

TRADE MARKS ACT 1994

1. Application 2460646 by Osotspa Co. Ltd to register a complex trade mark in class 32

AND Opposition 95807 by PepsiCo, Inc. partly based on earlier UK trade mark 2020690 – MAX

2. Applications 83298 & 83299 by Osotspa Co. Ltd to invalidate and revoke registration 2020690

3. Applications 2491581 & 2491695 by PepsiCo, Inc. to register MAX and a figurative mark including the word MAX

AND Oppositions 98358 and 98360 by Osotspa Co. Ltd

BACKGROUND

1. On 6 July 2007, Osotspa Co. Limited (“Osotspa”) applied to register trade mark 2460646, which is shown below.



2. The trade mark is proposed to be registered for:

Class 32:

Soft drinks, fruit drinks, sport drinks and isotonic drinks, energy drinks and fruit juices, but not including any cola drinks or cola flavoured drinks; syrups, powders and other preparations for use in making soft drinks, fruit drinks, sport drinks and isotonic drinks, energy drinks and fruit juices, but not including any syrups, powders and other preparations for use in making cola drinks or cola flavoured drinks.

3. The application was published on 21 September 2007 and was opposed by PepsiCo, Inc. (“Pepsi”) on the grounds that:

- i) There is a likelihood of confusion with Pepsi’s earlier UK registration 2020960, which is the trade mark MAX and is registered for ‘*cola flavoured drinks*’ with effect from 18 May 1995. Registration would therefore be contrary to s.5(2)(b) of the Act.
- ii) There is also a likelihood of confusion with Pepsi’s earlier Community trade mark (“CTM”) 5230826, which is a label mark including the words PEPSI and MAX and is registered for non-alcoholic drinks in class 32. Registration would therefore be contrary to s.5(2)(b).

- iii) The earlier UK mark – MAX – has a reputation in the UK and registration of the later mark would take unfair advantage of, or be detrimental to, the distinctive character or reputation of the earlier mark *“because of the close similarity between cola flavoured drinks and the goods listed in the specification for the application”*. Registration would therefore be contrary to s.5(3).
- iv) The sign MAX has been used by Pepsi since at least 1995 in relation to non-alcoholic beverages and use of the mark applied for would constitute passing off. Registration would therefore be contrary to s.5(4)(a).

4. The earlier UK mark 2020960 had been registered for more than 5 years at the date of publication of the opposed mark. Consequently, Pepsi made the statement of use of that mark required by Rule 13(2)(e) of the Trade Mark Rules 2000 (as amended). The earlier CTM had not been registered for 5 years at the date of publication of the opposed mark. Consequently, no statement of use was required for that mark.

5. Osotspa filed a counterstatement denying the grounds of opposition. In particular, it is denied that there are sufficient distinctive similarities between the respective marks, or sufficient similarity between the respective goods, to trigger any of the injuries described in Pepsi’s opposition. Part of Osotspa’s case is that the word MAX alone is devoid of any distinctive character for the goods at issue and therefore any similarity between the marks arising from the inclusion of that word in Osotspa’s mark is incapable of causing confusion.

6. Osotspa also challenges Pepsi’s statement of use of the earlier UK mark – MAX. According to Osotspa, Pepsi has only used the composite mark PEPSI MAX, which does not constitute genuine use of the registered mark.

7. On 2 July 2008, Pepsi filed two UK trade mark applications, 2491581 and 2491695. Application 2491581 is for the word MAX. Application 2491695 is for the mark shown below.



8. Both marks are proposed to be registered for:

Class 32:

Mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.

9. These applications are opposed by Osotspa on the grounds that the word MAX is a common laudatory term *“used by traders in many markets to describe their goods, and in particular enhanced or superior versions of their goods”*. The second mark (shown above) is said to consist primarily of the word MAX. Consequently, any objections that apply to the word MAX alone should apply equally to it. According to Osotspa, registration of these marks would be contrary to s.3(1)(a),(b) and (c).

10. Pepsi filed counterstatements denying the grounds of opposition.

11. On 25 July 2008, Osotspa filed an application to invalidate Pepsi’s UK registration 2020960 for the word MAX on similar grounds to its opposition to Pepsi’s later application to register the word MAX in class 32. Osotspa further contends that the word MAX had not acquired a distinctive character prior to the date of the application to register mark 2020960.

12. Pepsi subsequently filed a counterstatement denying the grounds for invalidation and indicating that it would file evidence to show that the mark MAX was distinctive of it at the time of its registration and at the time of the application for invalidation.

13. Osotspa filed a second application on 25 July 2008 to revoke registration 2020960 for non-use under s.46(1)(b). The five year period of non-use is claimed to be 5 July 2002 to 4 July 2007, and revocation is requested from 5 July 2007, i.e. the day before Osotspa’s own application to register the trade mark shown in paragraph 1 above.

14. Again, Osotspa accepts that there has been use of PEPSI MAX. However, it claims that there has been no use of MAX as a trade mark in the relevant period.

15. Pepsi denies the grounds for revocation. It claims that MAX has been used as a trade mark. According to Pepsi, PEPSI is used as a ‘house’ mark and MAX is used a product mark.

16. Pepsi’s opposition to Osotspa’s application and Osotspa’s oppositions to Pepsi’s applications, along with its applications to cancel Pepsi’s registered trade mark, were subsequently consolidated. This decision covers all these matters. In reaching my decisions I will take account of all the evidence before me.

WHAT THE EVIDENCE SHOWS

17. The principal evidence upon which Osotspa relies comes from Gemma Curran and Richard Hall. Ms Curran is a secretary employed at Baron Warren Redfern, Osotspa’s UK Trade Mark Attorneys. Her witness statement dated 30 September 2009 sets out the result of searches she conducted of the trade mark register and of

the internet, and also some follow up research which she conducted. There is no need to go into what her search of the register showed. The mere appearance of marks on the register says nothing about the position in the marketplace. The internet results are potentially more significant. These show that, in 2009, there were other companies using trade marks including the word MAX for wines, medicines, fruit juices, hot drinks, energy drinks, food, food supplements and tablets, toiletries and a few other products. None of these marks consisted of the word MAX alone. As the above list of products shows, most of the marks found were not for drinks in class 32. And of those that were – fruit juices and energy drinks – the (two) hits for fruit juices appear to relate to a trade outside the UK. It is not clear how many of the 10 marks found for energy drinks were in use in the UK.

18. Exhibit GC3 to Ms Curran's evidence consists of copies of e-mails and letters she sent and received from the 25 firms identified in her searches. According to Ms Curran she used the same wording in each approach, which she sets out in her statement. There is no point in reproducing it because it is clear from the exchanges in exhibit GC3 that she used different approaches when following up her initial enquiry. The upshot of these enquiries is that she received the following e-mails:

- i) Anna Ciarleglio of Vivendi-Direct responded that it is a small direct mail vitamin/supplement company which sells CRAN-MAX and ANTI-MAX capsules obtained from the USA and which have been "*around for some time*".
- ii) Catherine Hester of Maximuscle responded stating only that it had come to an agreement with Pepsi whereby it limits any trade marks containing the word MAX applied for in class 32 (it is not clear how).
- iii) Peter Rosseel of Maximise Europe BVBA responded that one of the ten marks for energy drinks identified in Ms Curran's research is not in use in the UK but another – RED MAX – is. Mr Rosseel also mentions a number of other MAX brands his firm uses for supplements (eg betamax), but he does not say where they are used. He indicates that "*max refers to the word MAXIMUM more specifically maximum health, maximum muscles, maximum body etc....which is of course popular in our business to fitness and bodybuilding*".
- iv) Elizabeth Edwards of Twinings responded that her business used the mark OVALTINE Max4Milk from 2005-2008. The mark was chosen because they wanted to express how Ovaltine "*maximised the inherent benefits*" of milk.
- v) Rosina Baxter of Reckitt Benckiser responded MAX STRENGTH was used in respect of LEMSIP products (a flu relief) from around 1995. The word MAX was subsequently used (from 2003) as a "sub-brand" for LEMSIP. The MAX element indicates that the product contains the maximum permitted strength of active pharmaceutical ingredient.

19. Richard Hall is the Chairman of Zenith International, which is an international consulting business providing market analysis and commercial advice and

information about the food and drink sector in more than 50 countries. Mr Hall has been a specialist consultant to the soft drinks industry since 1987 and chaired many conferences about the industry. Attached to his statutory declaration is a copy of an earlier declaration dated August 1996 by William Finkelstein, who was the Vice President of Pepsi at the time that UK registration 2020960 was secured.

20. Mr Hall's evidence covers five broad areas. Firstly, he gives evidence based on his own experience as to the meaning and significance of the word MAX in relation to soft drinks. Secondly, he conducts a critical review of the evidence filed by Pepsi both prior to the acceptance of application 2020960, and subsequently in these proceedings. Thirdly, he gives evidence as to the extent of the use of the word MAX by third parties. Fourthly, he gives his opinion as to the (absence of a) likelihood of confusion between Osotspa's mark and Pepsi's MAX trade mark. Fifthly, he analyses the similarity between cola flavoured drinks and other non-alcoholic drinks, including energy drinks.

21. Mr Tritton did not appear to place any reliance on Mr Hall's evidence in the second and fourth categories described above. He was plainly right not to do so. It is unhelpful for a witness put forward as an expert by one side to offer opinions as to whether the evidence filed by the other side does or does not show use of the trade mark at issue, or whether it shows that the trade mark has become distinctive through use. That is a matter for the Hearing Officer to decide taking account of the evidence of fact and the submissions of the parties' advocates. Similarly, expert evidence as to the likelihood of confusion is of no value, particularly where everyday goods are concerned and the Hearing Officer is as well placed as any expert to make the required assessment. As Lord Justice Millett noted in *The European Limited v The Economist Newspaper Limited* [1998] FSR, 283 at 291 the role of an expert witness is as follows.

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

22. It is convenient to look at Mr Hall's evidence in the first and third categories together. I find Mr Hall's expert evidence as to the meaning of 'MAX' in relation to soft drinks a little odd because at times he describes the meaning he attributes to the word MAX using language which is obviously taken from s.3(1)(c) of the Act. The most coherent part of his evidence on this point is contained in paragraphs 11-13 of his statement, which is re-produced below.

"11. I think the sign "MAX" could only be a distinctive word in relation to cola flavoured drinks, to such an extent that it could be used as a sign to differentiate one

cola-flavoured drink from another, if it is accompanied by a famous brand name like "Pepsi". The differentiation derives from the link to "Pepsi".

12. I think the sign "MAX" in this context is a word which describes a characteristic of cola-flavoured drinks. It is currently only used in relation to cola-flavoured drinks by Pepsi, as part of the "PEPSI MAX" trademark, but one could envisage the sign "MAX" developing like the signs "Light" or "Zero" in the soft drinks sector. At first there were only the products "Coca-Cola" and "Pepsi", and then later came "Diet" and "Light" versions of those products, and these words were descriptive terms attached to the main brand, which created new sub-segment brands, like "Diet Coke" and "Diet Pepsi". It is quite conceivable that the word "MAX" could become associated with a type of cola-flavoured drink, in the same way as "Diet" or "Light" are types of cola-flavoured drink, because it could be used as a short hand for a set of descriptive characteristics.

13. The Coca-Cola Co. has developed the word "Zero" to describe a particular attribute of its products, which it has extended beyond the "Coca-Cola" product to its "Fanta" and "Sprite" products. The word "MAX" could be used in a similar way to "Zero". "Zero" emphasises the zero sugar and calories in a product, and "MAX" emphasises the maximum taste. They are saying different things, with a similar descriptive tag. The word "MAX" could become associated with a type of carbonated soft drink, as in the case with the word "Zero".

23. I note that Mr Hall states that 'MAX' is *"currently only used in relation to cola flavoured drinks by Pepsi"*. Mr Hall's evidence of third party uses is very brief - just the following sentence.

"I am aware of the use of the sign "MAX" to sell other types of drink product, for example the sports nutrition drink "Max Muscle"."

24. Mr Hall gives more helpful evidence as to the similarity between cola flavoured drinks and the goods covered by the opposed application. The key parts of this evidence are as follows.

"31. In the UK soft drinks market the cola category is well established, and it has various clear sub-segments, such as diet, caffeine free, flavoured and so on. The cola category has always been a recognised flavour identity containing caffeine in the regular version, and with a distinctive colour and taste, and a refreshing energising character. Energy drinks are less clear, as some are sugar based, some are caffeine based, and now there are also energy shots. However, prior to 6 July 2007 there was no material overlap between these two categories, and I do not think that cola-flavoured drinks and energy drinks were confusably similar products.

35. In 2009 an overlap has emerged between cola-flavoured drinks and energy drinks and it is becoming potentially confusing. For example, recently launched this year in the UK is a product called "Rockstar Energy Cola", which is a cola-flavoured energy drink. In addition, we have also recently had launched "Red Bull Simply Cola" which I expect quite a number of consumers will imagine is a cola-flavoured Red Bull energy drink, but it is in fact is a straightforward cola-flavoured drink with Red Bull branding. However, this is a transitional period, and the distinction between the products may become clearer again. Many products deliberately defy strict product characteristics in order to bridge benefits from supportive market segments.

36. Fruit drinks range in content from 100 per cent "fruit juice", right the way through to fruit flavoured products; but normally the term "fruit drinks" is used to describe drinks with 5 per cent or more fruit content, and less than 100 per cent. Drinks with 100 per cent fruit are fruit juice, which may be freshly squeezed, not from concentrate, or reconstituted from concentrate.

37. Fruit drinks are generally non-carbonated, although there are fruit flavoured and fruit containing carbonated drinks as well. These are regarded as a separate segment of carbonated soft drinks, as opposed to fruit drinks. Fruit drinks and fruit juices are different to cola-flavoured drinks because standard cola-flavoured drinks contain no fruit or imagery of fruit, whereas fruit drinks and fruit juices do. There is no confusion between fruit drinks or fruit juice and standard cola-flavoured drinks because there is no cross-over in colour, fruit content, imagery or taste. The key to fruit drinks and fruit juices is the fruit content, imagery and taste.

39. Referring to "soft drinks" generally, so far as the industry views the market and the way supermarkets display products, there is a group of refreshing carbonated soft drinks which includes cola-flavoured drinks, lemonade, fruit carbonates, mixers and a range of other more difficult to categorise fizzy drinks, such as Irn-Bru and Dr Pepper, which do not contain fruit and do not quite fit the characteristics of the main sub-segments. Within this overall group of carbonated soft drinks, the cola-flavoured drinks segment has such a strong identity, guided by the "Coca-Cola" and "Pepsi" brands, that almost everyone would see it as a separate segment of products and would not confuse them with other types of carbonated soft drink. The fact that the "Coca-Cola" and "Pepsi" brands have competed so much in the past reinforces this perception. I think that other products have grown and gained recognition over the years, so the prominence of the cola wars is no longer so marked, but the "Coca-Cola" and "Pepsi" competition is played on by the media, and most consumers are well aware of the rivalry.

40. Referring to syrups, powders and other preparations for use in making all the different types of soft drinks referred to above, the question of confusion between these products and cola-flavoured drinks would be a similar situation to that described above, because the end products are effectively the same. The end result for the consumer is a similar product with a similar understanding by the consumer, whether a cola-flavoured, or a different type of carbonated drink, or a fruit drink, or a squash.

41. There is a separate market of cordials and squashes as opposed to syrups and concentrates and powders, and these all need defining. Squashes and cordials are dilutables, and they are sold in bottles or other packs for consumers to dilute at home. These do not generally produce fizzy drinks, and they are mainly fruit flavoured, usually with a fruit juice content. There is a separate group of powdered drinks which is now quite small in the UK, and these are normally fruit flavoured and budget items. There is an entirely separate group of powdered drinks for milk to be added rather than water. There are also specialist concentrates like SodaStream where people make their own fizzy drinks at home. In addition, there is an intermediate industrial product called a syrup or concentrate which carbonated soft drinks brand owners sell to their bottlers in a given country, or which carbonated soft drinks bottlers sell to pubs, restaurants and other catering establishments, to create an end product; however this is only a supply chain product which leads to the manufacture of a cola-flavoured or other flavoured carbonated soft drink. None of these syrups, powders and other preparations are ready to drink.

43. Therefore, as of 6 July 2007, I do not think the goods: "cola flavoured drinks" were confusably similar to the goods: "Soft drinks, fruit drinks, sport drinks and isotonic drinks, energy drinks and fruit juices, but not including any cola drinks or cola flavoured drinks; syrups, powders and other preparations for use in making soft drinks, fruit drinks, sport drinks and isotonic drinks, energy drinks and fruit juices, but not including any syrups, powders and other preparations for use in making cola drinks or cola flavoured drinks".

25. Osotspa's evidence also includes a statutory declaration by Mr Sunisa Sivaroroskul of Shark AG, which is an Austrian company in the Osotspa group of companies. The company distributes Osotspa's energy drinks in Europe. I do not need to say very much about Mr Sivaroroskul's evidence. Most of it is about the use of the mark applied for in relation to an energy drink in Thailand. However, as MAX is an English word, and English is not the first language of Thailand, I find this evidence to be almost entirely irrelevant. The only relevant piece of evidence Mr Sivaroroskul provides is that Osotspa's mark is not yet in use in the UK.

26. Pepsi's evidence takes the form of affidavits from two of its Assistant Secretaries (Elizabeth Bilus and Kathryn Carson), a witness statement from Gemma Williams, who is an Associate with D Young & Co, Pepsi's UK Trade Mark Attorneys, and a witness statement by Jill Ardagh, who is the Director General of the British Soft Drinks Association.

27. However, I will start with the evidence of Mr Finkelstein which Osotspa filed, but Pepsi originally relied upon to show evidence of acquired distinctiveness of UK trade mark 2020960. Mr Finkelstein gives evidence that the trade mark (MAX) and the trade mark PEPSI MAX was first used in the UK in March 1993. Sales of cola drinks under the mark grew quickly. In 1993, £25m worth of goods were sold. This increased to £55m in 1994 and £67m in 1995 (the application was filed on 18 May 1995, so the majority of the use in 1995 post dates the application).

28. Pepsi spent £2m to £2.5m per annum promoting goods under the mark during this period.

29. Mr Finkelstein provides some details of the places where the trade mark was advertised. These include a national newspaper (The Sun). Some examples of promotional material were filed at the time, but it has not been possible to locate these.

30. Ms Carson and Ms Bilus's evidence is essentially identical. They say that the MAX trade mark was first used in the UK in April 1993 in relation to cola flavoured drinks. They provide sales figures showing that between 2001 and 2008, MAX branded products held between 4.4% and 5.7% of the UK cola drinks market. This equates to annual sales of between £46.5m and £101.5m. Between 2004 and 2007, Pepsi spent between £2m and £8.5m promoting products under the mark in the UK.

31. Attached to these witnesses' affidavits are 8 exhibits showing how the mark was used in the period 2001-2007. The first exhibit consists of a CD showing some television advertisements which the witnesses say were broadcast on Sky, Channel 4 and ITV. The word MAX is always used in conjunction with the word PEPSI, and

sometimes with other words, such as in the slogan MAX YOUR LIFE. The witnesses point out that:

“It will be noted that each of these advertisements shows use of the word MAX in a prominent form. Although other matter such as the word PEPSI or the words YOUR LIFE for example are also used, the word MAX always features in coloured font, which is larger than this other matter and is often used separately from such matter making it very clear that the brand name for this product is MAX.”

32. Exhibit 7 dates from 2004. It consists of an advertisement showing a can of PEPSI MAX. The word MAX appears beneath the word PEPSI and in a slightly stylised and larger font. Although the copy in evidence is in black and white, it can be seen that the words are also presented in contrasting colours. The can also bears the words “*maximum taste, no sugar*”. An inscription above the can states “*max taste, no sugar*”.

33. Other uses from 2005 and 2006 in exhibits 3, 5 and 6 are similar, except that the words PEPSI and MAX are separated above and below a device as shown below.



34. Exhibit 4 shows another advertisement from 2006 featuring a horizontal scale with, at one end, the word ‘zero’ with an accompanying dictionary definition and, at the other end, the word ‘max’ and a representation of a can of the PEPSI MAX product with an accompanying dictionary definition “*abbrv. Maximum. The highest possible or attainable amount*”. At the bottom of the advertisement the words ‘MAX your life’ and (in smaller typeface) ‘max taste no sugar’ also appear.

35. Exhibit 2 consists of more poster advertisements from 2006 showing cans similar to the one shown above accompanied by a variety of straplines reinforcing the message ‘full taste, no sugar’.

36. Exhibit 8 shows pages from Pepsi’s web site on 13 May 2007 and 10 June 2007. There are two points worthy of note. Firstly, where the word MAX appears in conjunction with PEPSI, it has grown in size relative to the word PEPSI (as well as also appearing in a slightly stylised writing and in a contrasting colour beneath it), Secondly, the word ‘Max’ appears across the ribbon at the top of the web pages

accompanied by (but not joined to) a number of words in a contrasting colour and font. Read together the words form promotional statements, such as ‘MAX your experience’.

37. Ms Williams gives evidence about some internet research she conducted on behalf of Pepsi. The only thing worth recording is that of the first 50 ‘hits’ produced by a search conducted in 2009 for ‘max soft drinks’ amongst pages from UK web sites, 43 hits related to Pepsi’s product. The others were ambiguous. Only one related to a third party product, which was LEMSIP MAX, a cold and flu remedy.

38. Jill Ardagh explains that the British Soft Drinks Association (“BSDA”) provides a single trade association for the UK soft drinks industry, representing all types of soft drinks. Ms Ardagh gives evidence that both she and the BSDA are aware of the MAX brand and that it is a well known brand of Pepsi in the UK. To the best of her knowledge and belief, MAX is not used by any other soft drinks manufacturer in the UK.

39. These are my conclusions on the primary facts covered by the evidence. I do not think that there is much conflict of evidence as to the use of the word MAX in the UK in relation to soft drinks. No witness has identified any party other than Pepsi that used the word MAX in relation to soft drinks either at the date of Pepsi’s application for registration in the UK in 1995, or at the date of the application for invalidation in 2008. The uses shown of the marks MAX MUSCLE, CRAN-MAX, ANTI-MAX, LEMSIP MAX and Ovaltine Max4Milk do not affect this finding because those signs are (or were) used i) as trade marks, and ii) for products other than soft drinks. I accept that there is some evidence of the use of RED MAX for energy drinks, which are covered by the opposed application, but not by Pepsi’s 2020960 registration. Even here, the extent of the use is unclear. Further, the use is plainly as part of a trade mark rather than simply generic use of MAX.

40. As to Pepsi’s own use of MAX, there is abundant evidence that the sign was used on a substantial scale both prior to the original application for registration and, particularly post registration, in conjunction with the well known trade mark PEPSI and various other signs.

OSOTSPA’S APPLICATION FOR THE INVALIDATION OF REGISTRATION 2020690

41. Section 47 of the Act (in so far as is relevant) is re-produced below.

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.

(5) Where the grounds of invalidity exists in respect of only some of the goods or services for which the trade mark is registered, the trade mark shall be declared invalid as regards those goods or services only.

42. Section 72 is as follows.

72. In all legal proceedings relating to a registered trade mark (including proceedings for rectification of the register) the registration of a person as proprietor of a trade mark shall be prima facie evidence of the validity of the original registration and of any subsequent assignment or other transmission of it.

43. Section 100 is as follows.

100. If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.

44. The parties are agreed that the net result of these provisions is that:

- i) The persuasive burden is on Osotspa to show that the trade mark MAX was not registrable *prima facie*.
- ii) If that burden is discharged, the evidential burden rests on Pepsi to provide the materials which show that the mark had acquired a distinctive character before the date of the application for registration, but the persuasive burden remains on Osotspa to show that they do not do so.
- iii) If Osotspa also discharges that burden, the evidential and persuasive burden rests on Pepsi to show that the mark had acquired a distinctive character prior to the date of the application for invalidation.

45. I believe that this is consistent with the position described in paragraphs 10-014 and 10-015 of Kerly's Law of Trade Marks and Trade Names (14th ed.).

46. However, although these matters must be kept in mind their importance should not be overstated. For as the Court of Appeal stated in *Stephens v. Cannon* [2005] EWCA Civ 222 (14 March 2005), a decision taker should not resort to the burden of proof for the purpose of determining issues in civil proceedings unless he or she cannot reasonably make a finding in relation to the disputed issue or issues on the basis of the available evidence, notwithstanding that he or she has striven to do so.

47. I start then by considering the inherent registrability of MAX for cola flavoured beverages. There is no dispute that MAX is an abbreviation for the word 'Maximum'. Ms McFarland, for Pepsi, submitted that the mere fact that a word may have a dictionary meaning does not necessarily preclude it from being a trade mark. This is all the more so where "*the alleged dictionary definition does not have a single and unequivocal allegedly descriptive meaning*".

49. I remind myself that it is irrelevant that a mark has non-descriptive meanings if one of its meanings is descriptive: *Koninklijke KPN Nederland NV and Benelux-Merkenbureau*, Case C-363/99 (POSTKANTOOR). The relevant test is, therefore, that set out in paragraphs 54-56 of the European Court of Justice's ("ECJ") judgment in *Postkantoor*, which is as follows.

“54. As the Court has already held (*Windsurfing Chiemsee*, paragraph 25, *Linde*, paragraph 73, and *Libertel*, paragraph 52), Article 3(1)(c) of the Directive pursues an aim which is in the public interest, namely that such signs or indications may be freely used by all. Article 3(1)(c) therefore prevents such signs and indications from being reserved to one undertaking alone because they have been registered as trade marks.

55. That public interest requires that all signs or indications which may serve to designate characteristics of the goods or services in respect of which registration is sought remain freely available to all undertakings in order that they may use them when describing the same characteristics of their own goods. Therefore, marks consisting exclusively of such signs or indications are not eligible for registration unless Article 3(3) of the Directive applies.

56. In those circumstances, the competent authority must, under Article 3(1)(c) of the Directive, determine whether a trade mark for which registration is sought currently represents, in the mind of the relevant class of persons, a description of the characteristics of the goods or services concerned or whether it is reasonable to assume that that might be the case in the future (see to that effect *Windsurfing Chiemsee*, paragraph 31). If, at the end of that assessment, the competent authority reaches the conclusion that that is the case, it must refuse, on the basis of that provision, to register the mark.”

50. According to Pepsi, the word MAX is “*a laudatory epithet which denotes the most significant, highest, furthest or greatest thing*”. On this basis, Mr Tritton likened it to the word TOP, which the Court of First Instance of the European Communities (now the General Court) found to be unregistrable as a Community trade mark for the following reasons.

“93 First of all, the term ‘top’, which comes from English but is also in current use in other Community languages, belongs to the category of superlatives and can be used as a noun proper or noun adjective. Since the trade mark proposed for registration consists only of that term, the term must therefore be considered, from a grammatical point of view, to function as a noun proper.

94 Secondly, in the present case, unlike the term ‘ultraplus’ in the case which gave rise to the *Ultraplus* judgment cited above, the term ‘top’ is used in its usual grammatical structure and cannot be said to be ‘perceptibly different from a lexically correct construction’ within the meaning of the judgment in *UltraPlus*, paragraph 47.

95 Furthermore, although it is true that, due to its generic meaning which tends to exalt in an unspecified manner the nature, function, quality or one of the qualities of any product or service, the sign ‘top’ does not enable the consumer to imagine to what type of goods or services it refers, the fact nevertheless remains that, precisely because it is commonly used in everyday language, as well as in trade, as a generic laudatory term, that word sign cannot be regarded as appropriate for the purpose of identifying the commercial origin of the goods which it designates and, therefore, of performing the essential function of a trade mark.”

51. A degree of caution is always required when trying to extrapolate findings of fact from one trade mark to another. This is particularly so here because I do not recognise the meaning attributed to MAX by Osotspa. The Collins English Dictionary (2000) defines the word Maximum as meaning “*1. the greatest possible amount,*

degree etc. 2. The highest value of a variable quantity". The Oxford English Dictionary (2nd Edition revised) defines the word like this: "*the greatest amount, extent, or intensity possible, permitted, or recorded*". Chambers 21st Century Dictionary provides a similar meaning. All of these definitions are about quantity. In my view, they do not support the proposition that MAX is a laudatory word like TOP. I also note that these meanings are consistent with Mr Hall's evidence on behalf of Osotspa (re-produced at paragraph 22 above). Consequently, I reject the suggested analogy with TOP and the proposition that MAX was regarded as a general laudatory epithet at the relevant date (which, for this purpose, is 18 May 1995).

52. Turning to Mr Hall's evidence on behalf of Osotspa, he envisages that MAX might become used to indicate 'maximum taste' in the same way that he considers ZERO is used by Coca Cola to designate soft drinks with zero sugar/calories. As the above extract from *Postkantoor* indicates, it is necessary to take into account whether a word is liable to subsequently come into use as a descriptor. However, the suggested analogy with 'zero' does not appear to me to stand up to analysis. It is obvious why a producer of a soft drink might wish to convey the message that it contain no sugar or calories. The word 'zero' may be a means of conveying this message. By contrast, it is not at all obvious (at least to me) why a producer of soft drinks would wish to convey the message that a soft drink has 'maximum taste'. In my experience, taste is normally promoted by reference to a quality rather than quantity. And even if traders want to describe the taste of a soft drink in a quantitative way, it does not seem to me to be a natural use of the language to promote a soft drink as having 'maximum' taste. That statement alone looks a bit odd to me because it implies that there is an upper limit to the amount of taste that a soft drink may have.

53. The resistance of the sign MAX to ordinary descriptive use seems to be borne out by Osotspa's own evidence, which fails to reveal any descriptive use of MAX by third parties in the UK as a designation of the taste of soft drinks. Although the absence of evidence of descriptive use of the word is not decisive, it is plainly a relevant factor. In the light of all the above, I find that Osotspa has not shown that the word MAX alone is a sign which may serve, in trade, to designate the taste, or any other characteristic, of cola flavoured beverages. I have not overlooked the evidence of Pepsi's own advertising described at paragraph 34 above. However, I note from Mr Hall's evidence that there is a history of keen rivalry between Pepsi and Coca Cola and that Pepsi's MAX and Coca Cola's ZERO drinks are directly competitive products. In these circumstances I do not think that it would be safe to assume that the apparent contrast between those words in Pepsi's advertisement in 2006 represents simply natural descriptive uses of the words 'zero' and 'max'.

54. I accept that when used in combination with the words 'no sugar' or 'no calories', the words 'maximum taste' or 'max taste' are capable of being used, and understood by consumers, as a description of a quality of cola flavoured beverages. The words 'max taste, no sugar' may serve to designate that the removal of sugar and calories has not also removed some of the taste of the product. Used in this combination, the meaning of the words are likely to be approximated to 'full taste, no sugar/calories'. Accepting then that the combination of words 'max taste, no sugar/calories', constitutes a descriptive designation, the question becomes whether the difference

between those words and the sign MAX alone is sufficient for the latter to qualify for registration as a trade mark for cola flavoured beverages.

55. In *Postkantoor* the ECJ considered a question regarding the use of a composite mark made up of descriptive elements. The court concluded as follows.

“96. If a mark, such as that at issue in the main proceedings, which consists of a word produced by a combination of elements, is to be regarded as descriptive for the purpose of Article 3(1)(c) of the Directive, it is not sufficient that each of its components may be found to be descriptive. The word itself must be found to be so.”

56. This appears to me to apply equally in the reverse situation where the word in question (or in this case, an abbreviation) is capable of being used as just a part of a descriptive sign.

57. In Case C-242/00, *Campina Melkunie BV and Benelux-Merkenbureau*, the ECJ provided guidance as to whether a combination of descriptive elements is itself registrable as a trade mark. It concluded in paragraph 40 of its judgment that:

“... such a combination may not be descriptive within the meaning of Article 3(1)(c) of the Directive, provided that it creates an impression which is sufficiently far removed from that produced by the simple combination of those elements.”

58. Consequently, by parity of reasoning, it appears to me that the correct test in these circumstances is whether MAX alone creates an impression that is sufficiently far removed from the (descriptive) impression created by word combinations such as ‘max taste, no sugar’.

59. As the ECJ indicated in *Postkantoor* (see above), the test must be posed in relation to the likely reaction to the mark by an average consumer of cola flavoured drinks, who is deemed to be reasonably informed and observant. In this case, the average consumer is representative of the public at large.

60. I find that, when used alone, the word MAX would not convey any clear descriptive message about the characteristics of cola flavoured beverages. The mark is certainly suggestive or allusive of some unspecified quality of the product, but the quality itself is not discernable from the mark. In that situation, there is no reason for s.3(1)(c) to be applied so as to leave the term MAX free for unfettered use by other traders.

61. I believe that this finding is consistent with the evidence of Pepsi’s own use of the mark in which the meaning of the word MAX usually has to be explained in associated promotional statements. Although this is not decisive of the matter, I regard it as relevant that Pepsi itself apparently did not consider that its use of the word MAX would convey to consumers the desired ‘full taste, no sugar’ message.

62. In other cases, the fact that a trade mark makes up only a part of a literally complete description may not be enough to avoid falling foul of s.3(1)(c). In particular, where the descriptive impression remains discernable despite the elliptical nature of the mark it will still be caught by the exclusion from registration. Given the popularity of diet versions of soft drinks this may be the case with the word ZERO,

which a reasonably attentive consumer might, even without applying an unusual degree of analysis, recognise as an indication of a complete absence of sugar and calories. Similarly, a reasonably attentive consumer of pharmaceuticals, who wants something that helps with his or her cold or flu symptoms, might have little difficulty in discerning that a product bearing the name MAX is likely to contain the maximum permitted amount of active ingredients. Each case, of course, turns on its own facts as shown by the evidence.

63. For the reasons given above, I reject the s.3(1)(c) ground for invalidation.

64. No separate grounds have been advanced for Osotspa's claim that the word MAX is excluded from registration under s.3(1)(a) or (b). For the sake of completeness I find that there are, in my view, no grounds for concluding that such allusive qualities as the word Max may have for cola flavoured beverages are such that the word is incapable of distinguishing the goods of one undertaking from those of other undertakings. The grounds for invalidation under s.3(1)(a) & (b) are therefore also rejected.

65. In case I am found to be wrong in rejecting Osotspa's claim that the mark MAX was not registrable *prima facie* in 1995, I will also consider Pepsi's claims that the mark has, in any event, acquired a distinctive character through use. In order to form a view on this claim it is necessary for me to assume, contrary to my findings so far, that the mark MAX was *prima facie* unregistrable for cola flavoured drinks in 1995.

66. Pepsi claims to have used the mark MAX in the UK for 15 years by the date of the application for invalidation, whereas the mark had only been used for just over 2 years prior to the date of the application for registration. It is clear from the proviso to s.47(1) that Osotspa's application for invalidation will fail if the mark is shown to have acquired a distinctive character prior to the date of the application for invalidation. Consequently, Pepsi's best case under this heading is that the mark had acquired a distinctive character by this date. I will therefore start by examining this claim.

67. The parties are agreed that it is necessary to take account of the guidance of the ECJ in *Windsurfing Chiemsee*, joined cases C-108 & 109/97, according to which:

"51. In assessing the distinctive character of a mark in respect of which registration has been applied for, the following may also be taken into account: the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations.

52. If, on the basis of those factors, the competent authority finds that the relevant class of persons, or at least a significant proportion thereof, identify goods as originating from a particular undertaking because of the trade mark, it must hold that the requirement for registering the mark laid down in Article 3(3) of the Directive is satisfied. However, the circumstances in which that requirement may be regarded as satisfied cannot be shown to exist solely by reference to general, abstract data such as predetermined percentages.

53. As regards the method to be used to assess the distinctive character of a mark in respect of which registration is applied for, Community law does not preclude the competent authority, where it has particular difficulty in that connection, from having recourse, under the conditions laid down by its own national law, to an opinion poll as guidance for its judgment (see, to that effect, Case C-210/96 *Gut Springenheide and Tusky* [1998] ECR I-4657, paragraph 37).”

68. There is no dispute that MAX had been used on a substantial scale by 2008, and no challenge to the evidence that, at that date, over 5% of the colas sold in the UK carried the mark. The issue in dispute is whether, irrespective of the scale and extent of the use, mere evidence of use and promotion of the mark MAX in conjunction with the highly distinctive trade mark PEPSI is sufficient to show that the mark MAX alone had acquired a distinctive character. The dispute is one of fact. It is clear that, as a matter of law, a mark may acquire a distinctive character in these circumstances: *Nestle S.A. v Mars UK Ltd (Have a Break)*, ECJ, Case C-353/03.

69. Mr Tritton reminded me that in the case of *British Sugar Plc v James Robertson & Sons Ltd (TREAT)*, [1996] RPC 281, Mr Justice Jacob (as he then was) cautioned against accepting mere evidence of use as establishing distinctiveness, particularly where the evidence showed that the sign at issue had always been used together with a highly distinctive trade mark. Mr Tritton also reminded me how high Jacob J. had appeared to set the bar in that case. The judge said that “*in a case of this sort [that is, where common or apt descriptive or laudatory words are involved] that the mark has really become accepted by a substantial majority of persons as a trade mark*”. The judge thought that educating 60% of people to see the sign as a trade mark may not be enough, but 90% would be.

70. Dealing firstly with Mr Tritton’s second point, I note that the judgment in *Treat* preceded the ECJ’s judgment in *Windsurfing*. It is clear from the latter judgment that if:

“the competent authority finds that the relevant class of persons, or at least a significant proportion thereof, identify goods as originating from a particular undertaking because of the trade mark, it must hold that the requirement for registering the mark laid down in Article 3(3) of the Directive is satisfied.”

71. It does not seem that a particular percentage of the relevant public must be shown to identify the source of goods by reference to the trade mark. Indeed the ECJ stated that:

“... the circumstances in which that requirement may be regarded as satisfied cannot be shown to exist solely by reference to general, abstract data such as predetermined percentages.”

72. Mr Tritton suggested that later judgments of the ECJ may have set the bar higher than may be apparent from the above. In particular, he pointed out that in the *Europolis* case, C-108/05, the ECJ stated that a mark may only be registered on the basis of acquired distinctiveness if it is shown that the mark has acquired a distinctive character throughout the territory in which registration is sought. That might suggest that near-universal recognition of the sign as a trade mark is required. However, I think that the court was there setting out a different requirement: that a

mark should not be registered until it has acquired a distinctive character in all the territory in which a) it originally lacked it, and b) is covered by the proposed registration. I do not think that the judgment requires that the mark be distinctive to everyone throughout that territory. Indeed, this much is clear is clear from the court's answer to the second question asked of it by the referring court, which is as follows:

“As regards a mark consisting of one or more words of an official language of a Member State or of Benelux, if the ground for refusal exists only in one of the linguistic areas of the Member State or, in the case of Benelux, in one of its linguistic areas, it must be established that the mark has acquired distinctive character through use throughout that linguistic area. In the linguistic area thus defined, it must be assessed whether the relevant class of persons, or at least a significant proportion thereof, identifies the product or service in question as originating from a particular undertaking because of the trade mark.” (emphasis added)

73. Further, as I think Mr Tritton accepted, a sign may function as a trade mark whilst at the same time conveying some impression about the qualities of the goods to the public. In other words, a word may acquire a distinctive secondary meaning as a trade mark without the trade mark meaning having to wholly displace the original meaning of the sign. Accordingly in its recent judgment in *Audi AG v OHIM*, Case C-398/08P, the ECJ stated that:

“45. ... it should be noted that the laudatory connotation of a word mark does not mean that it cannot be appropriate for the purposes of guaranteeing to consumers the origin of the goods or services which it covers. Thus, such a mark can be perceived by the relevant public both as a promotional formula and as an indication of the commercial origin of goods or services. It follows that, in so far as the public perceives the mark as an indication of that origin, the fact that the mark is at the same time understood – perhaps even primarily understood – as a promotional formula has no bearing on its distinctive character.”

74. Admittedly, these comments relate to the slightly different question of whether a mark was possessed of an inherently distinctive character. However, it is difficult to see why it should matter any more in the case of acquired distinctiveness that a sign which has come to fulfil the essential function of a trade mark to a significant proportion of the relevant public also fulfils other functions.

75. As to Mr Tritton's other point (that mere evidence of use is insufficient in the case of a mark with a laudatory or descriptive meaning), whilst the guidance in *Treat* is very helpful it cannot be elevated into a rule that evidence of use is never sufficient to prove that a descriptive or laudatory mark has acquired a descriptive character. I need hardly point out that in civil proceedings in England and Wales the facts are determined on the balance of probability. As Richard Arnold Q.C. (as he was then) noted in *Extreme Trade Mark*, BL O/161/07:

“...when applying the standard of proof on the balance of probabilities, the less probable the event alleged, the more cogent the evidence must be to demonstrate that it did indeed occur: see *Re H (Minors)* [1996] AC 563 at 586.”

76. It seems to me that the guidance in *Treat* is really just an expression of this principle in the particular context of acquired distinctiveness - the less a sign looks like it could function as a trade mark, the better the evidence required to prove that it

has come to do so. The starting point should therefore be the capacity of MAX to function as a trade mark for soft drinks. I indicated earlier that in making this assessment I would assume, contrary to my earlier finding, that MAX is *prima facie* 'devoid of any distinctive character'. Those words mean no more than that, as an unused mark, the word MAX is incapable of distinguishing the goods of one trader from those of another: *Phillips*, ECJ Case C-299/99 at paragraphs 30 and 47. However, it is well recognised that distinctiveness (and, by extension, lack of distinctiveness) is a matter of degree. At the very bottom of the scale are words which are 100% descriptive, such as 'Soap' for soap, or 100% laudatory, such as 'good' or maybe 'top'. Even if I am wrong in finding that MAX is inherently capable of distinguishing Pepsi's soft drinks, I do not believe that it can be placed in the same category as these words (or Treat for dessert toppings for that matter). Accordingly, I start from the position that MAX is a word which is well capable of, at least, becoming a trade mark for soft drinks given sufficient use and promotion as a trade mark.

77. This takes to me to what I believe to be the heart of Osotspa's case under this heading, which is that Pepsi has not used MAX as a trade mark, or else has only used it as a 'limping' secondary trade mark. I reject the first submission. In my view, the sort of use of MAX shown at paragraph 33 above is use of that mark as a trade mark, which is liable to be recognised as such by the average consumer of soft drinks. I do not think that that finding is undermined by the fact that most of the use of MAX has been accompanied by descriptive statements, such as '*maximum taste, no sugar*' or strap lines such as '*Max your life*'. In my view, the former use is liable to convey to consumers that MAX serves two purposes: as a trade mark and as an allusion to the quality described in the accompanying descriptive statement (or maybe that the descriptive statement contains a play on the trade mark). The use of strap lines, such as '*Max your life*', seems to me to be squarely aimed at promoting Max as a trade mark.

78. I accept the second submission – that MAX has been used as a secondary trade mark and in conjunction with PEPSI. This might make it more difficult to show that MAX alone has acquired a distinctive character. However, given the intensity and length of the use that has been made of the mark, the manner of use - it is obviously not a "part of" the PEPSI mark, it is separated from PEPSI by space, colour and font – and the extent of the promotion of the mark, I am prepared to accept that it had acquired a distinctive character as a trade mark by the date of the application for invalidation. In other words that it was, by itself, distinctive of a cola flavoured drink at that date.

79. Mr Tritton submitted that such a conclusion would be difficult, even impossible, without evidence from consumers attesting to their recognition of MAX as a trade mark. I do not agree. The need to show acquired distinctiveness only arises in cases in which it is judged that a mark will not be immediately grasped by consumers as a trade mark. Consequently, the logical result of this submission is that evidence from consumers would always be required in order to show acquired distinctiveness. The ECJ stated in *Windsurfing* that European law does not prevent a national tribunal, where it is in doubt, from resorting to "opinion polls" (survey evidence). By contrast, the court stated that tribunals must have regard to evidence as to the length and

extent of the use and promotion of the trade mark, and statements from trade associations.

80. Accordingly, it seems inevitable that decisions as to whether a mark has come to designate the goods of one undertaking to a significant proportion of the relevant public may be made on the basis of reasonable inferences drawn from the manner, length and extent of the use of a mark, and from statements made by those in the trade. An example of this approach can be seen in the judgment of the ECJ in Case C-488/06, *L & D SA v OHIM*, at paragraphs 74-76. The Community trade mark at issue in that case consisted of the shape of an air freshener, which was used together with a distinctive word mark. Admittedly, that case concerned the slightly different question of whether a weak mark had acquired a particularly distinctive character through use. However, as the court observed at paragraphs 49-51 of its judgment, that difference did not justify any difference of approach.

81. For the reasons given above, I find that, even if the mark MAX was excluded from registration by s.3(1)(b) or (c) of the Act at the date of the application for registration, it had acquired a distinctive character by the date of the application for invalidation. That is sufficient to reject the application for invalidation without it being necessary to consider the question of whether the mark had acquired a distinctive character through use at an earlier date.

Application for revocation for non-use

82. The period of alleged non-use is claimed to be 5 July 2002 to 4 July 2007. On that basis Osotspa asks for the MAX trade mark to be revoked under s.46(1)(b) of the Act.

83. In the light of my earlier findings I can deal with this quite briefly. The ECJ has issued guidance on the meaning of “genuine use” of trade marks, inter alia, in the case of *Ansul BV v Ajax Brandbeveiliging BV*, Case C-40/01, [2003] ETMR 85. For present purposes it is sufficient to note that the court has stated that such use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin.

84. This goes to the heart of Osotspa’s case, which isn’t that there has been no use of MAX – there plainly was a great deal of use of it by Pepsi in the relevant period – but that there has been no use of it as a trade mark, or at least as an independent trade mark. It follows from my earlier findings that I do not accept either proposition. In my view, the use of MAX shown at paragraph 33 above is consistent with its essential function as a trade mark. The fact that it may also have served other purposes is irrelevant. Similarly, the fact that the mark was used in conjunction with the PEPSI mark and a figurative mark is also irrelevant. The General Court dealt with a similar situation in Case T-29/04, *Castellblanch v OHIM*. That case concerned the use of the Community trade mark CRISTAL, which, as in this case, was used in conjunction with other marks. The court stated that:

“33. In the contested decision the Board of Appeal found that there is no precept in

the Community trade mark system that obliges the opponent to prove the use of his earlier mark on its own, independently of any other mark. According to the Board of Appeal, the case could arise where two or more trade marks are used jointly and autonomously, with or without the name of the manufacturer's company, as is the case particularly in the context of the automobile and wine industries.

34. That approach must be followed. The situation is not that the intervener's mark is used under a form different to the one under which it was registered, but that several signs are used simultaneously without altering the distinctive character of the registered sign. As OHIM rightly pointed out, in the context of the labelling of wine products joint affixing of separate marks or indications on the same product, in particular the name of the winery and the name of the product, is a common commercial practice."

85. I find that Pepsi has used MAX as a trade mark. It is true that most of the use shown of MAX is in a particular script, as shown above. Richard Arnold QC (as he then was) as The Appointed Person in *Nirvana Trade Mark* (O-262-06) at [9]-[21] and [33]-[34] and *Remus Uomo Trade Mark* (O-061-08) at [30]-[35] stated that the relevant enquiry in these circumstances is as follows:

"The first question [in a case of this kind] is what sign was presented as the trade mark on the goods and in the marketing materials during the relevant period...

The second question is whether that sign differs from the registered trade mark in elements which do not alter the latter's distinctive character. As can be seen from the discussion above, this second question breaks down in the sub-questions, (a) what is the distinctive character of the registered trade mark, (b) what are the differences between the mark used and the registered trade mark and (c) do the differences identified in (b) alter the distinctive character identified in (a)? An affirmative answer to the second question does not depend upon the average consumer not registering the differences at all."

86. In my view, the script used by Pepsi does not alter the distinctive character of the mark from the form in which it is registered. This is because the script in which the mark is used introduces insufficient stylisation for the average consumer to see the mark as anything more than the word MAX. That is not to say that the average consumer would fail to notice the stylisation of the word MAX at all, but rather that it would fail to change the consumer's impression of the distinctive character of the mark. Consumers are used to seeing words presented in a variety of different scripts and typefaces. Unless there is something special about them it usually makes no difference to their appreciation of the word(s) in question. For these reasons I find that a) the distinctive character of the registered mark is the word MAX, b) the difference between the word MAX and the mark shown at paragraph 33 above is simply the stylisation of the letters MAX, and c) the stylisation is relatively modest and does not alter the distinctive character of the registered mark. The use of the stylised MAX shown by Pepsi therefore falls within s.46(2) of the Act and counts as genuine use of the registered mark in relation to colas.

87. I have asked myself whether the distinction between colas and cola flavoured drinks matters. I have concluded that as, at the date of registration, there does not

appear to have been a category of cola flavoured drinks that were not colas, the distinction does not matter. The application for revocation fails.

Pepsi's Opposition to Osotspa's application 2460646

88. I will first consider the grounds of opposition based on Pepsi's earlier UK trade mark 2020960 – MAX.

89. The relevant parts of s.5 are as follows:

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

(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.

5(3) A trade mark which –

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark, in the European Community) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.

90. Section 6A is also relevant because Osotspa challenges Pepsi's statement of use of trade mark 2020960. However, given my findings in respect of Pepsi's application for revocation it follows that I reject Osotspa's challenge to Pepsi's statement of use. I note that the relevant five year period for this purpose is slightly different to that in the revocation action, but in this case nothing turns on that. Consequently, I find that Pepsi is entitled to ask for trade mark 2020960 to be protected for cola flavoured drinks.

91. I start by considering the opposition under s.5(2)(b). In my consideration of whether there is a likelihood of confusion between the earlier mark and the applicant's mark, I take into account the guidance from the settled case law of the ECJ in *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG & Adidas Benelux BV* [2000] E.T.M.R. 723, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH* C-120/04 and *Shaker di L. Laudato & C. Sas v OHIM* C-334/05 P (LIMONCELLO). It is clear from these cases that:

(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v Puma AG*,

(b) the matter must be judged through the eyes of the average consumer of the services in question; *Sabel BV v Puma AG*, who is deemed to be reasonably well informed and reasonably circumspect and observant

- but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind; *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel B.V.*,

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v Puma AG*,

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV v Puma AG*,

(e) it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements; *Shaker di L. Laudato & C. Sas v OHIM*

(f) beyond the usual case, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark; *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*,

(g) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.*,

(h) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it; *Sabel BV v Puma AG*,

(i) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v Puma AG*,

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; *Marca Mode CV v Adidas AG and Adidas Benelux BV*,

(k) if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.*

Comparison of goods

92. Pepsi's earlier mark is protected for just one product: 'cola flavoured drinks'. Osotspa's goods are:

Soft drinks, fruit drinks, sport drinks and isotonic drinks, energy drinks and fruit juices, but not including any cola drinks or cola flavoured drinks; syrups, powders and other preparations for use in making soft drinks, fruit drinks, sport drinks and isotonic drinks, energy drinks and fruit juices, but not including any syrups, powders and other preparations for use in making cola drinks or cola flavoured drinks.

93. Cola flavoured drinks have been excluded from Osotspa's application. Consequently, it appears to me that the respective goods are not identical. Having decided that the respective goods are not the same, I turn to the question of similarity. In comparing the respective specifications, all relevant factors should be considered, as per *Canon* where the ECJ stated at paragraph 23 of its judgment that:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary.

94. Mr Tritton provided the following summary of Mr Hall's evidence on this point, which I gratefully adopt.

Osotspa has filed evidence from Mr Hall which describes the various drinks markets. His evidence can be summarised as follows:

- 57.1. Prior to 6th July 2007, cola-flavoured drinks and energy drinks were not confusably similar products (¶31, Hall).
- 57.2. Energy drinks are primarily functional whereas cola-flavoured drinks are primarily taken for their taste (¶34, Hall).
- 57.3. Fruit drinks are generally non-carbonated but can be considered as a separate segment to carbonated soft drinks and there is no cross over in colour, fruit content, imagery or taste (¶37, Hall);
- 57.4. Sports and isotonic drinks are a different market to cola flavoured drinks. In particular, they are promoted to aid sports performance and recovery (¶38, Hall);
- 57.5. Generally, within soft drinks, cola-flavoured drinks have a strong identity and people see them as a separate segment of products and would not confuse them with other types of carbonated soft drink (¶39, Hall);

95. I understand that Mr Hall's statement that a cola flavoured drink and an energy drink are not “*confusably similar products*” means that one would not mistake one of these products for the other. With a couple of exceptions (see below), I broadly accept his evidence as summarised above, but bear in mind that the scope of s.5(2) is wide enough to cover products that would not be directly confused, but which are

similar enough (when combined with similar marks) to cause an average consumer to believe that the respective goods are those of the same undertaking, or an economically related undertaking. So the fact that a consumer would not mistake cola for lemonade does not mean that there would be no confusion if different undertakings used the same or similar trade mark for these products.

96. I also accept the point made implicitly in paragraph 57(1) of Mr Tritton's skeleton (above) that the similarity of goods must be assessed at the date of the application for registration: *Reed v Reed*, Court of Appeal [2004] RPC 40. Consequently, the introduction for the first time in 2009 of a cola flavoured energy drink is irrelevant.

97. Ms McFarland sought to build a connection between cola drinks and energy drinks on the basis that both usually contain caffeine. Be that as it may, I think that consumers would attach more weight to the difference in the purpose of the products, as described by Mr Hall (see paragraph 57(2) of Mr Tritton's skeleton above). I conclude that these products are more different than they are similar in purpose, and they are not in competition or complementary. Both products are processed drinks, so they are plainly similar in nature and also in the method of use, i.e. one could drink either from a can. In my view, there is a moderate degree of similarity between these products.

98. I find that broadly similar considerations apply to the similarity between, on the one hand, cola flavoured drinks and, on the other hand, sports and isotonic drinks. However, I believe that the difference in the purpose between these products is less clear cut (compared to energy drinks). This is because in certain circumstances one might use a cola flavoured drink to help counter mild dehydration. Consequently, there is a small degree of competition between these products. Taken together with the other similarities, there is therefore a reasonable degree of similarity between them.

99. Similarly, if one is looking for a soft drink for refreshment purposes there will be occasions on which those of us who are not committed cola drinkers will choose between a cola and a fruit drink, which might include a carbonated fruit drink. There is therefore a greater degree of similarity again between the purpose of these products, and also a greater degree of competition. The respective goods are therefore highly similar. The same considerations might be thought to apply to fruit juices, but in reality I suspect that the choice between a cola drink and a fruit juice would often be strongly influenced by the relative health benefits (or disbenefits) of these beverages. Consequently, the level of competition between fruit juices and cola drinks is likely to be quite small. Nevertheless, there is a reasonable degree of similarity between these products.

100. Whilst I accept that cola-flavoured drinks have their own niche within the wider soft drinks market, it is, I believe, self evident that the purpose of cola flavoured drinks and other carbonated drinks, such as lemonade, is the same. Further, although many individuals have preferences, others may be equally happy with cola or lemonade. There is therefore quite a high degree of competition between these products. Overall, I consider cola flavoured drinks to be highly similar to other soft drinks.

101. By contrast, I see very little similarity at all between, on the one hand, cola flavoured drinks and, on the other hand, syrups, powders and preparations for making drinks other than colas and cola flavoured drinks.

Distinctive character of the earlier mark

102. In my view, the earlier mark has only an average degree of distinctive character even taking into account the use made of it. This is because it is made up of a single dictionary word which alludes to (even if it does not describe) some indiscernible-but-positive quality of the goods.

103. The MAX mark has been used extensively and over a long period of time, but whilst this has, in my view, increased its level of distinctive character so as to, at least, clear the minimum threshold for registrability, I do not think that its use as a secondary trade mark has resulted in the mark acquiring a highly distinctive character.

Comparison of marks

104. Osotspa's mark is a complex figurative mark made up of four circles, three of which are interlocking. A stylised letter 'M' appears quite prominently within the largest of the circles, and the word MAX also appears in rather smaller (and also stylised) letters as though cutting through one of the 'legs' of the letter M.

105. The visual similarity between the marks is limited to the appearance of the word MAX in Osotspa's complex figurative mark. Such stylisation as there is does nothing to increase the visual similarity between the marks. In my view, the word Max does not dominate the visual impression created by Osotspa's mark. The circles and the stylised letter 'M' individually make at least as much impact as the word MAX, and collectively they make more impact. On that view of the matter, there is only a modest degree of visual similarity between the respective marks when compared as wholes.

106. The graphical element of Osotspa's mark is unlikely to find verbal expression. Consequently, Osotspa's mark will, in my view, be verbalised as 'M max'. There is therefore a reasonable degree of aural similarity between the marks.

107. To the extent that both marks contain the word MAX there is also a degree of conceptual similarity. However, this is reduced by the fact that the word max in Osotspa's mark will be seen by the average consumer as part of the verbal element 'M max'. Ms McFarland submitted that the 'M' would be seen as merely adding emphasis to the word MAX, or else be taken as merely a verbal expression of enjoyment, as in 'Mmm'. I disagree. In my view, the relative size and positioning of the 'M' and 'max' in Osotspa's mark point away from the 'M' serving merely to add emphasis to the word 'max'. The alternative suggestion that an average consumer will see the 'M' as merely an expression of enjoyment appears to me to be rather fanciful. I do not consider that an average consumer of soft drinks would see any immediately recognisable concept behind the 'M max' element as it appears in Osotspa's mark. Further, such a consumer is unlikely to spend the time analysing

the mark that would be necessary in order to find one. I therefore find that there is only limited conceptual similarity between the marks.

Average consumer

108. As I noted above, the average consumer for soft drinks is the general public. The same applies to fruit drinks and energy drinks. The average consumer of sports and isotonic drinks is more likely to be a person who engages in sports, but even here there will be some use of the product by members of the public who do not consider themselves to be sportsmen or sportswomen.

Likelihood of confusion

109. When assessing the likelihood of confusion under s.5(2) of the Act it is necessary to consider all the circumstances in which the mark applied for might be used if it were to be registered: see *O2 Holdings Ltd v Hutchison 3G Ltd Case, C-533/06*, ECJ, at paragraph 66 (in relation to the corresponding provision of the underlying Trade Mark Directive). By parity of reasoning the same must to the earlier mark. It is apparent from the terms of s.5(2) of the Act that the comparison required is between the mark applied for and the earlier trade mark as registered. Consequently, I am required to consider the consequences of concurrent use of the parties' marks in a range of normal circumstances. The global assessment required by the law does not therefore permit me to rely on the distinguishing effect of Pepsi's use of the PEPSI mark or of other additional distinguishing marks.

110. In my judgment, the moderate degree of overall similarity between the marks and the average distinctive character of the earlier mark means that there is no likelihood of confusion unless the respective goods are highly similar. I therefore reject the opposition insofar as it covers fruit juices, sports drinks, isotonic drinks, energy drinks, and syrups, powders and preparations for making (non-cola) drinks.

111. I recognise that the marks are closer to the ear than they are to the eye. However, even here the marks do not sound the same. Further, although drinks may be ordered by word of mouth they are usually selected at a point at which the marks are visible, such as a drinks list. In my view, and even allowing for imperfect recollection, there is no prospect whatsoever of a reasonably observant consumer directly confusing Osotspa's mark for the word MAX.

112. Further, given the rather different look and 'feel' of the respective marks as wholes, I do not believe that an average consumer of fruit juices, sports drinks, isotonic drinks, energy drinks, and syrups, and powders and preparations for making (non-cola) drinks is likely to believe that the products marketed under Osotspa's mark are those of the undertaking responsible for marketing cola drinks under the MAX trade mark, or those of an undertaking economically linked undertaking. Consequently, I also reject the likelihood of association (in the sense of indirect confusion) insofar as the above named goods are concerned.

113. I find that there is a likelihood of indirect confusion if Osotspa's mark were to be used in relation to highly similar goods, such as lemonade, orangeade or carbonated fruit drinks. In this case the appearance of the word Max in Osotspa's mark is liable

to cause the average consumer to believe that Osotspa's mark is used by the same undertaking that uses the mark MAX in relation to colas.

114. The s.5(2)(b) ground based on earlier mark 2020960 therefore fails for:

sport drinks and isotonic drinks, energy drinks and fruit juices, but not including any cola drinks or cola flavoured drinks; syrups, powders and other preparations for use in making soft drinks, fruit drinks, sport drinks and isotonic drinks, energy drinks and fruit juices, but not including any syrups, powders and other preparations for use in making cola drinks or cola flavoured drinks.

115. The s.5(2)(b) ground based on this mark succeeds in respect of 'soft drinks' and 'fruit drinks'.

116. I next consider the opposition based on earlier mark 2020960 under s.5(3). The relevant case law can be found in the following judgments of the ECJ: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel*, [2009] ETMR 13, Case C-408/01, *Addidas-Salomon*, [2004] ETMR 10 and Case C-487/07, *L'Oreal v Bellure*. The law appears to be as follows.

(a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors*, paragraph 24.

(b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors*, paragraph 26.

(c) The reputation of the earlier mark may extend beyond the consumers for the goods and services for which it is registered; *Intel*, paragraph 51.

(d) It is necessary, but not sufficient, for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind; *Adidas Saloman*, paragraph 29 and *Intel*, paragraph 63.

(e) Whether such a link exists must be assessed globally taking account all relevant factors, including the degree of similarity between the respective marks and goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark's reputation and distinctiveness; *Intel*, paragraph 42.

(f) Although it is not a necessary factor, a link between the trade marks is necessarily established where the relevant public is caused to believe that the goods/services marketed under the later mark come from the owner of the earlier mark, or of an economically connected undertaking; *Intel*, paragraph 57.

(g) Where a link is established, the owner of the earlier mark must also establish that it has resulted in the existence of one or more of the types of injury set out in the section, or there a serious likelihood that such an injury

will occur in the future; *Intel, paragraph 68*: whether this is the case must also be assessed globally, taking account of all the relevant factors; *Intel, paragraph 79*.

117. Although the ground was not dropped at the hearing, it was not really argued either. The merits of the case were not mentioned at all in Ms McFarland's skeleton argument. I will assume for present purposes (but without formally deciding the matter) that the earlier mark has the necessary reputation as a result of the extensive use made of it. If it has such a reputation, it will be towards the modest end of the spectrum of reputations. For example, the reputation of MAX is obviously much less than the reputation of PEPSI. Further, it is clear from the case law cited above, and indeed from the wording of the section at issue ("*...distinctive character or the repute of the earlier trade mark...*"), that distinctiveness and reputation are separate concepts. Thus although a mark's reputation can increase its distinctive character it does not follow that every mark with a reputation is necessarily highly distinctive. The distinctiveness of MAX is plainly a lot less than that of a mark consisting of a coined word, again like PEPSI, which is also a household name.

118. In these circumstances, I do not believe that the similarity between the respective marks is sufficient for Osotspa's mark to call the earlier MAX mark to mind amongst relevant consumers of fruit juices, sports drinks, isotonic drinks, energy drinks, and syrups, powders and preparations for making (non-cola) drinks. And even if that is wrong, there is no basis for concluding that such a link would cause any of the injuries or advantage covered by the section. I have already rejected a likelihood of direct or indirect confusion as to the trade source of these goods if they were sold under Osotspa's mark. No other type of injury to Pepsi, or advantage to Osotspa, has been identified. Consequently, I find that the s.5(3) ground based on earlier mark 2020960 succeeds to no greater extent than the s.5(2)(b) ground based on the same earlier mark.

119. Pepsi's second ground of objection under s.5(2)(b) is based on earlier Community trade mark 5230826 which is shown below.



120. This mark is registered for:

Mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.

121. The mark was entered in the register in July 2007 and so is not subject to the proof of use requirements in s.6A. "Non-alcoholic drinks" and "syrups and other preparations for making beverages" covers all of Osotspa's goods, so in this case the goods are identical. Pepsi's case is stronger in this respect compared to the case based on UK registration 2020960. However, I think it is self evident that, when compared as wholes, the marks at issue here are very different indeed. I do not believe that there is a likelihood of confusion. The s.5(2) ground based on this mark therefore also fails.

122. I therefore turn to the final ground for opposition, which is that a) Pepsi has goodwill and reputation as a trader in cola drinks, b) the mark MAX is distinctive of that goodwill, c) that use of Osotspa's mark would constitute a misrepresentation liable to deceive the public as to the trade source of Osotspa's goods, d) causing damage to Pepsi's goodwill. Use of Osotspa's mark is therefore liable to be prevented by the law of passing off and registration should therefore be refused under s.5(4)(a).

123. It is well established that passing off requires deception or a likelihood of deception amongst a substantial number of persons. As noted by the court in *Reed v Reed*, this is much the same as the average consumer test in trade mark law. The intention of both is to exclude deception amongst those who are either unusually careless or exceptionally attentive. Without a likelihood of confusion there can be no misrepresentation, and without misrepresentation there can be no passing off. My earlier findings under s.5(2)(b) therefore also determine the s.5(4)(a) ground, which cannot succeed to any greater extent.

Outcome of Pepsi's opposition to Osotspa's mark

124. The opposition fails for the goods specified in paragraph 114 above, but succeeds for the goods specified in paragraph 115.

Osotspa's oppositions to Pepsi's applications 2491581 and 2491695 to register MAX and a figurative mark including MAX

125. The figurative mark is shown at paragraph 7 above. Both marks are proposed to be registered for:

Mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.

126. According to Osotspa, registration of the marks is prohibited by s.3(1)(a),(b) & (c) because the word MAX is:

"used by traders in many markets to describe their goods, and in particular enhanced or superior versions of their goods".

127. It will be apparent that this is same issue which I considered earlier in the context of Osotspa's application to invalidate Pepsi's existing registration of MAX under No. 2020960. The only significant differences are i) the burden of proof, ii) the list of goods is longer, and iii) the relevant date is 2008 rather than 1995.

128. As to the first point, there is no burden of proof on either party when it comes to the assessment of the *prima facie* registrability of the marks: *Eurolamb Trade Mark* [1997] RPC 279. However, to the extent that a party relies on evidence of acquired distinctiveness, the persuasive and evidential burden is on that party: *Dualit* [1999] RPC 890. However, for the reasons I gave earlier, the consequence of the burden only comes into play if, having striven to do so, I find that I am unable to make clear findings on the evidence before me. As to the second point, the wider specification means that the registrability of the word MAX must be assessed against a wider range of goods. There is nothing to suggest that the meaning of MAX as a word was any different in 2008 compared to the position in 1995. Consequently, nothing seems to turn on the third point.

129. I have already decided that the word MAX is not excluded from registration under s.3(1)(a),(b) or (c) for cola flavoured drinks. I will therefore start from the position that my earlier finding also applies to these oppositions in so far as they extend to the registration of the marks for those goods. The key question is therefore whether the position is any different for waters or other non-alcoholic drinks or preparations for making such drinks.

130. I see no reason for coming to any different conclusion with regard to waters, fruit juices or fruit drinks, or other non-alcoholic drinks, except for energy drinks. Energy drinks often contain stimulants, such as caffeine, in relatively large quantities. Users of energy drinks will know this. Users of energy drinks are therefore liable to see the word MAX as meaning that the product contains the maximum permitted or safe level of the stimulant. The word MAX would therefore be taken as designating that an energy drink was an enhanced or superior version of the product. Consequently, the objection under s.3(1)(c) succeeds in so far as application 2491581 to register the word MAX for energy drinks is concerned.

131. No other basis has been put forward for rejecting the mark MAX for the remaining goods in the application under s.3(1)(a) or (b). I therefore find that these grounds fail.

132. In case I am found to be wrong about the *prima facie* registrability of the mark, I should make it clear that my earlier finding about acquired distinctiveness would also apply here. Consequently, if the mark MAX is *prima facie* unregistrable, I would have accepted that it had nevertheless acquired a distinctive character for cola flavoured drinks by the date of the application for registration. The mark has not been shown to have been used for any other products.

133. In so far as application 2491695 is concerned, I find that the objection under s.3(1)(c) cannot apply because, even if MAX is descriptive, the mark plainly does not consist exclusively of a descriptive indication. This is because the figurative element of this mark is, in my view, neither trivial in impact nor itself descriptive of the goods.

134. Further, even if the word MAX alone is incapable of distinguishing the goods at issue (or some of them), I find that the figurative mark as a whole is capable of doing so. This is because the stylisation of the verbal element combined with the accompanying device is capable of identifying the sign for what it is – a trade mark – to an average consumer of waters and non-alcoholic drinks, including energy drinks, and preparations for making beverages. Consequently, the grounds for refusal under s.3(1)(a) and (b) are also rejected.

Outcome of Osotspa’s opposition to application 2491581

135. The opposition succeeds for ‘energy drinks’, but fails for the remaining goods. In accordance with Tribunal Practice Notice 2/2006, Pepsi has 21 days from the date of this decision to file a Form TM21 amending the list of goods to:

Mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; but not including energy drinks; syrups and other preparations for making beverages.

- or making another amendment which has the same effect. In the absence of such an amendment the application will be refused for “*other non-alcoholic drinks*”.

Outcome of Osotspa’s opposition to application 2491695

136. The opposition fails.

Costs

137. The parties asked for an opportunity to make submissions on costs after having had the benefit of this decision. I agreed that they should do so. I do not know whether this means that one or other of the parties will be asking for costs to be awarded on an exceptional basis. I will say two things about this. Firstly, any such request should clearly identify what is exceptional about these cases and what the financial impact has been on the party making the request. Secondly, if any such request is made it should be accompanied by a breakdown of actual costs. Further, if the claimed exceptional aspect of the proceedings is limited to particular actions of the other side, the breakdown of costs should distinguish between the financial impact of that/those action(s) and other actions of an unexceptional nature.

138. None of this should be taken to mean that costs will be awarded on anything other than the usual scale. However, if a claim of this kind is made it should be fully particularised and adequately supported so that it can be properly considered.

139. I will allow 28 days from the date of this decision for submissions on costs.

Appeal

140. As a decision on costs may have a bearing on whether an appeal is made against my findings on the substance of the matters in dispute, this decision should be regarded as provisional at this stage. I will confirm my decision at the same time as issuing a subsequent decision on costs. The period for appeal for all purposes will then commence from the date of my final decision.

Dated this 19 Day of May 2010

**Allan James
For the Registrar**