

O-112-08

**TRADE MARKS ACT 1994**

**IN THE MATTER OF REGISTRATION NO 2431669  
IN THE NAME OF SERGEI YESHIN**

**AND AN APPLICATION FOR A DECLARATION OF  
INVALIDITY UNDER NO 83026 BY  
GRUPA ZYWIEC S.A.**

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in the name of Sergei Yeshin**

**and**

**AN APPLICATION FOR a Declaration of Invalidity  
under No 83026 by Grupa Zywiec S.A.**

### **BACKGROUND**

1. Registration No 2431669 has a registration date of 5 September 2006, is for the trade mark WARKA and stands in the name of Sergei Yeshin. The application that resulted in this registration was filed in the name of Nicholas Owen. Mr Owen changed his name by deed dated 20 September 2006 to Sergei Yeshin with the result that Registry records now show this name (the change of name does not in itself have a material bearing on the issues I have to consider). The registration is in respect of the following goods:

“Beer; mineral and sparkling water and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages in Class 32.”

2. On 31 August 2007 Grupa Zywiec S.A. filed an application seeking to invalidate this registration. There are two grounds of invalidation under Section 47(1)/3(6) and 47(2)(b)/5(4)(a). The applicant describes the background as follows:

- “3. The applicant Grupa Zwiec [sic] SA is one of the largest beer producers in Poland. In particular, the sign WARKA has been used by the applicant and their predecessors in title to identify beer for well over 500 years. The first production of beer in Poland under the sign WARKA started in the year 1478. As a result, the sign WARKA is one of the most prominent and well-known brands of beer in Poland.
4. The applicant owns and enjoys the benefit of substantial goodwill and reputation in relation to the sign WARKA for beer and similar goods in the United Kingdom since before the relevant date. In particular, the applicant has made significant sales of beer under the sign WARKA in the United Kingdom since at least 2003.
5. The applicant’s reputation and goodwill in Poland has spread to relevant consumer in the United Kingdom, not least because several hundreds of thousands of Polish citizens are resident in the United Kingdom, especially since Polish accession to the European Union in March 2004, and/or because several hundreds of thousands of British residents have travelled to Poland since the fall of communism in the early 1990s and have been exposed to the applicant’s use and promotion of the sign WARKA for beer.”

The use thus described forms the basis of a claim in passing off (Section 5(4)(a)).

3. The applicant also claims that its activities in Poland and the UK have been such that the only explanation for the registered proprietor making the application is one of bad faith. The applicant notes that the proprietor has also attempted to register in the UK another famous Polish brand, namely TYSKIE (application No 2431670) and appears to be targeting famous brands from Poland. These actions are said to fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced traders. These circumstances give rise to the bad faith claim (Section 3(6)).

4. An attempt to reach an amicable settlement of the matter has not met with success.

5. Mr Yeshin filed a counterstatement denying the above grounds. I will record his statement verbatim and in full:

“On the GROUND No1

This ground is a very vague one, and generally could be anything apart of fair trading. In my case I have registered a trade mark, registered a limited company, registered the company for VAT, have got contracts with a manufacturer, and the customers, and planning to conduct fair trading only. Many companies do exactly the same. There is nothing which can be interpreted as “bad faith” in this course of actions.

Word WARKA was freely available in the UK for the registration as a trade mark so I have taken it. In fact, it is still available in many other countries, Russia or China for example. If someone would want to register it in there, will it be “bad faith” just because it is already registered in Poland, and in the UK? No, it is not! Anyone is still free to take it in those countries!

The UK Trade Mark WARKA, has already been granted protection in Ireland and Benelux. This confirms several times the correctness of the registration procedure, and the availability of this word as a trade mark in more then one country. The fact of the registration of this word as a trade mark in Poland does not give them an automatic protection anywhere else outside of Poland.

On the GROUND No2

Regarding of the protection of an unregistered trade mark. The applicant has to prove that they have been using and promoting this trade mark for long enough, to claim any rights on it. They must provide all the evidence of this.

There is a general consensus, that if a thing exists in the universe, one should be able to buy it in London. So demonstrating that their product was sold in the UK in the past, is not enough. They have to demonstrate that they have done substantial promotion of this product in the UK. If you ask me to have a guess on how much they have already spent on the promotion of their trade mark in the UK, my answer would be NONE. They simply want to use the

newly created UK market segment, as if it was granted. It is clear, that the people who are planning to spend substantial amount of money onto the promotion of any product, would start that promotion with the TM registration.

We all know, that recently British Government has made the decision to permit East European people to come and work in the UK. That has created a new “East European” segment on the UK market. First of all we have to remember that no one can claim the priority over that segment, as this is the direct consequences of something which is beyond anybody's control. Next, to find out who is the owner of that segment, one has to refer to the UK IPO, as this is the organisation where the register is kept. In my case I am the owner of the UK Registered Trade Mark WARKA.

### **Settlements and costs**

In the paragraph 11 the applicant states that a genuine attempt to reach a settlement has been made. I can say that all they have done was an unconditional demand from me to give up my trade mark. That is what they now call a genuine attempt. I also noted that they are not considering mediation. That is clearly an aggressive sign. Claiming the award of costs in this matter, is just the next step of that aggressiveness.

In this case I have no choice, but have to request the same, an award of the costs in this matter from the applicant.

I would also like you to remind the applicant that before they can prove otherwise I am the owner of the RTM WARKA in the UK, therefore I would like to request not to sell any product with such or similar name in the UK.”

6. Only the applicant has filed evidence. The parties were advised by Registry letter dated 14 February 2008 that they were entitled to ask for a hearing or to file written submissions. Neither side has asked to be heard. Appleyard Lees, the applicant's professional representatives have filed a letter dated 17 March 2008 summarising the applicant's view of the matter. I note that Mr Yeshin commented on the evidence filed by the applicant in his letter received in the Registry on 17 December 2007. I propose to treat that letter as being by way of written submissions.

### **Evidence**

7. The applicant has filed three witness statements as follows:

Andrzej Sipa, Legal Director of Grupa Zywiec.

Maciej Hady, Company Secretary of Brand Distribution and Development (BDD), importers of WARKA beer from Grupa Zywiec since at least June 2004.

Halina Denby, a British citizen of Polish descent who gives evidence as to her awareness of the WARKA brand in the UK.

8. I propose to approach the evidence under four heads drawing on the above witness statements as necessary.

### **Reputation of the WARKA brand in Poland**

9. Mr Sipa's evidence is the principal source of information in relation to the standing of the mark in Poland.

10. The applicant is the exclusive producer of beer under the mark WARKA. A selection of labels that appeared on WARKA products from at least 1980 to 1999 is exhibited at AS1. A list of the applicant's trade mark registrations in Poland from at least 1997 is exhibited at AS2. I note that a number of the label marks refer to 1478 which I take to be the date when beer was first produced under the sign as referred to in the statement of grounds.

11. Exhibited as AS3 is a copy of a publication entitled "Superbrands Poland" dated 2005 showing that WARKA beer is one of the fastest growing beer brands in that country, ranking second in terms of volume in the national mainstream beer segment. The same exhibit shows that Warka was an official sponsor of the Champions League in Poland and ranks as high as 24<sup>th</sup> among the best Polish brands in the ranking of the weekly "Wprost" and the Research International Institute, Pentor.

12. Exhibit AS4 is an extract from a magazine called Rynki Alkoholowe dated 2006 showing WARKA and WARKA STRONG are among the most frequently consumed beers in Poland. I note that the top brand is Tyskie with WARKA in fifth place and WARKA STRONG in eleventh place.

13. The WARKA brand is supported by widespread advertising in Poland including billboards, newspapers, magazines, TV and radio, as well as point of sale material. Advertising expenditure for the years 2004 to 2006 has been at or above 20 million PLN (Polish zloty).

14. The WARKA brand has been supported by extensive sponsoring of events in Poland, including major football events. In 2006, WARKA became the main sponsor of football clubs RKS Radomiak Radom ([www.radomiak.radom.pl/](http://www.radomiak.radom.pl/)) and KKS Lech Poznan ([www.lechpoznan.pl/index.php](http://www.lechpoznan.pl/index.php)). In 2006 Jerzy Dudek, a famous Polish football player, took part in a WARKA advertising campaign. From 31.08.2003 – 30.06.2007 he played for Liverpool F.C. Warka was an official sponsor of the UEFA Champions League in Poland from 2003 to 2005.

### **Use in the UK**

15. Both Mr Sipa and Mr Hady give evidence about use in the UK. Mr Sipa gives the broad picture which is that the applicant for invalidity has exported WARKA beer to the UK for sale through pubs, bars, restaurants, shops and other outlets since at least September 2003. Export volumes have been as follows:

<b>Calendar Year</b>	<b>Export Volume (Hectolitres)</b>
2003	250
2004	470
2005	1200
2006	2150

(a hectolitre is 100 litres)

16. The beer is available in a range of locations including London, Birmingham, Leeds, Manchester, Liverpool, Cardiff, Belfast, Edinburgh and Glasgow.

17. Mr Hady puts further flesh on the bones. His company imported and sold at least 162,000 cans and 26,000 bottles of WARKA branded beer before 5 September 2006 (the material date) as evidenced by Exhibits MH1 to MH3, these being printouts from the company's computerised accounting system giving dates and number of trays of WARKA RED and WARKA STRONG.

18. The final piece of evidence I need to refer to in relation to the applicant's position in the UK market is Ms Denby's witness statement. She is a British citizen of Polish descent who has lived in the UK for over 50 years. She says she is fully aware of WARKA as a famous Polish trade mark adding that "[T]his week, I saw WARKA beer for sale in my local shop in Halifax town centre" (her witness statement is dated 1 November 2007). She "would expect WARKA beer for sale in the UK to come from the same source as the famous Polish WARKA beer".

### **The UK consumer base**

19. Mr Sipa provides information on Polish migrant workers in the UK who form the main customer group for WARKA beer. Exhibit AS5 is a BBC News press article commenting on the number of Polish migrant workers living in the UK. Exhibit AS6 is another BBC News press article published on 22 August 2006 commenting on the number of migrant worker in the UK from the eight nations which joined the EU in 2004. A Home Office Minister puts the figure at 427,000 with over 62% being from Poland. That state of affairs is further confirmed by Exhibit AS7, an extract from a Home Officer Report entitled "Accession Monitoring Report May 2004-June 2006".

20. Thus, Poles living and working in the UK are the main customers for WARKA beer though there are other non-Polish customers in the UK. Finally, Mr Sipa exhibits at AS8, a Sunday Telegraph press article commenting on the enthusiasm of UK consumers for Polish products in recent years.

### **The registered proprietor's actions**

21. Exhibit AS9 to Mr Sipa's evidence is a web page from the website [www.warka.co.uk](http://www.warka.co.uk) showing an offer for sale of beer under the mark WARKA using packaging which is said to be very similar to the red and white colours of WARKA beer. Further, this website shows a label for a 500ml beer can displaying the legend "TRADYCJA WARZENZNIA PIWA" (Tradition of Beer Brewing) and a claim to

“AD 1478”. This .co.uk domain and this website are run by Mr Sergei Yeshin and his associated company Warka Limited, and are not connected with or authorised by Grupa Zywiec S.A.

22. The final exhibit, AS10, is a UK register extract relating to application No 2431670 for TYSKIE. This is the brand that Exhibit AS4 suggests is the one most frequently consumed in Poland. The application was in the name of Mr Sergei Yeshin. The application is shown as having been abandoned before publication.

### **The parties’ submissions**

23. The applicant reiterates its previously made claims. In particular, it claims that “it is clear that the registered proprietor knew at the time of making the application that WARKA was a famous brand in Poland and enjoyed a significant goodwill and reputation amongst a key segment of UK beer drinkers”. It points also to the registered proprietor’s activities in relation to other famous brands.

24. The registered proprietor’s submissions (per his letter received in the Registry on 17 December 2007) are:

“Having looked through the evidences, provided by GRUPA ZYWIEC SA in support of their application I have noticed that most of the evidence referring to the things they have done in POLAND, as the opposite to the UK market. Simple fact that they are selling their product, and those sales increased recently can be explained by the residual value of the trade mark, which is the direct result of the British Government Act to permit nationals of certain European countries to come and work in the UK. I have not noticed any references to any gained value as a result of any promotion of the product in the UK. It is clear that they have not done any promotion of their product in the UK at all.

Also, I have notices that they trying to introduce a new ground, such as the mark can be confused, because of something similar on one of the labels. I would like to point out the fact that any arguments about labelling in not in the scope of this case, and can be dealt with separately. In any case, a label and the Trade Mark are different thins. I can also state that, there will be no confusion if they sell their product in Poland, and leave the UK market to me.”

### **The law**

25. The relevant parts of the statute reads as follows:

#### **Section 47**

“47.-(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(2) The registration of a trade mark may be declared invalid on the ground -

- (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or
- (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.”

### **Section 3(6)**

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

### **Section 5(4)(a)**

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

- (a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or
- (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.”

26. For the benefit of the registered proprietor, who has not been professionally represented in these proceedings, I should point out that these grounds of objection operate independently. It is possible to succeed with a bad faith claim in circumstances where a passing off claim fails or vice versa. A recent example of the former circumstance can be found in Fianna Fail’s and Fine Gael’s oppositions to applications filed by Patrick Melly, case reference O-043-08. The reference is to the decision of the Appointed Person on appeal. That decision also provides a useful summary of the state of the law in relation to the consideration of bad faith claims (see paragraph 49 et seq of the decision). Reference is made there to the following passage from *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd*, [1999] R.P.C. 367 where Lindsay J set out the approach to be adopted in determining what constitutes bad faith:

“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 behaviour 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.”

27. The Appointed Person went on to consider the question of whether a party’s belief as to the propriety of his or her intentions was relevant to the determination of a bad faith objection:

“53. The mental element required for a finding of bad faith has been much discussed. The discussion has centred on the test for determining dishonesty in English law, that is to say the ‘combined test’ as explained by the House of Lords in Twinsectra Ltd v. Yardley and clarified by the Privy Council in Barlow Clowes International Ltd v. Eurotrust International Ltd. In her decision in AJIT WEEKLY Trade Mark Professor Annand considered whether the ‘combined test’ makes it necessary to give effect to the applicant’s belief in the propriety of his own behaviour when deciding whether he applied for registration in bad faith. She said not, on the basis that his own perception of propriety could not provide a conclusive answer to the question whether he actually had applied for registration in bad faith. I agree with her analysis. It supports the view that the relevant determination must ultimately be made ‘*on the basis of objective evidence*’ rather than upon the basis of evidence as to the beliefs and opinions of the applicant with regard to the propriety of his disputed application for registration. I note in this connection that in the CHINAWHITE Trade Mark case the Court of Appeal upheld the hearing officer’s finding of bad faith: (1) notwithstanding that the applicant for registration had deposed to the fact that he ‘*recognised no bad faith in my decision to develop and market the drink CHINA WHITE*’ and was not cross-examined on the evidence he had given; and (2) notwithstanding that the Registrar’s hearing officer had accepted the applicant’s evidence and concluded that at the date of the disputed application for registration the applicant ‘*saw nothing wrong in his own behaviour*’. (footnotes omitted)

28. The applicant has filed no evidence that establishes unequivocally that Mr Yeshin was aware of the mark WARKA either in Poland or the UK. There is, for instance, no suggestion of previous or proposed business dealings which would point to the proprietor’s clear state of knowledge. Nevertheless, it is, in my view, a reasonable inference from the evidence taken as a whole that Mr Yeshin was aware of the brand.

29. Firstly, he does not deny any such awareness either in his counterstatement or written submissions. It would have been a simple matter to do so and scarcely credible not to do so (if such was the case) .

30. Secondly, Mr Yeshin has offered no explanation as to how he came to adopt the mark and why he considered it be a case of innocent adoption. If the mark had been independently coined that would have been a powerful indication that there was no

bad faith involved in making the application that resulted in the registration under attack (though it would not in itself have disposed of the passing off claim).

31. Thirdly, the collective force of Mr Yeshin's own statement and the applicant's evidence points to his awareness of the WARKA brand (setting aside for the moment whether the awareness related to the trade in Poland or the UK). I say this because Mr Yeshin is clearly not unaware of matters to do with intellectual property rights. He states, for instance, that the mark WARKA is still available in many other countries citing Russia and China as examples. He has not responded to Mr Sipa's evidence, particularly Exhibits AS9 and 10. The website and packaging material shown on it were downloaded in September 2007 and are strictly after the relevant date. They are, however, relevant in demonstrating the proprietor's intentions and state of knowledge in formulating his plans. I note that, in addition to the use of WARKA the packaging shows use of 1478, a date that features on a large number of the applicant's Polish registrations (for the reason referred to above). The label or packaging shown on the final page of the exhibit also bears a striking similarity to the form of the applicant's mark shown in registration Z -292465 in Exhibit AS2. These are, I accept, collateral indications only as the mark at issue is the plain word WARKA. But, taken together with the other factors I have described, it establishes undoubted awareness on Mr Yeshin's part of the applicant's brand.

32. It is not possible to say on the basis of the evidence before me whether that awareness came about as a result of knowledge of the use the applicant had made of the mark in the UK, the reputation attaching to the brand in Poland or a combination of the two. If the application for registration was made in the knowledge of Grupa Zywiec's existing activity in the UK as well as its standing in Poland under the brand then Mr Yeshin could scarcely expect to escape a finding of bad faith. However, I cannot make a clear finding to that effect on the basis of the material before me. At the very least, however, I find that Mr Yeshin was aware of the applicant's mark as a result of its reputation in Poland. He himself does not deny this but suggests in mitigation that the mark is free in certain other countries.

33. Is it a defence to say, as Mr Yeshin does, that he considered the mark to be freely available in the UK? I agree that the mere fact that a mark is known to have a reputation in another country does not necessarily or automatically result in a finding of bad faith. Trade mark protection by its nature is territorial in scope. In *Daawat Trade Mark* [2003] R.P.C. 11 the Appointed Person noted:

"The domestic perspective of the objection under s.3(6) was correctly recognised in para.17 of the principal hearing officer's decision: "In my view a vague suspicion that a foreign proprietor may wish to extend its trade to the UK is insufficient to found an objection under s.3(6)." "

34. However, all relevant circumstances must be taken into account. Grupa Zywiec had been trading in the UK for three years by the time Mr Yeshin applied for the mark. There was nothing obscure or unexpected about that trade. It had been directed primarily at the Polish community living or working in the UK.

35. Mr Yeshin has been silent as to what preparatory step or enquiries he made prior to filing his application either within the trade or with the applicant company itself. I

am not prepared to infer from Mr Yeshin's silence that reasonable steps were taken to clear the way for his own application. An applicant for registration should not be able to escape a finding of bad faith by blinding himself to inconvenient information.

36. In *China White Trade Mark* [2005] F.S.R. 10 the applicant had applied to register CHINAWHITE in Classes 32 and 33. The applicant had acted on an approach from the bar manager of the nightclub of the same name. The bar manager, a Mr Rymer, and others had been tasked with developing a signature cocktail for the club. The applicant had sought trade mark protection believing that the drink was under the sole proprietorship of the bar manager. Trade mark and company searches were undertaken. Nothing of importance was found (paragraph 14 of the judgment). The Court of Appeal held as follows:

“The applicant believed Mr Rymer when he told him that he owned the name and the recipe of a cocktail called CHINA WHITE. The applicant knew of the club called CHINAWHITE and that neither he nor Mr Rymer had any right or interest in it. He knew that a cocktail called CHINAWHITE was being served at the club. With that knowledge he then applied for a trade mark registration which, despite the completely untenable suggestion to the contrary by Mr Silverleaf based on [s.11\(2\)\(a\) and \(b\)](#) of the 1994 Act, would, when granted, have enabled him to prevent use by the opponents of the word CHINAWHITE upon price lists in their club. The suggestion that the name CHINAWHITE, being used in relation to a cocktail, added nothing to the reputation of the club is neither here nor there. A person in the position of the applicant adopting proper standards would despite believing Mr Rymer have not applied for a monopoly which would have enabled him to prevent the opponents carrying on their business of selling their CHINAWHITE cocktail and drinks under that name as they presently were. To make such an application, as he did, amounted to bad faith. I conclude that both the hearing officer and judge were right and that the appeal should be dismissed.”

37. It did not matter that the applicant saw nothing wrong in his behaviour. A person in the position of the applicant adopting proper standards would, despite believing what he had been told, not have applied for a monopoly which would have compromised the opponent's business.

38. The facts in the case before me are, I accept, quite different. But, even assuming in Mr Yeshin's favour that he was not aware of the duration and extent of the applicant's business in the UK, knowing what he did about the reputation of the mark in Poland and the particular opportunity that had emerged in the UK market to meet the needs of Polish migrant workers and others of Polish origin, he should not have proceeded without making the sort of enquiries that a reasonable person would have made before applying for trade mark protection. It is by no means uncommon in the alcoholic drinks market for foreign brands to become established in the UK. By also applying for another leading Polish beer brand (TYSKIE) Mr Yeshin has shown himself to be well aware of the existence of these brands and the potential for successfully exploiting their commercial potential in the UK. By arming himself with a trade mark registration, Mr Yeshin put himself or licensees or successors in trade in a position to use the WARKA brand against the commercial interests of Grupa

Zywiec. In all the circumstances I find that his behaviour fell short of the required standard and constituted an act of bad faith.

39. Although this finding is sufficient to decide the matter I will go on to deal with the ground under Section 5(4)(a) based on the law of passing off. In doing so I intend to adopt the guidance given by the Appointed Person, Mr Geoffrey Hobbs QC, in *WILD CHILD Trade Mark* [1998] R.P.C. 455. In that decision Mr Hobbs stated that:

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

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

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

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

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 or as if the words used by the House constitute an exhaustive, literal 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.’

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.”

40. The Act is silent on the matter of the relevant date but Article 4.4(b) of First Council Directive 89/104 makes the position clear:

“(b) rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the

application for registration of the subsequent trade mark and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent mark;”

41. The applicant’s evidence that I have summarised above has not been challenged by Mr Yeshin. By the standard of the drinks’ industry the trade has been of modest proportions but the combined effect of Mr Sipa’s and Mr Hady’s evidence (and discounting those parts of Mr Hady’s printouts that are after the relevant date) is to establish a regular pattern of ordering from 2003/4.

42. Mr Yeshin’s counterstatement speculates on the applicant’s promotion of the WARKA brand in the UK. It is true, as Mr Yeshin suggests, that the applicant’s evidence does not point to public advertising of the brand. Mr Hady says that his organisation imports the beer and sells it through its local distributor network to pubs, bars, restaurants, shops and other outlets. Mr Sipa in turn claims geographical coverage that extends to most of the major cities in the UK.

43. Both parties acknowledge that the existence of a significant number of Polish people living and working in the UK has provided the commercial impetus for their plans (I take this to be the thrust of Mr Yeshin’s comment that the decision to permit East Europeans to come to the UK “has created a new “East European” segment on the UK market”). The specialist nature of that market no doubt explains why the applicant has not felt the need to engage in widespread public advertising. It does not detract from the fact that there has been exposure of the WARKA brand to the relevant section of the UK market. That use has been at a modest but not immaterial level in the two or three years before Mr Yeshin’s application. It is sufficient to establish goodwill in the business conducted under the sign.

44. Once that point has been reached it follows that use of an identical mark for goods that include items that are identical to those for which the earlier right enjoys goodwill is bound to result in misrepresentation and damage (see *Mecklermedia Corporation v D.C. Congress Gesellschaft mbH* [1997] F.S.R. 627). Thus, the three legs of the passing off test have been made out. Mr Yeshin has not claimed that, if I am against him in relation to the primary goods of interest (beer), I should nevertheless reach a different view in relation to the balance of the specification. The remaining goods are commercially associated and, I would hold, caught by the same objection. The passing off claim is, therefore, made out.

## **COSTS**

45. The applicant for invalidity has been successful and is entitled to an award of costs. There is a suggestion in Mr Yeshin’s counterstatement that the applicant has not attempted to reach an amicable settlement and that “claiming the award of costs in this matter, is just the next step of that aggressiveness.” It seems from Mr Yeshin’s counterstatement that the applicant asked him to give up his trade mark registration. In all the circumstances that was in my view a measured and reasonable approach in an attempt to avoid the matter developing into full-blown inter partes proceedings.

46. It is a matter of record that Mr Yeshin chose not to take up the applicant's offer electing instead to proceed to a formal determination of the matter. The applicant is, therefore, entitled to a contribution towards its costs. I order Mr Yeshin to pay the applicant the sum of **£1500**. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this 17 day of April 2008**

**M Reynolds  
For the Registrar  
The Comptroller-General**