

O/0928/23

TRADE MARKS ACT 1994

CONSOLIDATED PROCEEDINGS

IN THE MATTER OF TRADE MARK APPLICATION NOS. 3664735 & 3664777

BY

FREEZIO AG

TO REGISTER THE FOLLOWING TRADE MARKS

IN CLASSES 5, 7, 11, 30, 32 AND 33

FREEZIO

AND



AND

CONSOLIDATED OPPOSITIONS THERETO UNDER NOS. 430702 & 430699

BY

KASSATLY GROUP HOLDING SAL

Background and Pleadings

1. Freezio AG (“the Applicant”) applied to register in the UK, the trade marks numbered 3664735 (“Mark ‘735”) and 3664777 (“Mark ‘777”) as set out on the front cover page.
2. Mark ‘735 was filed in the UK on the 5 July 2021 and it was accepted and published in the Trade Marks Journal on the 19 November 2021, retaining its original EU filing date of 27 December 2016 pursuant to Article 59 of the Withdrawal Agreement and claiming a priority date of 1 July 2016 from Germany.
3. Mark ‘777 was filed in the UK on the 5 July 2021 and it was accepted and published in the Trade Marks Journal on the 29 October 2021, retaining its original EU filing date of 4 May 2017 pursuant to Article 59 of the Withdrawal Agreement and claiming a priority date of 8 November 2016. Both trade marks were applied for, for an identical range of goods in classes 5, 7, 11, 30, 32 and 33 as set out in full in the annex attached hereto.
4. On 31 January 2022, Kassatly Group Holding SAL (“the Opponent”) opposed the applications in part for goods in classes 30, 32 and 33 under section 5(4)(a) of the Trade Marks Act 1994 (“the Act”). The Opponent relies upon its unregistered signs FREEZ and FREEZMIX which it says it has used throughout the UK since 2013 for *beverages, non-alcoholic beverages; non-alcoholic carbonated beverages; fruit flavoured beverages; soft drinks; carbonated soft drinks; fruit flavoured soft drinks*. The Opponent argues that as a result of its substantial reputation and goodwill the use of the Applicant’s marks for goods that are identical or similar to the Opponent’s would constitute a misrepresentation that the respective goods are connected, causing damage to the Opponent and its business.
5. The Applicant filed a defence and counterstatement denying the ground of opposition in each set of proceedings and putting the Opponent to strict proof of its claims.
6. The Opponent is represented by Beck Greener LLP whilst the Applicant is represented by Bawden & Associates. Only the Opponent filed evidence, however, the Applicant filed submissions in reply. A hearing was requested which was held before me on 20 April 2023 via video conference. Mr Jonathan Linn instructed by Bawden & Associates appeared for the Applicant and Mr Kashif Syed instructed by

Beck Greener LLP attended for the Opponent. Both parties filed skeleton arguments prior to the hearing.

7. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Trade Marks Act relied on in these proceedings are derived from an EU Directive. That is why this decision continues to refer to the case law of the EU courts on trade mark matters.

Evidence and Submissions

8. The Opponent's evidence consists of the two witness statements of Ghida Kassatly Boulos dated 25 August 2022 and 18 January 2023 respectively accompanied by 18 exhibits marked GB1-GB18. Ms Boulos is a shareholder and member of the board of directors of the Opponent and currently holds the position of Head of Marketing.

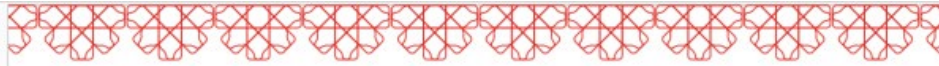
Ms Boulos' First Statement dated 25 August 2022

9. Ms Boulos explains the company structure and the relationship between the Opponent and its subsidiary company Kassatly Chtaura SAL. She states that Kassatly Chtaura SAL manufactures the products, whereas the trade marks are owned by the Opponent, it being the holding company.

10. Ms Boulos states that the Opponent has sold its products for many years throughout Europe and internationally, under various brands including FREEZ and FREEZMIX. The FREEZ branded fruit based soft drinks are said to have been first launched in Lebanon and the Gulf Cooperation Council (GCC) countries in 2001 and are said to have been sold in the UK since as far back as 2011 but supplied directly to its UK distributors since 2013. The Opponent's UK distributor was Universal Distribution Ltd ("Universal") between May 2013 and January 2014 and between April 2014 and January 2016 it was Lebanos Food Trading Ltd ("Lebanos"). The FREEZ sign is said to have been displayed on the bottle labels as well as the various packaging from inception.

11. Ms Boulos states that the Opponent's FREEZ branded beverage underwent a "slight branding change" from FREEZ to FREEZMIX in 2016. The Opponent is said to have started selling goods under the FREEZMIX name in Europe in February 2016. Ms Boulos states that all the product labels reference the Opponent as the company

responsible for the goods and to whom the goodwill relates. In support of this statement Ms Boulos produces an undated screenshot of what appears to be a mock up sample label on headed notepaper (reproduced below) said to have been used on the strawberry flavoured bottle prior to 2016. The neck label states that the product is “produced and bottled in Lebanon by Kassatly Chtaura”. The label is in English, French and Arabic.¹



Freez Strawberry Neck Label



Beirut Office: Tel +961 1 899888 • Fax +961 1 878068 • Naher El Mott, Roumieh Road, Kassatly Bldg., Metn, Lebanon.
Chtaura Plant: Tel +961 8 543500 • Fax +961 8 543318 • Chtaura Makse, Cheberkieh Road, Kassatly Properties, Bekaa, Lebanon.
P.O.Box 16 - 5176 Beirut, Lebanon • Kassatly@kassatly.net • kassatly.net
Capital 500,000,000 LBP fully paid • Commercial register No. 5683, Baabda • VAT Number 75666-601

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¹ Exhibit GB5

UK Sales

12. In total Ms Boulos states that six containers were shipped to its UK Distributors between May 2013 and January 2016 which included 10,402 cartons of approx. 250,000 bottles. These were then said to be sold on to UK customers.

13. Ms Boulos provides a breakdown of the quantity of cartons bearing the FREEZ/FREEZMIX marks that were shipped to each UK distributor.²

| Date shipped | Number of containers | Number of cartons (24 x bottles) | Sign | Distributor |
|------------------------------|-----------------------------|---|-------------|------------------------|
| May 2013- January 2014 | 3 | 5,152 | FREEZ | Universal |
| April 2014 - January 2016 | 3 | 5,250 | FREEZ | Lebanos |
| 2018 | 23 | 47,334 | FREEZMIX | Softdrinks (France) |
| 2019 | 27 | 55,566 | FREEZMIX | “ |
| 2020 | 81 | 166,698 | FREEZMIX | “ |
| 2021 | 77 | 158,466 | FREEZMIX | “ |
| 2022 | 106 | 218,148 | FREEZMIX | “ |

Sales Revenue

14. Ms Boulos states that sales were generated from the wholesale export of its products to the Opponent’s UK distributors. Figures for “Kassatly’s annual revenue contribution from the UK between 2013 and 2016” are produced as follows:

| Year | Total value of export sales to the UK |
|--|--|
| 2013 - 2014 (Universal) | \$25,470 ³ |
| 2014 - 2016 (Lebanos) | \$52,500 |
| 2022 to date (Green Gardens Valley) | \$205,800 |

² I shall return to the accuracy of the figures produced, later in my decision.

³ As amended by paragraph 9 of Ms Boulos’ second statement.

15. Ms Boulos states that all the products were sold under the FREEZ mark between 2013 and 2016 and under the FREEZMIX mark in 2022 and that between 2016 and 2021 instead of Kassatly directly exporting to the UK, “French wholesalers were selling beverages in pallet loads under the FREEZMIX mark to UK wholesalers”. There is no evidence produced of sales to the UK by any French wholesalers.

Universal Distributor 2013-2014

16. Ms Boulos states that the Opponent commenced exporting its FREEZ branded beverages specifically for UK sale, via Universal in May 2013 and via Softdrinks since 2011.

17. Printouts taken from Universal’s website “freezonline.co.uk” are produced dated 11 December 2011, 12 March 2013, and 10 August 2013 showing the range of FREEZ branded beverages marketed and offered for sale.⁴ The screenshot dated 10 August 2013 provides details “about our company” stating that “Freez is a family owned business... and that Universal Distribution Ltd is the official distributor of Freez drinks in the UK.” The screenshots each display the identical 3/4 undated reviews from customers based in Manchester and Bradford. The comments are as follows “the best exotic drink on the market based on our customer feedback”, “Love Pineapple Freez!!”, “Since I started selling the Freez drink it has been a great success with all my customers, Blue Hawaii and strawberry are the current favourite” and “I went to eat at the Grill house in Oldham where I tried Freeze”.

18. Sample sales invoices are produced dated 22 May 2013, 5 August 2013 and 20 January 2014 said to show the UK supply of its beverages under the mark FREEZ to Universal.⁵ Ms Boulos states that 1,750 cartons were supplied (42,000 units) in May 2013, 1,750 cartons were supplied (42,000 units) in August 2013 and 1,652 cartons were supplied (39,648 units) in January 2014. In light of the table produced at paragraph 13 regarding the quantity of cartons shipped during 2013 and 2014 to Universal these invoices appear to represent the total number of cartons supplied to Universal rather than sample invoices.

⁴ Exhibit GB3

⁵ Exhibit GB6

19. Ms Boulos produces a copy of an export invoice dated 8 May 2013 for \$8,750 addressed to Universal and said to be from the Opponent.⁶ The invoice shows the supply of 1,750 cartons (24 units per carton) of FREEZ branded beverages produced and supplied by KASSATLY CHTAURA the Opponent's subsidiary. A bill of lading dated 27 May 2013 showing the shipment of the same goods is also produced. It is said that the amounts charged to Universal were based on special wholesale prices to help launch the product in the UK.

Lebanos Distributor 2014 - 2016

20. Between 2014 and 2016 Ms Boulos states that Lebanos was the Opponent's UK distributor with shipments made to them from 23 April 2014 until 22 January 2016. A proforma invoice dated 8 April 2015 is produced showing the UK supply of 1000 cartons⁷ of FREEZ products to Lebanos by KASSATLY CHTAURA SAL (the subsidiary company). In addition, some examples of sales invoices issued by Lebanos to UK customers (restaurants and retailers) are produced (11 in total) dated between 23 May 2014 and 31 March 2016, showing sales of FREEZ branded beverages in a variety of flavours.⁸ It is said that in total 5,250 cartons of FREEZ branded beverages were supplied to Lebanos from April 2014 to January 2016.

Current Distributor

21. Green Gardens Valley Import and Export Ltd. ("Green Garden") is said to be the "current UK distributor" for the Opponent's European-wide distributor Softdrinks (France). Ms Boulos produces an undated print out of the current range of beverages available in the UK taken from www.greengardensvalley.co.uk.⁹ Images of bottles displaying the mark for a variety of flavours are produced. It is said that Softdrinks has been distributing the Opponent's FREEZ branded beverages in many European countries including the UK, since at least 2009 through its website www.softdrinks.fr and exclusively in Europe since 2014 (except for Eastern Europe and Sweden). A screenshot is produced from Softdrinks' website dated 7 June 2016, using the web archive website the Way Back Machine.¹⁰ It is said that this shows the range of

⁶ Exhibit GB4

⁷ Figure amended in para 10 of Ms Boulos' second statement.

⁸ Exhibit GB7

⁹ Exhibit GB1

¹⁰ Exhibit GB2

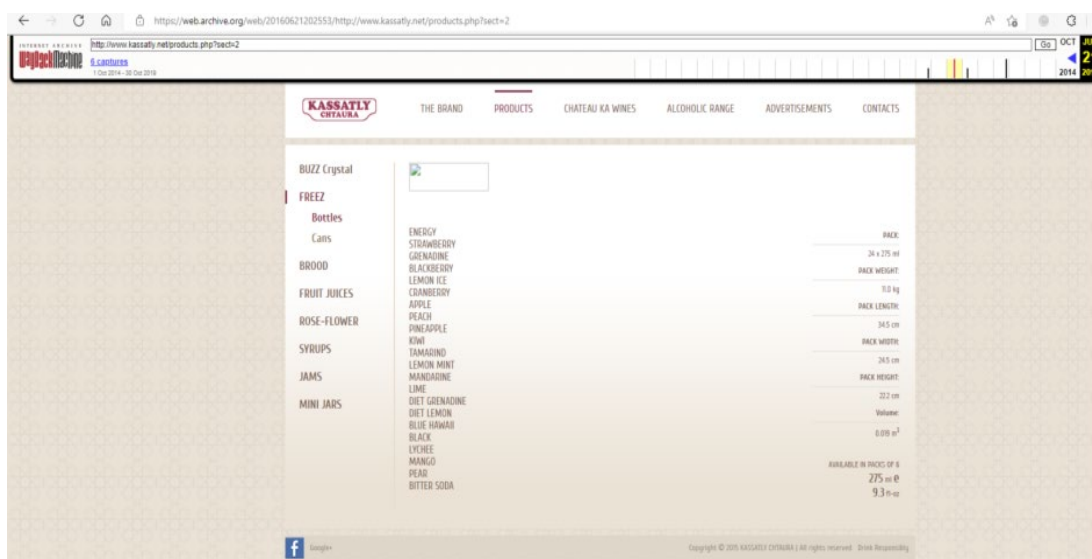
beverages under the mark FREEZMIX being marketed and offered for sale. The website address is www.softdrinks.fr with the language and the range of flavours displayed in French

22. Ms Boulos states that the cartons shipped to Softdrinks between 2018 and 2022 were shipped directly to France and then onwards throughout Europe including the UK. Between 2016 and 2017 she states that there were continuous sales in “pallet loads” from Softdrinks to different wholesalers in the UK. No details are provided.

Advertising and Promotion

23. Ms Boulos states that the Opponent’s FREEZ marks have been promoted extensively in the UK by its local distributors on their dedicated websites and via social media platforms. An undated poster is produced of the Opponent’s Blue Hawaii flavoured drink said to have been printed by Universal in 2014.¹¹ It is said that UK consumers have also been exposed to the FREEZ brand through inter alia the Opponent’s own publications and printed media, websites and its various social media platforms such as YouTube, Facebook and Instagram.

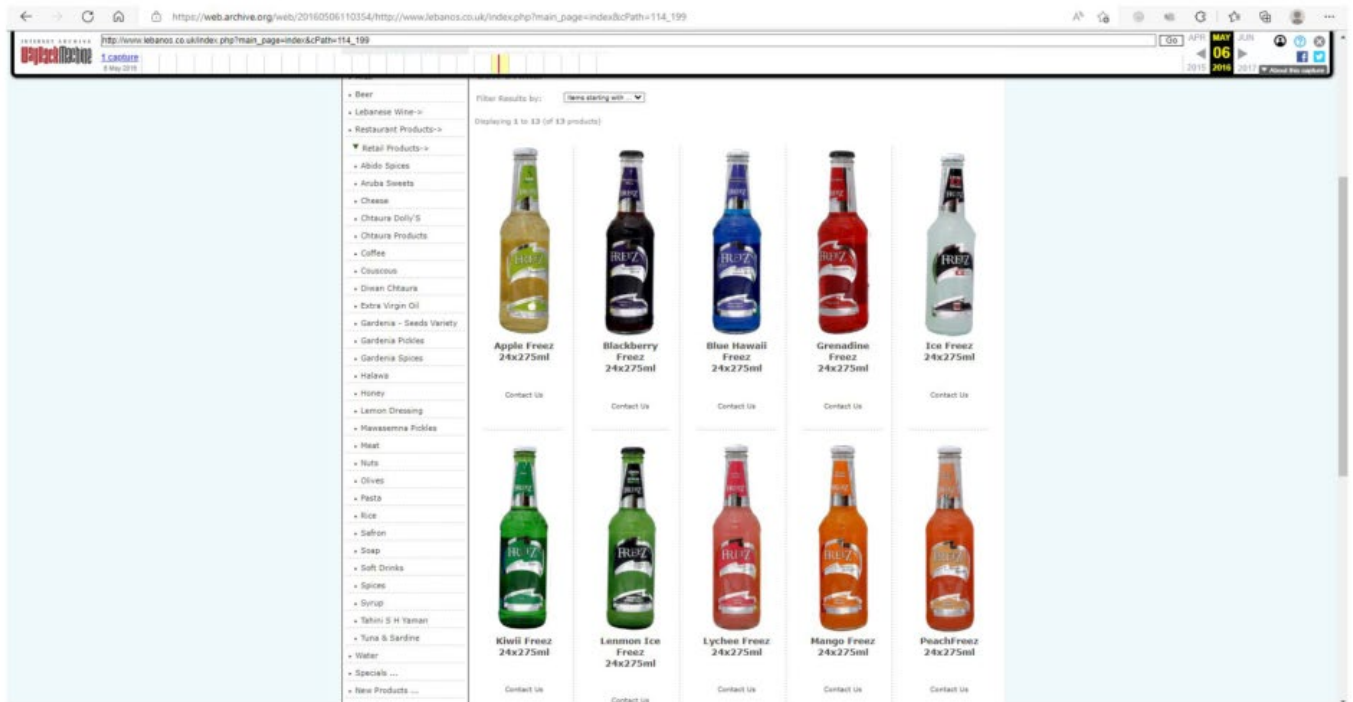
24. Three screenshots taken from its website www.kassatly.net are produced (retrieved using the Way Back Machine archive website) dated 1 October 2014, 19 June 2016 and 21 June 2016 said to show the range of FREEZ beverages available at those dates.¹²



¹¹ Exhibit GB8

¹² Exhibit GB10

25. A further print out taken from www.lebanos.co.uk is produced dated 6 May 2016 showing FREEZ branded beverages being available for sale.¹³ Ms Boulos states that its main website as well as those of its distributors “receive a significant amount of traffic” including those from UK based customers, but there is no data produced.



Social media

26. Ms Boulos produces printouts taken from “Kassatly’s official accounts on Facebook, Instagram and YouTube” said to demonstrate the widespread use and recognition of the brand. As of 8 August 2022 its Facebook account under the handle @FREEZMIX (previously FREEZ Arabia) is shown to have 39,604 followers globally said to include the UK. A selection of printouts are produced of posts dated between July 2014 and June 2016 said to show that customers were consistently exposed to the mark FREEZ. Two of its posts dated 14 January 2014 and 5 October 2015 had received 6.5k and 6.3k likes.

27. Ms Boulos states that the Opponent also “currently runs” an Instagram account under the name FREEZMIX. As of 15 August 2022 over 228 posts were published and it had over 4,530 followers including those in the UK. Since March 2012 the Opponent has been running its own YouTube channel under the name ‘thefreezdrink’ which as

¹³ Exhibit GB9.

at 8 August 2022 had over 6.3k subscribers and 196,805 views globally said to include the UK.

Applicant's submissions dated 25 October 2022

28. In essence, the Applicant's submissions serve to highlight the inconsistencies with the Opponent's evidence and to draw my attention to the content failing to come up to proof in establishing a protectable goodwill. I do not propose to summarise the submissions but I have taken them into account in my deliberations.

Ms Boulos' second witness statement dated 18 January 2023

29. Ms Boulos's second statement attempts to answer and clarify the criticisms raised by the Applicant in its submissions. A great deal of the evidence is a repetition of various statements previously made and an attempt to clarify the information previously provided. I shall only summarise the additional evidence in so far as it is relevant. Ms Boulos confirms that:

- i. the Opponent started selling beverages under the FREEZMIX name in Europe in February 2016.
- ii. Universal was based in Rochdale, Manchester but it sold and advertised the Opponent's FREEZ goods online, catering for the UK market beyond the locality in which it was based.
- iii. In response to the criticism that no evidence was produced of what Universal did with the May 2013 consignment, Ms Boulos provides further print outs taken from Universal's website www.freezonline.co.uk dated 1-2 December 2011, 13 10 August 2013 and November 2013 said to show that customers were able to make online requests for home delivery. A print out is produced of a blank online request form. Various posts are also produced outlining various events and promotions undertaken by Universal dated between 27 January 2011 and 29 July 2012, a selection of which are produced below:

Freez team Supporting the Urban Music Industry

2012-07-29

Freez Drinks UK has been working hard with some of the biggest urban names in the music industry, we have now appeared in a music video and a short movie, so guys keep a look as for more news on this movement.

Home Delivery

2012-07-29

Over the last couple of weeks, we have started our home delivery service, depending on the area you live in- you can now enjoy Freez being delivered to the comfort of your home, to see if we can delivery to your area please email on info@freezonline.co.uk

Blackburn

2012-07-26

We would like to say thank you to all the local shops in blackburn for supporting freez, the love and support you have shown for Freez has been amazing.

28224 Bottles Sold Manchester

2011-09-18

Over the last two weeks we have now sold over 28224 bottles in and around Manchester- this is fantastic news- we would like to thank everyone who has supported Freez!!!!!!

Freez In Bury Town

2011-09-18

Freez Team were in Bury & Blackburn town , thanks to the all the Shops and Cafe places who are now supporting Freez Drinks, if you in Bury or Blackburn next time why not stop and see where you can spot Freez!!!!!!

London Melas 2011

2011-05-06

Freez is coming to the Melas in London this year, so you can be sure of chilled out time. An impressive line up of artists for your entertainment and of course Freez drinks will be available to purchase.

International Food & Drinks Event 2011

2011-03-20

Freez team recently attended the International Food and Drinks event (IFE) at the Excel Arena in London. IFE is 2011's largest gathering of international food & drink suppliers from big brand suppliers to local & regional producers, over 1100 exhibitor

Freez drinks available at Nawaabs Restaurant - Manchester

2011-02-17

The award winning Nawaabs Restaurant in Manchester is now stocking the Freez Drink. Nawaabs is renowned for

iv. It is said that the bottle label produced at Exhibit GB5 was used prior to the FREEZMIX rebranding in 2016. The labels shown for the front and neck of the bottles were said to be used in various different markets including the UK whilst the back labels were often altered depending on the location of distribution. At exhibit GB14 a copy of an undated image of the back label is produced for its strawberry flavoured FREEZ drink said to be used specifically for the UK market prior to the FREEZMIX rebranding. The labels display Universal Distributions Limited and Lebanos Food Trading Ltd's addresses and details. It is said that this format is the same across the different range of flavours.

To support the date of use of the labels, copies of email exchanges dated between 25 October 2012 and 8 November 2012 are produced between the Opponent's production manager and a Public Protection Service officer of Rochdale Borough Council regarding labelling requirements in the UK in

relation to sample labels. Additionally an undated copy of the new label following the rebrand of FREEZMIX is produced.¹⁴ I note that the response received from the Council Officer dated November 2012 requests that the sample label must comply with the Food Labelling Regulations 1996. The officer points out that the label must state “the name and address of the manufacturer and/or seller within the EU – the product incorrectly names Hamman Distribution Limited as the EU importer, and my understanding is this should state Union Distribution Limited.”¹⁵

v. In response to the criticism that there is no evidence that goods listed in the pro forma invoice at exhibit GB7 were actually shipped to and reached Lebanos two export invoices dated 15 April 2014 and 28 April 2015 are produced, as well as two bills of lading dated 24 April 2014 and 4 May 2015. These documents show in each case the shipment of cartons of Freez goods and unbranded syrups to Lebanos in the UK. Ms Boulos clarifies that at paragraph 11 of her first statement the supply of 1450 cartons (34,800 units) in April 2015 included the supply of fruit syrups and in fact it was only 1,000 cartons of FREEZ drinks that were supplied in April 2014 and a further 1,000 cartons in April 2015.¹⁶

vi. In so far as the undated Blue Hawaii poster, email exchanges are produced dated January 2014 said to be regarding the poster and discussions surrounding promotional activity.¹⁷

vii. Additional printouts taken from www.lebanos.co.uk dated 23 October 2015 and 26 April 2015 are produced said to show images of FREEZ branded drinks.¹⁸ It is said that the ‘Ice’ flavoured FREEZ drink was added to Lebanos’ website on 25 April 2015. Lebanos Food Trading is described as a specialist importer and distributor of Lebanese and Mediterranean food and wine products. I note that the Opponent’s company is not specifically listed as one of the companies it acts for, but it includes a statement that it acts for many other Lebanese companies.

¹⁴ Exhibit GB15

¹⁵ I am unsure whether this is a typographical error made by the writer in so far as it should have read Universal or whether this is another distributor altogether.

¹⁶ I shall return to this point later in my decision.

¹⁷ Exhibit GB17

¹⁸ Exhibit GB18

Decision

Section 5(4)(a)

30. Section 5(4)(a) states:

“(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, where the condition in subsection (4A) is met,

(aa) [...]

(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.”

31. Subsection (4A) of Section 5 states:

“(4A) The condition mentioned in subsection (4)(a) is that the rights to the unregistered trade mark or other sign were acquired prior to the date of application for registration of the trade mark or date of the priority claimed for that application.”

32. In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a Deputy Judge of the High Court, conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56. In relation to deception, the court must assess whether "*a substantial number*" of the Claimants' customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21)."

33. Halsbury's Laws of England Vol. 97A (2021 reissue) provides further guidance with regard to establishing the likelihood of deception. In paragraph 636 it is noted (with footnotes omitted) that:

"Establishing a likelihood of deception generally requires the presence of two factual elements:

- (1) that a name, mark or other distinctive indicium used by the claimant has acquired a reputation¹ 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 indicium which is the same or sufficiently similar that the defendant's goods or business are from the same source² or are connected.

While it is helpful to think of these two factual elements as two successive hurdles which the claimant must surmount, consideration of these two aspects cannot be completely separated from each other.

The question whether deception is likely is one for the court, which 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 claimant and the defendant carry on business;
- (c) the similarity of the mark, name etc used by the defendant to that of the claimant;

- (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 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.”

Relevant date

34. The prima facie relevant date is generally the filing date of the application or if one is claimed the priority date. Here the priority date of 1 July 2016 is claimed in relation to Mark ‘735 and 8 November 2016 in relation to Mark ‘777. The Applicant has not claimed to have used its mark nor did it file evidence of any prior use before these prima facie dates and therefore it is not necessary for me to consider the position at any other earlier date.¹⁹ In so far as the two priority dates, as accepted by the parties at the hearing, little turns on the difference between these dates, I shall therefore focus my attention initially on the first date in time i.e. 1 July 2016 (“the first relevant date”) only returning to the second relevant date i.e. 8 November 2016 if it becomes necessary to do so.

Goodwill

35. The House of Lords in *Inland Revenue Commissioners v Muller & Co’s Margarine Ltd* [1901] AC 217 (HOL), considered the meaning of goodwill namely:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing

¹⁹ *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11

which distinguishes an old-established business from a new business at its first start.”

36. When assessing whether the Opponent has established goodwill it must have demonstrated that it has done so, to a more than a trivial degree.

37. In *Hart v Relentless Records* [2002] EWHC 1984 (Ch), Jacob J. (as he then was) stated that:

“62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see per Upjohn L.J. in BALI Trade Mark [1969] R.P.C. 472. The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not acquired any significant reputation” (the trial judge's finding). Again that shows one is looking for more than a minimal reputation.”

38. More recently in *Smart Planet Technologies, Inc. v Rajinda Sharma*,²⁰ Mr Thomas Mitcheson Q.C. (as he was then), as the Appointed Person, reviewed the following authorities about the establishment of goodwill for the purposes of passing-off: *Starbucks (HK) Ltd v British Sky Broadcasting Group Plc* [2015] UKSC 31, paragraph 52, *Reckitt & Colman Product v Borden* [1990] RPC 341, HL and *Erven Warnink B.V. v. J. Townend & Sons (Hull) Ltd* [1980] R.P.C. 31. After reviewing these authorities, Mr Mitcheson concluded that:

“.. a successful claimant in a passing off claim needs to demonstrate more than nominal goodwill. It needs to demonstrate significant or substantial goodwill and

²⁰ BL O/304/20

at the very least sufficient goodwill to be able to conclude that there would be substantial damage on the basis of the misrepresentation relied upon.”

39. Whether goodwill to more than a trivial degree is found is fact specific. In *Smart Planet*, for example it was found that the sales of approximately 40,000 paper cups for a turnover of €3,230, when compared against a market where 2.5 billion paper coffee cups per year were sold, fell well short of what was considered necessary to establish sufficient goodwill to maintain a claim of passing off. This is in contrast to the decision in *Lumos Skincare Ltd v Sweet Squared Ltd and others*²¹ where the Court of Appeal found that despite being a very small business with a modest number of sales, the use demonstrated was deemed to be sufficient to found a claim of a small but protectable goodwill. In *Lumos* the claimant’s use of its sign had produced modest sales volumes and turnover over three years with turnover between early 2008 and September 2009 of around £2,000 per quarter increasing to around £10,000 per quarter up until the relevant date in October 2010. The claimant showed that it had repeat custom from over 25 retail clients. As can be seen from the different outcomes of these two decisions, each case must be decided on its own facts.

Assessment of the evidence

40. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19 (HC), Pumfrey J. stated:

“27. There is one major problem in assessing a passing of claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent's reputation extends to the goods comprised in the applicant's specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under s.11 of the 1938 Act (see *Smith Hayden & Co. Ltd's Application (OVAX)* (1946) 63 R.P.C. 97 as qualified by *BALI Trade Mark [1969] R.P.C. 472*). Thus the evidence will include evidence from the trade as to reputation;

²¹ [2013] EWCA Civ 590

evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed to the relevant date. Once raised, the applicant must rebut the prima facie case. Obviously, he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of probabilities that passing off will occur.”

41. However, in *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat) Floyd J. (as he then was) stated that:

“[The above] observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

42. Firstly, it is quite clear that the Opponent does not run a business itself in the UK but rather it supplies goods to distributors for onward sale. During the hearing and in his skeleton argument, Mr Syed referred me to the decision in *Sheraton Corp of America v Sheraton Motels Ltd*,²² in relation to establishing a goodwill whilst carrying on a business in different parts of the world and whether a party can establish a reputation even though they did not have a physical presence in the UK. I accept that a business which is based abroad is still capable of having goodwill in this territory, provided it is able to establish that it trades in the UK and has customers to a sufficient degree to acquire the necessary protectable goodwill.²³

²² [1964] R.P.C.

²³ As confirmed by the Supreme Court in *Starbucks (HK) Limited & Anor v British Sky Broadcasting Group Plc & Ors* [2015] UKSC 31 (at para 47).

43. I shall consider the extent that the Opponent's evidence has demonstrated whether it has achieved a level of goodwill in its FREEZ/FREEZMIX signs that is more than trivial. The evidence identifies two main UK distributors in the period before and leading up to the first relevant date. The first being Universal between 2013 and 2014 and, thereafter, Lebanos between April 2014 and January 2016. These two distributors appear only to have dealt with FREEZ branded goods, however. The Opponent's FREEZMIX branded goods are said to have been distributed by Softdrinks (France), its European distributor. There are, however, a number of issues with the Opponent's evidence as provided by Ms Boulos as to when exactly and to whom it started supplying in the UK.

44. With regard to the supply of FREEZMIX goods to the UK, none of the evidence relating to Softdrinks is specific to the UK or appears to have commenced before the first relevant date. The tables produced by Ms Boulos in her first statement²⁴ outline that the Opponent only started shipping FREEZMIX goods to Softdrinks in 2018 and the 'total value of export sales to the UK' accredited to Green Gardens (Softdrinks' UK distributor) are dated as commencing in 2022. I am not entirely clear as to the position prior to this or whether Softdrinks was supplying FREEZ branded products to Universal or another distributor prior to 2013 as Ms Boulos' evidence is vague and inconsistent in this regard. She states that Softdrinks supplied goods to the UK 'as far back as 2011' and also 'since 2014' and makes a broad claim that there were "continuous sales in pallet-loads from Softdrinks to different wholesalers in the UK" between 2016 and 2017.²⁵ These claims are not borne out by the evidence, however. The screenshots taken from Softdrinks' website are of little assistance since, whilst they are dated in June 2016, the domain address is a '.fr' address and the language of the website is in French, which indicates that it was directed at customers outside the UK. No information is provided as to the number of UK customers that accessed or placed orders from Softdrinks. Furthermore, the screenshots taken from Green Garden's website do not assist either, since they are undated, and are said to reflect "the current position", which I take to mean as at 2022 when Ms Boulos' first statement was drafted and signed. There is no evidence of turnover, invoices or the amount of goods sold/supplied bearing the FREEZMIX mark to the UK as at the first or second relevant

²⁴ Paras 7 and 9

²⁵ Paragraph 8 of her first statement.

date. There is also insufficient cogent evidence filed for me to conclude that Softdrinks supplied FREEZ branded goods to the UK before the first relevant date. The evidence of the 'current position' and the 'sales figures for 2022 to date' are irrelevant to the assessment.

45. This, therefore, leaves me to assess the evidence in relation to the supply of goods under the FREEZ sign to Universal and Lebanos between May 2013 and January 2016 and whether this was at a level to substantiate a claim to a protectable goodwill as at the first relevant date. Ms Boulos claims that 6 shipments in total were made over this period which she states demonstrates regular, consistent and significant sales. I accept that 3 shipments of goods (totalling 5,150 cartons) bearing the FREEZ sign were made to Universal between May 2013 and January 2014 as the figures are supported by the production of invoices dated 22 May 2013, 5 August 2013 and 20 January 2014. However, I am less clear as to the number of shipments and the overall quantity of FREEZ branded goods supplied to Lebanos between April 2014 and January 2016 (the years leading up to the first relevant date). Ms Boulos' evidence is contradictory regarding the number of cartons of FREEZ branded beverages supplied to Lebanos and the total number of shipments. She originally stated that 3 shipments totalling 5,250 cartons of FREEZ branded beverages were supplied to Lebanos overall, amounting to \$52,500 in export sales. However, in her second statement she accepted that these figures included the supply of non FREEZ branded goods. She clarified that in fact only 1000 cartons of FREEZ branded goods were supplied to Lebanos in April 2014 and a further 1000 cartons in April 2015 which would amount to export sales of only \$21,000. In light of these inconsistencies, and since no information has been produced at all in relation to a third consignment, I cannot be certain that any further shipment of FREEZ branded goods was in fact made to Lebanos after April 2015.

46. In so far as onward sales to end consumers are concerned, no details are provided as to where Universal distributed the goods supplied to it. The events as outlined in paragraph 29 said to show extensive promotional activity and sales by Universal are dated in 2011 and 2012 a number of years before the shipments to Universal were said to have commenced and some 4/5 years before the first relevant date. There is no evidence that Softdrinks was supplying to Universal at this time. In so far as the onward sales by Lebanos are concerned, whilst Ms Boulos does produce invoices of

the supply of goods bearing the FREEZ sign to retailers and restaurants they are only 11 in total, to 10 customers in the trade. Furthermore only 1 invoice is for a repeat order. In total the invoices show that 258 cartons (amounting to some 6,192 bottles) were supplied to traders by Lebanos with the last two invoices dated in January and March 2016. Even if I were to infer that these invoices are only a sample of the onward supply chain and that all of the consignments were sold, at best it would only amount to 48,000 bottles in total (2,000 cartons x 24 bottles).

47. Looking at the other evidence, there is limited evidence of promotional activity or 3rd party recognition of the signs. Whilst Ms Boulos produces screenshots taken from Universal and Lebanos' websites showing FREEZ branded goods being offered for sale, the existence of the websites themselves tell me nothing as to the number of UK customers either from the trade or end consumers who engaged with these distributors' websites. No information is provided as to the number of views the websites had, the orders placed or the income generated by Lebanos. In so far as the option for home delivery being offered to customers, again nothing is said as to the extent this option was taken up either by customers in the trade, restaurants shops etc or by end consumers.

48. No details of advertising expenditure has been produced, nor any details of publications or printed materials in which advertisements of FREEZ branded goods ran. Whilst a number of posts relating to events and promotional activity are produced, taken from Universal's website, they are dated in 2011 and 2012 and there is no evidence of events which took place after this date or any substantial promotional activity in the period leading up to the first relevant date. The screenshots of Universal's website show 4 undated reviews posted by customers but these by themselves are insufficient to indicate a significant presence in the UK. The poster said to have been printed by Universal in or around 2014 provides no indication as to the number printed or circulated, or where the poster was displayed. The Opponent's social media activity is also very modest. Whilst I note that it has a Facebook and Instagram account and a YouTube channel with a reasonable following for each, there is no indication given as to the number of followers it had as at the relevant date or the proportion of its followers that were located in the UK. Given that the Opponent is a Lebanese company with a client base throughout Europe, Lebanon and GCC then it is feasible that the majority of its followers are based outside the UK.

49. Goodwill arises out of trading activities which is established by the filing of revenue or turnover figures, market share, advertising spend and the number of actual customers acquired. There is very limited evidence produced as to the number of actual customers the Opponent has in so far as end consumers and those who were actually consuming the Opponent's FREEZ branded products. Only four customer reviews in total are displayed on Universal's website with no indication as to when they were posted. These reviews also appear to be from those in the trade rather than end consumers. Furthermore, the details provided within Universal's news section of its website showing its attendance at promotional events, the outlets stocking FREEZ drinks and sales are dated in 2011 and 2012. Whilst Lebanos has shown that it has onwardly sold to retailers/restaurants, the evidence only relates to 10 in total, located predominantly in and around London, with only one making a repeat order of 3 cartons. There is no evidence beyond this as to these traders' customers engaging with the brand. The date of the last invoice is March 2016 appears to relate to goods that were supplied from the April 2015 shipment.

50. Five shipments over a 3 year period, on the face of it, shows that goods have been sold and then reordered, which appears to indicate that there was a demand for the Opponent's FREEZ branded goods, pointing towards goodwill being established at least on a prima facie basis. However, I must bear in mind the market in which the Opponent operates and the fact that its goods are low priced and are neither specialised or unique, nor within a niche market. The soft drinks industry both globally and in the UK is a billion pound market and against this backdrop, sales of 7,150 cartons of beverages over three years equates to approximately £30,400²⁶ in revenue which is very modest amounting to less than 0.001% of market share (even if I were to accept that all the goods shipped to the Opponent's two distributors between 2013 and 2015 were sold). When looking at these sales in combination with the limited promotional activity undertaken after 2014, I find that the evidence falls considerably short of showing that the Opponent had anything other than a trivial goodwill. I accept that there is a fine line between those that are entitled to protect their goodwill under the law of passing off from those that are not, and that it is a balancing act of assessing

²⁶ Taking the average exchange rate during this period from dollars to pounds as £0.65 to \$1.

the evidence that has been filed in order to distinguish between a trivial level of UK business and a small business.

51. In this case the evidence shows only very limited sales in the UK from September 2015 onwards. This together with little or no advertising having been undertaken from 2014, indicates decreasing sales rather than a trend towards a growth in the brand. In my view the level of knowledge of the brand by UK customers both in the trade and end consumers namely those actually consuming the goods is very limited. It appears to me that the Opponent's business predominantly existed in Europe with an attempt to gain a foothold in the UK. It does not appear, however, that that was sufficiently successful to preserve and sustain a business in the UK to more than a trivial extent. Although I accept that a screenshot is produced from Lebanos' website showing that FREEZ branded goods were still available for sale as at May 2016, this screenshot in itself tells me nothing as to the number of actual customers it had at this time or the number of goods that were sold via its website. The evidence has been insufficient to show goodwill having been established as at the first relevant date namely July 2016 and furthermore there is nothing to show that it would have built up any goodwill in the UK by November 2016, just a few months later.

Conclusion

52. Taking all of the above into account and upon consideration of the evidence as a whole, I find that the level of export sales, and the limited reach of the promotional evidence is not sufficient to warrant a finding that it enjoys a protectable level of goodwill in its business. I appreciate that the Opponent has operated a business and a brand in the name of 'FREEZ' for a number of years prior to the first relevant date but, but even if I were willing to find the existence of any goodwill associated with its business, the level of sales shown falls on the wrong side of the line between small and trivial and not at a level to sustain a claim for passing off.

53. It is not enough to show that the Opponent's signs had a reputation of some sort in the UK. The burden lies with it to demonstrate that it owned goodwill as at either of the prima facie relevant dates and in my view, it has failed to file cogent evidence in order to do so. In the absence of goodwill there can be no misrepresentation or damage.

57. The opposition based on section 5(4)(a) fails in its entirety. Subject to appeal the applications may proceed to registration.

Costs

54. The Applicant has been successful and is entitled to a contribution towards its costs based upon the scale published in Tribunal Practice Notice 2/2016. Taking account of this scale I award costs to the Applicant on the following basis:

| | |
|---|---------------|
| Considering the notices of opposition and preparing a defence and counterstatement: ²⁷ | £300 |
| Considering the Opponent's evidence and preparing submissions: | £500 |
| Preparing for and attending at a hearing: | £800 |
| Total | £1,600 |

55. I order Kassatly Group Holding SAL to pay Freezio AG the sum of £1,600 as a contribution towards its costs. This sum is to be paid within 21 days of the expiry of the appeal period or within 21 days of the final determination of this case, if any appeal against this decision is unsuccessful.

Dated this 29th day of September 2023

Leisa Davies

For the Registrar

²⁷ I have taken account of the fact that although two TM8s were filed they are identical save for some minor alterations.

Annex

The Applicant's goods

Class 5: Dietary supplements; protein dietary supplements; dietetic foodstuffs adapted for medical use; dietary supplements in the form of beverage capsules, in particular in the form of single use capsules for making dietetic foodstuffs; dietary supplements in the form of beverage concentrate capsules, in particular in the form of single use capsules for making dietetic foodstuffs.

Class 7: Machines for making beverages, in particular chilled beverages, in particular non alcoholic, carbonated beverages, sodas, flavoured and unflavoured sparkling water, flavoured and unflavoured still water, bitter beverages, energy drinks, sports drinks, isotonic beverages, spritzers, juices, in particular fruit juices, vegetable juices or fruitive getable juices, smoothies, fruit nectars, beers, beer based cocktails, protein enriched beverages, whey beverages, coffee, tea, cocoa, coffee based beverages, in particular chilled coffee based beverages, iced coffee, tea based beverages, in particular chilled tea based beverages, iced tea, fruit tea beverages, in particular chilled fruit tea beverages, cocoa based beverages, in particular chilled cocoa based beverages, drinking chocolate, beverages containing caffeine, tea and cocoa, in particular in chilled form; machines and apparatus for processing and preparing foodstuffs and beverages.

Class 11: Beverage cooling apparatus; refrigerated beverage dispensers; apparatus for dispensing chilled beverages; apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes; apparatus and equipment for cooking, heating, refrigerating or otherwise treating foodstuffs and beverages; electric coffee filters, coffee machines and coffee percolators; coffee roasters; semi-automatic and fully automatic electric coffee machines; electric machines for making coffee, tea and cocoa, for processing coffee, tea, cocoa, milk or powdered milk or beverage powders containing coffee, tea or cocoa packaged in individual portions, in particular in the form of capsules or pads, in particular for making chilled beverages; parts and fittings for all of the aforesaid goods, included in this class.

Class 30: Coffee; tea; cocoa and substitutes therefor; coffee based beverages, in particular chilled coffee based beverages; iced coffee; tea based beverages, in particular chilled tea based beverages; iced tea; fruit tea beverages, in particular chilled fruit tea beverages; cocoa based beverages, in particular chilled cocoa based beverages; drinking chocolate; beverages containing caffeine, tea and cocoa, in particular in chilled form; beverage powders containing caffeine, cocoa and/or chocolate; syrup and treacle; coffee capsules; cocoa capsules; tea capsules; beverage capsules in the form of single use capsules for making coffee based beverages, in particular chilled coffee based beverages, iced coffee, tea based beverages, in particular chilled tea based beverages, iced tea, fruit tea beverages, in particular chilled fruit tea beverages, cocoa based beverages, in particular chilled cocoa based beverages, drinking chocolate, beverages containing caffeine, tea and cocoa, in particular chilled drinking chocolate, beverages containing caffeine, tea and cocoa; beverage concentrate capsules in the form of single use capsules for making coffee based beverages, in particular chilled coffee based beverages, iced coffee, tea based beverages, in particular chilled tea based beverages, iced tea, fruit tea beverages, in particular chilled fruit tea beverages, cocoa based beverages, in particular chilled cocoa based beverages, drinking chocolate, beverages containing caffeine, tea and cocoa, in particular chilled drinking chocolate, beverages containing caffeine, tea and cocoa.

Class 32: Carbonated beverages, non-alcoholic; soda water; flavoured and unflavoured sparkling water; flavoured and unflavoured still water; non-alcoholic bitter beverages; energy drinks, sports drinks; isotonic beverages; non-alcoholic spritzers; juices, in particular fruit juices, vegetable juices or fruit/vegetable juices; smoothies; fruit nectars; beers; beer based cocktails; protein enriched beverages; whey beverages; syrups for beverages; syrups for making beverages; beverage capsules for making non-alcoholic beverages; beverage capsules for making non-alcoholic, carbonated beverages, sodas, flavoured and unflavoured sparkling water, flavoured and unflavoured still water, non-alcoholic bitter beverages, energy drinks, sports drinks, isotonic beverages, non-alcoholic spritzers, juices, in particular fruit juices, vegetable juices or fruit/vegetable juices, smoothies, fruit nectars, beers, beer based cocktails, protein enriched sports beverages, whey beverages; beverage

concentrate capsules in the form of single use capsules for making non-alcoholic beverages; beverage concentrate capsules in the form of single use capsules for making non-alcoholic, carbonated beverages, sodas, flavoured and unflavoured sparkling water, flavoured and unflavoured still water, non-alcoholic bitter beverages, energy drinks, sports drinks, isotonic beverages, non-alcoholic fruit juice spritzers, juices, in particular fruit juices, vegetable juices or fruit/vegetable juices, smoothies, fruit nectars, beers, beer based cocktails, protein enriched beverages, whey beverages.

Class 33: Alcoholic beverages (except beers); pre-mixed alcoholic beverages; spirits and liqueurs; low alcoholic drinks(long drinks); cocktails; alcoholic bitter beverages; alcoholic spritzers; beverage capsules in the form of single use capsules for making alcoholic beverages; beverage concentrate capsules in the form of single use capsules for making alcoholic beverages; beverage capsules in the form of single use capsules for making pre mixed alcoholic beverages, spirits, liqueurs, long drinks, cocktails; beverage concentrate capsules in the form of single use capsules for making pre mixed alcoholic beverages, spirits, liqueurs, long drinks, cocktails.