. In Professor Spark's view there is no need for a sign to have a "capricious addition" in order for it to have trade mark significance and there is no reason why characteristics of products cannot function on technical, utilitarian and symbolic levels at one and the same time.

11. Leslie de Chernatony's witness statement is dated 7 June 2002. Professor de Chernatony is Professor of Brand Marketing and Director for the Centre for Research in Brand Marketing at the University of Birmingham and he attaches his Curriculum Vitae as Exhibit LC2 to his declaration.

12. Professor de Chernatony states that he is the same individual who gave evidence on behalf of the opponent in the previous opposition cases regarding trade mark application numbers 2179331 and 2186991 and at Exhibit LC1 to his declaration, the Professor provides a copy of his statutory declaration dated 20 February 2002 and the exhibits thereto, made for the purpose of those proceedings. (See BL O/050/04 and BL O/051/04, which are attached at Annex One and Annex Two, for these decisions and the summary of Professor de Chernatony's evidence contained therein). He stands by his original comments and confirms that, in his view, the container is a distinctive part of the mark in its own right which would be seen as a "badge of origin" by the average consumer.

13. Sara Jane Leno's witness statement is dated 12 June 2002. She is a trade mark agent with Forrester Ketley & Co, the opponent's professional advisors in these proceedings.

14. Ms Leno states that she is the same individual who gave evidence on behalf of the opponent in the previous opposition cases regarding application numbers 2179331 and 2186991 and Exhibit SJLA to her statement comprises a copy of the statement and exhibits which she made in relation to those proceedings (see BL O/050 and BL O/051/04 for those decisions and the summary of Ms Leno's evidence contained therein).

15. Ms Leno goes on to state that the opponent is also the applicant in respect of European Community Trade Mark Application Number 111138 which, she says, has an earlier filing date than that of the applicant's application and should be treated as an earlier mark for the purposes of Section 6(1) of the Act. Details of this earlier application (for the bottle container) are at Exhibit SJLB to Ms Leno's statement. Application 111138 is claimed as being identical or similar to the mark in suit, covering identical and similar goods.

16. Christopher de Gylpyn Benson's witness statement is dated 12 July 2002. Mr Benson is a partner in the firm Wragge & Co, solicitors for the opponent.

17. Mr Benson has been involved in a number of registered design and trade mark proceedings between the opponent and applicant and he states that he makes this statement to draw attention to a number of facts and matters which the opponent believes relevant to the issues in the opposition, in particular on whether the applicant has had the bona fide intention to use its earlier marks.

18. Mr Benson refers to registered design proceedings issued in the High Court in 1978 which were settled by way of a Settlement Agreement dated 31 March 1993. While the settlement is subject to a confidentiality agreement, Mr Benson draws attention to Clause 1 of the agreement which has been filed with the Registry on the accepted basis of confidentiality.

19. Mr Benson goes on to refer to 1979 proceedings in Singapore relating to an interlocutory injunction to restrain the opponent from infringing UK Registered Design No. 977999. This application for an injunction was dismissed.

20. Mr Benson also goes on to provide background information in relation to the applicant's application numbers 1352760 and 1352761, and draws attention to the decision of the Registry's Hearing Officer in relation to those applications that as at 22 July 1988, the applicant in the present proceedings, had no bona fide intention to use the marks applied for.

21. Next, Mr Benson turns to the applicant's applications under numbers 1559532 and 1559533 which he states, are for all practical intents and purposes identical to the shape mark applied for in the present case, and he confirms that they were refused pursuant to the judgement of Mr Justice Laddie dated 8 March 2001.

22. Yoshinori Kuroda's witness statement is dated 11 June 2002. Mr Kuroda is Managing Director of Yakult Europe BV, a wholly owned subsidiary of the opponent.

23. Mr Kuroda states that he is the same individual who gave evidence on behalf of the opponent company in connection with the opposition proceedings on trade mark applications number 2179331 and 2186991 and at Exhibit YKA to his statement is a copy of his statutory declaration of 21 February 2002 and the exhibits attached to that declaration, which were filed in relation to those proceedings (See BL O/050/04 and BL O/051/04 for those decisions and the summary of Mr Kuroda's evidence contained therein). Mr Kuroda says his original comments are still valid and remain relevant to the current proceedings.

Applicant's Evidence

24. The applicant's evidence comprises six witness statements, one each by Anthony Harold Gregory, John Michael Williams, Alan John Wicken, Lim Choo Peng, Graham Peter Henry Hinton and Peter David Taylor.

25. Mr Gregory's witness statement is dated 15 October 2002. Mr Gregory is the Principal Consultant of Pac-Tech Packaging Consultancy which specialises in providing advice on technical aspects of packaging.

26. Mr Gregory states that he is the same individual who previously provided two witness statements in connection with oppositions by the current applicant to the opponent's application numbers 2179331 and 2186991. Copies of these witness statements and related exhibits are attached as Exhibits AHG-A and AHG-B to the present witness statement. Mr Gregory believes his prior witness statements to be true and accurate and he states that they constitute his evidence in the current proceedings. (See BL O/050/04 and BL O/051/04 for the decisions on 2179331 and 2186991 and for the summary of Mr Gregory's evidence therein.

27. Mr Williams' witness statement is dated 4 December 2002. Mr Williams is the Principal of his own consultancy business, J Williams & Associates which provides consultancy services in relation to a range of packaging, environmental and marketing issues. He adds that between August 1994 and May 2002 he acted as a senior consultant to Packaging Management Group, a specialist advisory company dedicated to all aspects of product packaging.

28. Mr Williams confirms that he is the same individual who previously provided two witness statements in connection with oppositions by the current applicant to the opponent's applications numbers 2179331 and 2186991. He attaches as Exhibits JMW-A and JMW-B to his statement, copies of the statements and exhibits filed in relation to those applications. See the decisions on these applications at BL O/050/04 shown and BL /051/04 and the evidence summary contents. Mr Williams believes that the contents of his previous statements are true and accurate and states that they form part of his evidence in the current proceedings.

29. In relation to the current proceedings Mr Williams goes on to state his views on whether the mark in suit and the opponent's earlier registration are likely to cause confusion amongst customers for the goods.

30. Mr Wicken's statement is dated 8 November 2002. Mr Wicken is an independent research consultant experienced in the design and interpretation of surveys of the public for legal purposes, especially trade mark applications and objections to them.

31. Mr Wicken states that he is the same individual who previously provided two witness statements in connection with oppositions by the current applicant to application numbers 2179331 and 2186991. Exhibit AJW-A to the current statement of Mr Wickens comprises a copy of his statements and exhibits filed in relation to the earlier oppositions. Mr Wicken still believes the contents of his earlier statement to be true and accurate and apply to the current proceedings. (See BL O/050/04 and BL O/051/04) for the decisions on 2179331 and 2186991 and for the summary of Mr Wicken's evidence therein).

32. Mr Peng's statement is dated 29 November 2002. He explains that he is the General Manager of Malaysia Dairy Industries Pte Limited and that he is familiar with the production techniques involved in the manufacture of dairy products. Mr Peng confirms that he has read the witness statement of Christopher de Glypyn Benson and states that when the applicant made the application (No 2174691) it was in good faith as it believed it had the right to use the mark in the UK even though they could be at risk of having to defend a passing off action. Mr Peng states that by the relevant date the applicant had developed an ultra heat treated (UHT) version of its product which did not share the same shelf life problems as its pasteurised product. The applicant accordingly decided to commence sales of this product in Europe and in January 1997 it was shipped to the UK and sold in 1997/1998 in a Tetra Pak which contained a picture of the bottle container and the word VITAGEN – see Annex Three to this decision. He adds that for reasons of finance, sales were limited to specialist outlets and he estimates that by the time sales in the UK were halted in the first half of 1998 over 1000 cartons had been sold in the UK. Mr Peng explains that sales only terminated due to the threat of legal proceedings by the opponent which needed to be resolved before their recommencement. He goes on to state that in 2001 the applicant overcame the shelf life problems of the unpasteurised product which is to be sold in the bottle itself and has applied for the appropriate accreditation from Singapore and UK authorities so that imports can begin once the legal issues are resolved.

33. Mr Hinton's witness statement is dated 29 November 2002. He confirms that he has previously provided two witness statements in connection with oppositions by the current applicant to the opponent's applications No 2179331 and 2186991 (see BL O/050/04 and BL O/051/04). Copies of the statements (which were identical in both cases) are at Exhibit GPHH-A and GPHH-B. I do not propose to summarise the contents of these statements here, for details, see BL O/050/04 and BL O/051/04 for my summary of Mr Hinton's evidence therein. Mr Hinton explains that though he makes this statement at the request of the applicant, he is independent and has no commercial, financial or other interest in either the applicant's business or the outcome of these proceedings. He further confirms that prior to providing the witness statements, he has not previously done any work for or with the applicant. In the current witness statement, Mr Hinton reaches the same conclusion as previous statements; that there is nothing in the advertising or promotion materials for the Yakult product which seeks to educate the public that the shape of the bottle in which the product is sold is distinctive or unique to the opponent. On this basis, Mr Hinton is of the view that members of the public would not be confused or misled by the use of a similar or identical shaped bottle by a third party, particularly where the bottle in question bears another distinctive brand name.

34. The final witness statement from the applicant is from Peter David Taylor and is dated 28 November 2002. Parts of the statement and accompanying exhibits are subject to a confidentiality agreement between the parties and as such will not be summarised here. I will however pay due regard to its contents in reaching my decision. Mr Taylor explains that he is

the same Mr Taylor who previously made a witness statement in these proceedings. In response to the witness statement of Christopher Benson, Mr Taylor explains that the earlier registered designs proceedings between the parties have no bearing. Mr Taylor advises that the decision was an interlocutory decision, the evidence was given by affidavit and none of the parties witnesses was cross examined; in relation to UK trade mark application numbers 1352760 and 1352761, the applicant has withdrawn its appeal against the Registrar's refusal of these marks; in relation to UK trade mark application numbers 1559532 and 1559533, the applicant has decided not to pursue these in light of the decision of Mr Justice Laddie.

35. In relation to any claim the opponent's may have under passing off, Mr Taylor refers to exhibit PTD3, which is a copy of a statutory declaration of Daniel Brunton, dated 3 February 2000. This declaration refers to a survey carried out by Mr Brunton in the takeaway shop situated within the offices of Messrs Clifford Chance, the applicant's solicitors in these proceedings. This sought to show that consumers are able to distinguish the product in the bottle in question bearing the name VITAGEN from the same shaped bottle bearing no brand name. Mr Brunton states the survey shows that over 90% of people, who saw a poster advertising a free VITAGEN cultured milk drink with every purchase in the shop, correctly picked up the Vitagen product, rather than the unbranded product in the same shaped container.

Opponent's Evidence in Reply

36. This consists of two witness statements. The first is from Patsy Douglas and is dated 6 August 2003. Ms Douglas explains that she is an independent Market Research Consultant. In relation to the survey carried out by Mr Brunton, Ms Douglas makes the following criticisms: how neutral was the survey? Was there any bias creeping into the selection process of respondents? Ms Douglas ascertained that all the respondents were part of the same legal firm- Clifford Chance- and were not therefore a cross section of the general public; Mr Brunton does not say how busy the shop was at the actual time of the survey, how this may have impinged on his interview techniques, how he introduced himself to respondents and whether there was a questionnaire. Mr Brunton also fails to point out how the interview was recorded; whether there was uniformity of questions; whether there were any differences in the way the survey was conducted on 19 and 20 January 2000, suggesting that the survey methodology were changed on the second day, thus clouding the results. Ms Douglas also points out that the fact that Vitagen products were being given away for free would impact on consumers making sure they had selected the correct one.

37. The second witness statement, dated 7 August 2003 is from Christopher Benson. Mr Benson confirms that he has previously provided a witness statement in these proceedings on behalf of the opponent. In response to the witness statement of Mr Peng, Mr Benson states that the opponent's actions thus far cannot be seen as amounting to a threat of trade mark infringement as he is aware of the provisions of Section 21 of the Trade Marks Act 1994. Mr Benson also points out that the applicant had nothing to gain by delaying its intention to start selling its Vitagen drink in its container in the UK. Rather, that it would have made sense for the applicant to bring the issue of passing off to a head at the earliest opportunity by making limited sales in the UK to the knowledge of the opponent.

38. In response to the witness statement of Mr Taylor, Mr Benson is of the view that the registered design proceedings are relevant to the issue of bad faith in these proceedings because

of the need for all of the circumstances to be considered. It is also for this reason that the Singapore proceedings were mentioned.

39. This completes my review of the evidence. I turn now to the decision.

DECISION

Section 5(2)

40. Section 5(2) of the Act reads as follows:

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

- (a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or
- 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.”

41. An earlier right is defined in Section 6 the relevant subsections of which state:

“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,
- (b) a Community trade mark which has a valid claim to seniority from an earlier registered trade mark or international trade mark (UK), or
- (c) a trade mark which, at the date of application for registration of the trade mark in question or (where appropriate) of the priority claimed in respect of the application, was entitled to protection under the Paris Convention or the WTO agreement as a well known trade mark.

(2) References in this Act to an earlier trade mark include a trade mark in respect of which an application for registration has been made and which, if registered, would be an earlier trade mark by virtue of subsection (1)(a) or (b), subject to its being so registered.”

42. The mark in suit and the opponent’s cited earlier mark for the purposes of Section 5(2) ie. European Community Application No. 111138, are obviously not identical as the applicant’s mark contains the word VITAGEN. Accordingly, Section 5(2)(a) of the Act is not appropriate and the Section 5(2) ground falls to be decided under Section 5(2)(b), on similarity rather than identity of marks.

43. I take into account the 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*, page 224;
- (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*, page 224;
- (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 29;
- (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*, page 224;
- (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.

44. The reputation of a trade mark is an element to which importance may be attached in Section 5(2) considerations in that it may enhance the distinctive character of the mark at issue and widen the penumbra of protection of such a mark. The opponent has filed evidence relating to the reputation of its trade mark.

45. Evidence going to the use and promotion of the opponent's mark is filed in the evidence of Mr Kuroda and its supporting exhibits – see paragraphs 22 and 23 of this decision and paragraphs 28 to 31 of my decision on Application No. 2179331 (Opposition No. 50421) issued under reference BL O/050/04 which was heard on the same day and on which much the same evidence was filed by the parties. A copy of that decision is attached at Annex Two to this decision for ease of reference.

46. In the current case, there is a slight difference in the mark of the opponent from its mark as considered in Application No. 2179331 in that the container comprising the mark currently before me does not have a cap on the top and a “top lip” is accordingly visible. Neither party placed any particular emphasis or reliance upon this point and I do not consider it material to the outcome.

47. Mr Kuroda's evidence demonstrates that the opponent has sold its product in the bottle type container, which constitutes its earlier mark for the purposes of Section 5(2) on a large scale and that it has promoted its fermented milk drink product to a very significant degree. In my view the extent of the applicant's business is such that I am able to infer it possesses a large share of the market for fermented milk drinks and that it possesses a reputation in its product.

48. Notwithstanding the above, the opponent's product is always sold with the distinctive word YAKULT featuring prominently upon the container and the word YAKULT is always featured in the advertising and promotion of the product. There are no examples whatsoever of any goods being sold or promoted without the presence of the word YAKULT on the bottle. Accordingly, I am unable to conclude that the evidence of use and promotion equates to the reputation of the mark as filed.

49. The opponent also relies on survey evidence in relation to its earlier mark. While this primarily goes to the issue of distinctiveness, it will, of course, directly impact upon the issue of the opponent's claims to reputation in the mark as filed.

50. My findings in relation to the opponent's 1997 and applicant's 2001 surveys on public recognition or association regarding the opponent's earlier mark are set out at paragraphs 95 to 104 of my decision BL O/050/04 (see Annex Two) and I do not intend to set them out in full again here. For the reasons stated in that decision it must obviously follow that I conclude that the survey evidence does not go to show that the opponent's earlier mark, as filed, has acquired a reputation with the relevant public.

51. Finally on the reputation issue, I turn to the expert evidence which goes to a consideration of the opponent's brand building activities, which it is claimed by the opponent, have affected public perceptions in relation to their mark.

52. My findings in relation to this evidence and its impact upon the issue of distinctiveness are at paragraphs 106 to 111 of my decision BL O/050/04 (See Annex Two to the current decision) and I do not intend to set them out in full again here. However, for the reasons stated in BL O/050/04 it must obviously follow that I conclude that the advertising campaigns have not led the public to perceive that a reputation exists in the bottle itself.

53. While the opponent undoubtedly possessed a real and substantial presence in the UK market place prior to the relevant date for these proceedings, the evidence does not demonstrate a reputation among the relevant public in its earlier cited trade mark. The onus is upon the opponent to prove that its earlier mark enjoyed a reputation and on the basis of the evidence filed in this case I do not believe that the opponent has discharged this onus.

54. In essence the test under Section 5(2) is whether there are similarities in marks and goods which would combine to create a likelihood of confusion. The likelihood of confusion must be appreciated globally and I need to address the inherent nature of the marks, the degree of visual, aural and conceptual similarity between the marks (evaluating the importance to be attached to those differing elements) taking into account the degree of similarity in the goods, the category of goods in question and how they are marketed. Furthermore, given my earlier finding that use of the opponent's mark has been with the word YAKULT prominent and that use of the applicant's mark has been on a small scale (see paragraph 32 of this decision), I must compare the mark applied for and the opponent's registration on the basis of their inherent characteristics assuming normal and fair use of the marks across the respective specifications.

55. I turn first to a consideration of the respective goods covered by the specifications of the mark in suit and the opponent's earlier mark. In his skeleton argument and at the hearing Mr Kitchin on behalf of the applicant conceded that the application is made in respect of identical or similar goods. This is not an issue between the parties.

56. I now turn to the respective marks themselves. Both parties have filed expert evidence going to the nature of the opponent's earlier mark and whether a likelihood of confusion with the mark in suit exists on the part of the public.

57. The opponent's experts, Professor de Chernatony and Professor Sparke submit that the opponent's mark comprises a memorable and distinctive container which the public would readily perceive as an indicator of origin. Professor de Chernatony goes on to express his views on consumer reactions to the container bearing in mind the nature of the goods at issue.

58. The applicant's experts, Mr Williams and Mr Hinton also express views as to the inherent nature of the opponent's container and go on to provide their opinions on public reactions to the respective marks and the likelihood of confusion.

59. At the hearing I explained my reservations and concerns relating to the value of expert evidence of the sort provided above, given that the goods or products for which registration is sought e.g. fermented milk drinks, are readily available to the public at large through supermarkets, corner shops etc. They are not a sophisticated, specialist or even expensive purchase in which the tribunal requires a better understanding of the public perception or in which it requires educating. A specialisation or academic understanding in such matters does not

necessarily equip an individual, no matter how well qualified, to assist the tribunal in reaching conclusions on how the public perceive trade marks used in relation to widely available and relatively inexpensive dairy products etc.

60. In *The European Limited v The Economist Newspaper Limited* [1998] FSR 283 at 291 Millet L J observed:

“The function of an expert witness is to instruct the Judge of those matters which he would not otherwise know but which it is material for him to know in order to give an informed decision on the question which he is called on to determine. It is legitimate to call evidence from persons skilled in a particular market to explain any special features of that market of which the judge might otherwise be ignorant and which may be relevant to the likelihood of confusion. It is not legitimate to call such witnesses merely in order to give their opinion whether the two signs are confusingly similar. They are experts in the market, not on confusing similarity In the end the question of confusing similarity was one for the judge. He was bound to make up his own mind and not leave the decision to the opinion of the witness”.

61. In the present case it seems to me that the market in question does not, from the customers perspective, possess any special features of which the tribunal is likely to be ignorant and which may be relevant to the customers perception of a sign in relation to trade origin. I have not heard any persuasive submissions to the contrary. Accordingly, the expert evidence on this issue is of no real assistance.

62. The applicant’s evidence also refers to a survey conducted in a “takeaway” shop within the offices of Messrs Clifford Chance (the applicant’s solicitors in these proceedings), which goes to the issue of whether the respective marks would be confused by the public – paragraphs 35 and 36 of this decision refer.

63. The head note to *Imperial Group plc & Another v Philip Morris Limited & Another* [1984] RPC 293 gives a useful summary to the requirements for a survey:

“If a survey is to have validity (a) the interviewees must be selected so as to represent a relevant cross-section of the public, (b) the size must be statistically significant, (c) it must be conducted fairly, (d) all the survey carried out must be disclosed including the number carried out, how they were conducted, and the totality of the persons involved, (e) the totality of the answers given must be disclosed and made available to the defendant, (f) the questions must not be leading nor should they lead the person answering into a field of speculation he would never have embarked upon had the question not been put, (h) the exact answers and not some abbreviated form must be recorded, (i) the instructions to the interviewers as to how to carry out the survey must be disclosed and (j) where the answers are coded for computer input, the coding instructions must be disclosed.”

64. It seems to me that a number of major deficiencies exist in relation to the applicant’s survey. They include:

- (i) those participating were employees of the applicant's legal representatives and not a relevant cross section of the UK public;
- (ii) a total of only 101 persons were interviewed and no records or details of the individuals or their answers are available;
- (iii) the applicant's and opponent's products were physically separated by a different type of milk product in the chiller cabinet or sold in adjacent cabinets, as opposed to being sold side-by-side ie. in the market place different brand fermented milk drinks are likely to be sold side-by-side as opposed to being physically separated by other milk drink products e.g. flavoured milk products or sold in adjacent cabinets;
- (iv) the interviewees were 'primed' to, in effect, look out for a free sample of the VITAGEN product prior to their selection for interview and this must have "artificially" impacted upon the selection process.

65. In my view the above survey is flawed to such a degree that it would be inappropriate and unsafe to draw any conclusions whatsoever from its purported results. I give it no weight.

66. I now go on to my comparison of the mark in suit with the opponent's earlier mark. The application is for the words VITAGEN BEVERAGE above a bottle type container which bears the words BEVERAGE and VITAGEN. The opponent's earlier mark comprises a three dimensional representation of the bottle type container but without the top being present, so that the "top lip" of the container is visible.

67. The guiding authorities make it clear that the respective marks must be compared as a whole and by reference to overall impression but, as recognised by *Sabel BV v Puma AG* and *Lloyd Schuhfabrik Mayer v Klijsen Handel* (mentioned earlier in this decision) it is important to bear in mind the distinctive and dominant components and the inherent characteristics of marks.

68. In my decisions relating to the distinctiveness of the opponent's bottle mark, recently issued under references BL O/050/04 and BL O/051/04, I found, on essentially the same evidence, that the bottle type container identical to that comprising application No. 111138 ie. the earlier mark in the current proceedings, was devoid of distinctive character on a prima facie basis and that it had not acquired a distinctive character as a result of the use made of it. Accordingly, the container does not indicate trade origin and it must follow that, given that the word BEVERAGE in the applicant's mark describes the nature of the goods, the only distinctive element within the respective marks is the word VITAGEN within the mark applied for.

69. Given my earlier findings, I must conclude that when the respective marks are used on the goods specified, the relevant customer (the public at large) is likely to distinguish the goods of the applicant and opponent visually, aurally and conceptually. The dominant and only distinctive element to be found within the respective marks is the word VITAGEN, which, in trade, will indicate the origin of the applicant's goods so that there is no likelihood of confusion to the public.

70. Considering the position in its totality then, notwithstanding that the goods are the same and similar the opposition under Section 5(2) must fail.

SECTION 5(4)(a)

71. Next I consider the passing off ground. Section 5(4) of the Act states:

“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,”

72. The law on the common law tort of passing off is clearly set out by Geoffrey Hobbs QC, acting as the ‘Appointed Person’, in *Wild Child* [1998] 14 RPC, 455:

"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] RPC 341 and *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1979] ACT 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:

- (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."

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House's previous statement, should not, however, be treated as akin to a statutory definition of 'passing off', and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House."

73. Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

"To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

- (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and
- (2) that members of that class will mistakenly infer from the defendant's use of a name, mark or other feature which is the same or sufficiently similar that the defendant's goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

- (a) the nature and extent of the reputation relied upon;
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;
- (c) the similarity of the mark, name etc used by the defendant to that of the plaintiff;
- (d) the manner in which the defendant makes use of the name, mark etc complained of and collateral factors; and
- (e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action."

74. Thus, to succeed in a passing off action, it is necessary for the opponent to establish that at the relevant date (18 February 1997) (i) it had acquired goodwill under their mark, (ii) that use of the applicant's mark would amount to a misrepresentation likely to lead to confusion as to the origin of its goods; and (iii) that such confusion is likely to cause real damage to its goodwill.

75. Earlier in this decision I considered the evidence filed in relation to the opponent's three dimensional bottle type container marks ie. those marks covered by European Community Application No. 111138 and UK Application No. 2179331 (paragraphs 44 to 53 of this decision refer). I concluded that the opponent had failed to show a reputation in its container/bottle mark per se, in particular as the container had always been used and promoted with the distinctive

word YAKULT prominently displayed upon it. I found that the container/bottle did not in itself indicate trade origin.

76. In light of my earlier findings I conclude that the opponent's evidence does not establish goodwill and the passing off ground falls at the first hurdle. The ground of opposition based upon Section 5(4)(a) of the Act fails.

SECTION 3(6)

77. Section 3(6) of the Act states:

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

78. The opponent contends that the application was made in bad faith because, at the date of filing, the applicant had made no use of the mark applied for, nor did it have the bona fide intention of doing so.

79. In the current opposition, Section 32 of the Act, which deals with basic application requirements, is relevant. Sub section (3) reads:

“The application shall state that the trade mark is being used, by the applicant or with his consent, in relation to those goods or services, or that he has a bona fide intention that it should be so used.”

80. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J considered the meaning of “bad faith” in Section 3(6) of the Act and stated (at page 37):

"I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behavior observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances."

81. In a recent decision of the Appointed Person on the *Royal Enfield Trade Marks* [2002] RPC 24, paragraph 31, Simon Thorley QC in relation to Section 3(6) stated that:

“An allegation that a trade mark has been applied for in bad faith is a serious allegation. It is an allegation of a form of commercial fraud. A plea of fraud should not lightly be made (see Lord Denning M.R. in *Associated Leisure v Associated Newspapers* (1970) 2QB 450 at 456) and if made should be distinctly alleged and distinctly proved. It is not permissible to leave fraud to be inferred from the facts (see *Davy v Garrett* (1878) 7 Ch. D. 473 at 489. In my judgment precisely the same considerations apply to an allegation

of lack of bad faith made under Section 3(6). It should not be made unless it is distinctly proved and this will rarely be possible by a process of inference.”

82. Mr Kitchin also reminded me of the following comments of Neuberger J in *Knolls Trade Mark* [2003] RPC 10 at paragraph 27, where in relation to Section 3(6) he said:

“The precise meaning of bad faith may vary depending upon its linguistic context and purpose but it must, I think, always involve a degree of dishonesty, or at least something approaching dishonesty.”

83. I have little doubt that applying for a trade mark without the intention to use the mark on the goods specified amounts to bad faith, especially given that the application form for the registration of a trade mark requires a signature by or on behalf of the applicant agreeing that:

“The trade mark is being used by the applicant or with his or her consent, in relation to the goods or services stated, or there is a bona fide intention that it will be so used.”

84. I am fortified in this view by the following comment on Section 3(6) from the publication ‘Notes on the Trade Marks Act 1994 (which was prepared for the use of Parliament during the passage of the Bill) that bad faith might be found “where the applicant has no bona fide intention to use the mark, or intended to use it, but not for the whole range of goods and services listed in the application.” Furthermore, in the case of the *Demon Ale Trade Mark Application* [2000] RPC 345, the Appointed Person, Mr Geoffrey Hobbs QC, held that where the applicant was a person who could not truthfully claim to have a bona fide intention to use the mark applied for as a trade mark for beer, the fact that his application included a claim to that effect was sufficient to justify its rejection under Section 3(6).

85. While it is clear that bad faith can arise where there is no actual dishonesty, bad faith is nevertheless a serious allegation and there is a clear onus on the opponent to satisfy the Registrar that the ground of opposition is made out. Furthermore, an objection under Section 3(6) is a difficult one to substantiate. It is difficult for the opponent to prove a negative; that the applicant did not have an intention to use.

86. There are a number of “prongs” to the opponent’s attack and these include the evidence relating to the registered design proceedings and the proceedings overseas between the parties. However, it seems to me that this evidence throws no light whatsoever on the Section 3(6) ground but merely confirms that the container shape contained within the mark in suit is a matter of dispute between the parties. It does not demonstrate that either party possesses a monopoly in the design or shape and at the hearing Ms McFarland did not strongly pursue the Section 3(6) ground on the basis of this evidence per se.

87. The applicant in its Counterstatement clearly and unambiguously confirmed its intention to use the mark when the application was made and also claims to have used the mark in suit albeit after the relevant date for these proceedings – see paragraph 32 of this decision relating to the evidence of Mr Peng and also Annex Three to this decision. The mark was used on a “Tetra Pak” container and approximately 1000 cartons of a pasteurised UHT fermented milk drink were sold in 1997/98 through a limited number of outlets. Mr Peng states that sales terminated only

after the threat of legal proceedings by the opponent which he believes need to be resolved before recommencement.

88. Mr Peng also states that the applicant's intention to use extended to the mark itself, used as a container for an unpasteurised product once technical problems relating to its shelf-life were resolved and that these problems were in fact resolved in 2001.

89. The applicant submits that in light of the above evidence there was no dishonesty in filing the application, nor anything approaching it.

90. At the hearing Ms McFarland argued that the applicant's motivation for the application was borne of a "spoiling tactic", that its use was not genuine and that, in any event, its intention to use was contingent upon technical problems being resolved. She referred to the decision of the Registrar's Hearing Officer, Mr Allan James on Applications 1352760/1 (Oppositions 29334 and 29335), dated 10 October 1997, in which he held that the current applicant's intention to use much the same mark was "problematical" and not "definite and present" and there was therefore no bona fide intention to use the mark.

91. While I fully understand the basis of Ms McFarland's attack, it seems to me that it cannot be substantiated by the evidence filed in this case. There is no clear evidence to show that the applicant's motives were not bona fide and Mr Peng's statements go clearly to the point. On the evidence filed I am unable to find or infer that the applicant's conduct in applying for the mark in suit approached dishonesty or fell short of the standards of acceptable commercial behavior in relation to their milk drink product.

92. Turning to the earlier decision of Mr James, this was made under the 1938 Act under Section 17(2) which involved use of the Registrar's discretion – an option not available under the 1994 Act. Furthermore, there had been no use whatsoever of the mark and the "technical problems" regarding the container had not been resolved prior to that decision being taken. Mr James' decision was taken on its own merits and facts and under different legislation.

93. While I acknowledge the difficulties faced by the opponent in attempting to prove a negative, the opponent's claim cannot succeed in the face of the rebuttal and explanations of the applicant in relation to its milk-based beverages. As stated earlier, the onus rests with the opponent and on the basis of the evidence before me, the opponent has not shown and I feel unable to infer that, the application was made in bad faith in relation to milk beverages.

94. However, I do not believe this to be an end to the matter, as it seems to me, that while the applicant's evidence and submissions address the issue of use and intention to use in relation to Class 29 of the application with the exception of "eggs" and "dairy products" at large the evidence does not enable me to find or infer that the applicant had any intention to use the mark, at the relevant date, in relation to the Class 32 goods applied for. Neither Mr Peng's witness statement, nor any of the applicants other evidence, makes any mention whatsoever of such goods and I, in the light of any specific rebuttal on this point, conclude that at the time of application the applicant had no bona fide intention to use the mark in relation to "eggs" and "dairy products" at large in Class 29 and all the goods falling within Class 30 of the application.

95. Accordingly, the opposition under Section 3(6) is partially successful in that it succeeds in relation to “eggs” and “dairy products” at large in Class 29 and the Class 30 goods, but fails in Class 29 in relation to “Milk and beverages having a milk base”.

CONCLUSION

96. The opposition has only succeeded in relation to “eggs” and “dairy products” in Class 29 and in respect of all the Class 30 goods applied for. If within twenty- eight days of the expiry of the appeal period the applicant files a Form TM21 deleting the Class 30 specification restricting its specification to Class 29 less “eggs” and “dairy products”, the application will be allowed to proceed accordingly. If the applicant fails to file a Form TM21 so restricting the specification, the application will be refused.

COSTS

97. Both sides have achieved a measure of success and in the circumstances I make no order as to costs.

Dated this 10th day of March 2004

**JOHN MacGILLIVRAY
For the Registrar
the Comptroller-General**

ANNEXES ONE AND TWO ARE NOT ATTACHED BUT ARE AVAILABLE AS
O/050/04 AND O/051/04