

**TRADE MARKS ACT 1994**

**IN THE MATTER OF Application No 2157745**

**for the registration of a trade mark in Class 32**

**AND IN THE MATTER OF Opposition thereto under**

**No 48520 by Fuller Smith & Turner Plc**

1. On 10 February 1998, David West applied to register a series of two trade marks in Class 32. The marks are shown below:

- i)           ESP  
              EASTENDERS STRONG PILS
  
- ii)   ESP EASTENDERS STRONG PILS

2. The specification of goods was originally <Beer; ale; porter; lager' but has since been restricted to <lager and pilsners'.

3. On 11 May 1998, Fuller Smith & Turner Plc filed Notice of Opposition. The grounds of opposition are:

- i) The Opponent is the registered proprietor of Trade Mark Registration No 1341510 E.S.B. in Class 32 in respect of "Beers included in Class 32."
  
- ii) The Trade Mark ESP EASTENDERS STRONG PILS applied for in Application No 2157745 resembles the Opponent's Trade Mark E.S.B registered under No 1341510 and is applied for in respect of the same or similar goods to those for which the earlier mark is protected such that there exists a likelihood of confusion on the part of the public including the likelihood of association with the Opponent's Trade Mark. Consequently, Application 2157745 is contrary to Section 5(2) of the Trade Marks

Act 1994.

iii) The Opponent has extensively used its Trade Mark E.S.B. in the United Kingdom since the early 1950s in relation to the goods for which Mark is registered.....and has, by reason of such use, acquired a considerable reputation in the United Kingdom in respect of the goods which it sells. The Opponent's extensive use of its trade mark E.S.B. in the United Kingdom is such that its Trade Mark is protectable by means of an action for passing off and use by the Applicant of his Trade Mark would therefore offend against the provisions of Section 5(4)(a) of the Trade Marks Act 1994 and ought to be refused registration.

iv) There has been no or no sufficient honest concurrent use by the Applicant of the Trade Mark ESP EASTENDERS STRONG PILS, nor is there an earlier right (as referred to in Section 5(4) of the Trade Marks Act 1994) such as to permit the Registrar to register Application 2157745 under Section 7 of the Trade marks Act 1994 in respect of the goods covered by the application.

4. There were originally further grounds of opposition but these are not pursued.
5. The applicant denies the grounds of opposition. Both sides seek an award of costs.
6. The matter came to be heard on 5 April 2000 when the Applicant was represented by Mr R Arnold of Counsel, instructed by Baron and Warren, and the Opponent was represented by Mr R Wyand QC, instructed by Fitzpatrick's.
7. The Opponent's evidence-in-chief consists of a statutory declaration dated 14 January 1999 by Richard John Roberts, who is the Opponent's Marketing Director. The main facts that emerge from Mr Roberts' evidence are as follows:-

- (a) The Opponent first used the mark 'ESB' in the UK in 1971.

- (b) Turnover for beer sold in the UK under the mark between 1984 to 1998 is substantial. The turnover in 1984 was £1.7M. This had risen to £3.3M by 1997. These are wholesale prices.
- (c) The Opponent has promoted the mark albeit on a relatively modest scale. £10K was spent in 1988 rising to £70K by 1997. Advertising expenditure rose sharply in 1998 (to £489K) but much of this would have been after the relevant date (10 February 1998).
- (d) The mark is generally used with the Opponent's house mark (Fuller's), and with the device of griffin. The letters 'ESB' are used in a much more prominent manner than these other signs. In promotional material the letters 'ESB' are sometimes used separately, albeit with the word 'Fuller's' appearing elsewhere in the same material.
- (e) The Opponent's 'ESB' beer has won numerous awards over the years from the 'Campaign for Real Ale', including 'Best Strong Ale' (7 times) and 'Beer of the Year' (3 times).
- (f) A market survey carried out for the Opponent in October 1998 revealed that 'ESB' was the 8th most popular beer in the previous 52 weeks, with 3.6% of the UK market for bottled beer.
- (g) Fifty percent of the Opponent's 'ESB' beer is sold in bottles through UK supermarkets and off licensees. The other 50% is sold as a draught cask conditioned ale through Fuller's 'tied' houses and as a 'guest' beer in 200+ Whitbread owned public houses.

8. The applicant's evidence consists of a statutory declaration dated 17 May 1999 by David J West, the applicant. The main facts that emerge from Mr West's evidence are as follows:-

- (a) Mr West has operated retail stores in Calais, France, since 1992 under the name 'EastEnders'. These are the sort of retail businesses frequented by UK visitors seeking to take advantage of the lower duty on beers, wines and spirits in France.
- (b) Mr West has further like business outlets in Belgium.
- (c) Only 1% of customers are 'estimated' to be non-UK residents.
- (d) An 'own brand' lager or pilsner beer has been sold through the Belgian outlets since 1985 under the mark "E.S.P." The same beer has been sold in Calais since 1989 (from a roadside stall prior to 1992).
- (e) Mr West claims that £23.5M worth of 'E.S.P.' beer was sold through his Belgian and Calais outlets in 1996, dropping to £6.9M worth in 1997.
- (f) Despite these sales, Mr West has not experienced any instances of confusion with the Opponent's 'ESB' beer, nor have any of his staff reported any such confusion.
- (g) Mr West does not stock the Opponent's 'ESB' beer.
- (h) Mr West's business has received substantial UK press and TV coverage since 1996, some of which exposed his 'ESP' branded beer.
- (i) Although not yet directly on sale in the UK, "ESP is a 'take-home beer' and would be positioned as such once launched".

9. The Opponent filed evidence-in-reply. This consists of a further statutory declaration by Mr Roberts dated 18 October 1999. Mr Roberts casts doubt on the sales figures for 'ESP' beer included in Mr West's evidence. He further says that, contrary to a suggestion in

Mr West's evidence, "Extra Special Beer is not a category of beers recognised by the UK brewing industry.

10 Section 5(2)(b) of the Act is as follows:-

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

(a) .....

(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.

11 The European Court of Justice provided guidance on the interpretation of this provision in Sabel v Puma 1998 RPC, 199 at 224. It is apparent from this guidance that the likelihood of confusion must be assessed through a global appreciation of all relevant factors. This must include an assessment of the visual, aural and conceptual similarities between the marks bearing in mind their distinctive and dominant components.

12 It is common ground that the goods for which registration is sought are identical to those covered by the Opponent's earlier trade mark registration for 'E.S.B.'. It is, however, disputed that the goods for which the Opponent claims a reputation, ie 'ales', are identical to 'lagers' or 'pilsners'.

13 Mr Wyand submitted that "normal and fair" use of the applicant's mark should be taken as including the mark the applicant has used in France and Belgium. From the exhibits to Mr West's declaration, this appears to consist of the letters 'E.S.P.' solus. I reject that submission. As Mr Arnold contended, this would not be "normal and fair" use of a mark applied for. It may include use of a mark in which the letters 'E.S.P.' appear somewhat larger than the words

"EastEnders Strong Pils', but not so much larger as to substantially alter the character of the mark.

14. Proceeding on this footing I find that, to the eye, the applicant's mark has relatively little similarity to the Opponent's mark. The presence of the words 'Eastenders Strong Pils' in the applicant's mark is a significant visual distinguishing feature. Mr Wyand submitted that those familiar with the opponent's 'ESB' beer may take the Applicant's mark as another from the same undertaking because of the prominence of the letters 'ESP'. He suggested that the 'B' in the Opponent's mark would be understood as a reference to 'beer', whereas the 'P' in the Applicant's mark would be taken as a reference to 'Pilsner'. The common stem, 'ES', would be enough to suggest a 'family' of marks from the same stable. In my view, the presence of the words 'Eastenders Strong Pils' in the Applicant's mark is sufficient to make this unlikely.

15. There is no conceptual similarity between the marks.

16. The high point of the Opponent's case is that, in use, the Applicant's mark is likely to be shortened to 'E.S.P.', which is phonetically very similar to 'E.S.B.'. In this connection, Mr Wyand pointed out that throughout Mr West's evidence, he himself refers to the mark he has used and the mark he intends to use in the UK, simply by the letters 'ESP'.

17. Neither party has filed specific evidence directed at establishing the likelihood of the consumer shortening the Applicant's mark, in use, to 'E.S.P.'. My view, based upon my own experience, is that it is highly likely that the Applicant's mark will be shortened in use to 'E.S.P.' I believe this will happen because:

- (a) E.S.P. EASTENDERS STRONG PILS is a long mark that the consumer is likely to shorten in use in an informal environment, such as a public house;
- (b) It could only be shortened to 'E.S.P.' or 'Eastenders';
- (c) The presence of the letters 'ESP' either above or before the words is an

invitation to the consumer to shorten it to 'E.S.P'.

18. Mr Arnold submitted that this was the wrong approach to the matter. He said that this would not be normal and fair use of the Applicant's mark. If the public used it this way and this resulted in confusion, the Opponent's remedy was to sue for passing off. I can see that if the Applicant had applied to register the words 'Eastenders Strong Pils' alone, it would be no more than speculation on my part to consider what might happen if these words were shortened in use to 'ESP'. However, where the Applicant's mark includes an abbreviation for the words that appear therein, I do not believe that it is inappropriate to consider the probability that the consumer will accept the implied invitation to abbreviate the mark in aural use. A single letter difference between two three letter marks (no matter which letter is different) will normally be sufficient to avoid a likelihood of confusion. However, there will be exceptions. The close aural similarity between 'ESB' and 'ESP' is obvious. Without careful pronunciation the difference is lost.

19. The European Court of Justice provided further relevant guidance in the case of Lloyd Schufabrik Meyer & Co v Klijsen Handel 1999 ETMR 690. The Court said that:

- (a) mere aural similarity between two trade marks may be enough to create a likelihood of confusion;
- (b) it is necessary to evaluate the importance of aural similarities between marks in the context of the goods or services at issue;
- (c) the matter should be judged by reference to the average consumer of the product, who is deemed to be reasonably well informed and circumspect, but who rarely has both marks before him or her;
- (d) the average consumer's level of attention is likely to vary depending upon the goods/services he is selecting;

- (e) marks with a highly distinctive character, either per se or through use, deserve broader protection, and weak marks less;
- (f) there is some interdependence between the relevant factors so that a high degree of similarity between the goods may be offset by a lesser degree of similarity between the marks, and vice versa.

20. The Opponent relies upon its long established use of the mark 'E.S.B.' for beer.

Mr Arnold characterised the Opponent's mark as a 'limping' or 'supporting' mark, always used with the distinctive mark 'Fuller's' and other signs. He pointed out that the Opponent's advertising sometimes revealed that the letters 'E.S.B.' were derived from the laudatory words 'Extra Special Beer'. There is no evidence that the letters 'ESB' is generic. I do not believe that the Opponent's 'E.S.B.' mark can be characterised as a 'limping' or 'supporting' mark. It appears on the Opponent's packaging and promotional material in a much more prominent fashion than the griffin device or the word 'Fuller's', which is clearly a 'house mark'. Even if the average consumer was aware that 'E.S.B.' was derived from the words 'Extra Special Beer', I do not believe that this would prevent him or her from regarding 'E.S.B.' as a trade mark of the Opponent. Although there is no independent evidence from the trade, I believe it is reasonable to infer from the scale and length of use (and the accolades that it had achieved) that the mark 'E.S.B.' had acquired a relatively high distinctive character for beers by the material date.

21. Mr West appears to accept as much in his evidence, where he says:

"It seems to me that Fullers have enjoyed an on-going success in its ESB brand by virtue of being well known amongst ale aficionados as evidenced by numerous CAMERA (sic) awards won over the years without having to resort to heavy promotional spend."

22. In assessing the importance of the aural similarity between the marks, I bear in mind that beers are still frequently ordered by word of mouth in public houses, licensed restaurants and

the like. Mr West indicates that his 'ESP' beer will be launched as a 'take home' beer. However, the registration he seeks is not limited to 'take home' beer. I doubt whether it could be so limited. Accordingly, in considering the likelihood of confusion I believe it is correct to consider all the main avenues of trade in the goods, including the sale of beer in public houses etc.

23. Perhaps in anticipation of this conclusion, Mr Arnold referred me to a recent decision of Neuberger J. in the case of Premier Brands UK Ltd v Typhoon Europe Ltd and Another. Mr Arnold relied, in particular, upon the following passage from the Mr Justice Neuberger's judgment:

"I accept that there could be, indeed probably will be, the odd occasion upon which a person referring to TYPHOON kitchenware will be misheard and be understood to be referring to TY.PHOO. However, I have reached the clear conclusion that there is no real possibility of the average consumer, or even of a significant proportion of consumers of kitchenware, mistaking the TYPHOON sign for the TY.PHOO mark."

24. Mr Arnold submitted that similar considerations arose in this case. Even if there was the odd instance of aural confusion, this did not amount to an overall likelihood of the average consumer being confused.

25. As I have already noted, it is essential in assessing the importance of aural similarity to take account of the nature of the trade in the goods. I can see that in the case of off licences or supermarkets, where primarily visual means of selection are employed, aural similarity may be of low importance because it would not often result in confusion. I do not know what the position is with kitchenware. Aural similarity appears to me to be of higher importance when one comes to assess the likelihood of confusion arising from the trade in beers through public houses, licensed restaurants etc. This is still a trade that relies heavily on word of mouth orders.

26. There are further distinctions. As Mr Wyand pointed out, unlike kitchenware, the trade

mark does not usually appear on a pint of beer, so there is a greater likelihood that aural confusion will not be corrected before there is confusion in the goods.

27. Mr Arnold submitted that the Opponent's reputation - if it exists - is for ales, which are different (albeit similar) goods to lagers. That may be strictly correct but these are virtually the same goods. I cannot see how the difference would help to avoid an order for "a pint (or bottle) of 'ESB' being misheard as an order for 'ESP'.

28. Further, I have found that, by the material date, the Opponent's mark had acquired a reputation amongst a significant proportion of the relevant public for beers. I am not aware that the mark TY.PHOO has any reputation for kitchenware (although it undoubtedly has a reputation for tea).

29. As the Court of Justice has stated, a mark with a reputation for the goods is more likely to be the subject of confusion. In this case the opponent's reputation makes it more likely that orders for 'ESP' will be misheard as orders for 'ESB' because that is a brand of beer known to have been sold through public houses in England for many years. Even if an order for 'ESP' was heard correctly, a bar person in a public house that stocks 'ESB' could easily be forgiven for assuming the person placing the order meant 'ESB'. Similarly, if the Applicant's beer is launched in the UK and stocked in public houses etc, an order from a customer asking for a beer they know - 'ESB' - could readily be mistaken for an order was for 'ESP'.

30. If there is no more than an occasional chance of confusion I believe that Mr Arnold would be correct in submitting that it would not be enough to amount to a likelihood of confusion within the meaning of the Act. However, I believe that the combination of:

- (a) the likelihood that, in aural use, the average consumer will shorten the Applicant's mark to 'E.S.P.';
- (b) the close aural similarity of 'ESB' and 'ESP';

(c) the importance of aural similarity to the likelihood of confusion in these goods;

(d) the reputation the Opponent has acquired for its 'E.S.B.' beer;

- is sufficient to conclude that there is a likelihood of confusion.

31. The applicant claims to have built up his own concurrent reputation and goodwill in the UK through his sales of 'ESP' beer from ports on the other side of the English Channel. I have no reason to doubt that Mr West has made substantial sales of his 'ESP' beer to UK customers, although it is necessary to bear in mind that the sales figures he provides are approximate figures. The relevancy of these figures also depends upon the accuracy of Mr West's estimate of the proportion of his customer base made up of UK customers.

32. However, even if Mr West has established a concurrent goodwill in the UK that is not, of itself, a reason for registering his mark in the face of a conflicting earlier trade mark. In the event of an opposition, the Registrar has no discretion to register a later trade mark simply because of honest concurrent use. See Road Tech Computer Software v Unison Software 1996 FSR 805 at 813.

33. Mr Arnold accepted as much but (correctly) said that concurrent use may still be relevant to the extent that it establishes there was no likelihood of confusion between the marks at the material date. He reminded me that there was no evidence of confusion despite Mr West having used a mark in France and Belgium that is closer to the Opponent's mark than the mark he has applied to register.

34. I am not persuaded that the result of the Applicant's use of the mark 'E.S.P.' on beer sold from his stores in France and Belgium can be taken as indicative of the absence of a likelihood of confusion if the mark he has applied for is put into normal and fair use in the UK.

35. It is not clear how much 'E.S.P.' beer has been brought into the UK or how many UK customers Mr West has. Further, the persons concerned would have selected Mr West's

Æ.S.P.' beer from his own retail stores in Calais or Belgium. Goods are likely to be selected by eye in this type of outlet where other differences, such as get-up and packaging, come into play. As I have already noted, the high point of the opponent's case is that there is a likelihood of confusion through aural use of the respective marks. Mr West does not stock the Opponent's Æ.S.B.' beer so they have not been on sale in the same establishment. I do not consider that the result of this use can be taken as a reliable indication of the absence of confusion in different circumstances.

36. For these reasons, I have come to the conclusion that the ground of opposition under Section 5(2)(b) of the Act is successful.

37. As refusal is mandatory under Section 5(2)(b) there is no need for me to consider the alternative ground of opposition under Section 5(4)(a). Mr Wyand could not say that he had a better case under Section 5(4)(a) so there would be no benefit in me doing so.

38. The opposition having succeeded the Opponent is entitled to a contribution towards its costs. I order the Applicant to pay the Opponent the sum of £1200 within 28 days of the end of the period allowed for appeal or, in the event of an unsuccessful appeal, within 28 days of this decision becoming final.

**Dated this 17 Day of April 2000**

**Allan James**

**For the Registrar**

**The Comptroller General**