

IN THE MATTER OF APPLICATION NO. 768330 IN THE NAME OF ELVIS
MUSTAFOV

AND IN THE MATTER OF OPPOSITION NO. 70970 THERETO BY BACARDI &
COMPANY LIMITED

DECISION

Introduction

1. On 12 September 2001 Elvis Mustafov applied to register the following trade mark in respect of “non-alcoholic beverages, namely energy drinks” in Class 32 under the provisions of the Madrid Protocol:



2. The application was opposed by Bacardi & Co Ltd on various grounds raised under sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994. Both parties filed evidence, but neither asked for hearing.

3. In a written decision dated 8 February 2005 (O/037/05) Mr J. MacGillivray acting for the Registrar upheld the ground of opposition under section 5(2)(b) so far as it was based on the following two earlier registrations of the opponent:

(1) United Kingdom trade mark No. 2252634 registered as of 14 November 2000 in respect of “non-alcoholic beverages, including frozen and non-frozen mixers; preparations for making non-alcoholic beverages” in Class 32. This registration is of the following mark:



(2) Community trade marks No. 123265 registered as of 1 April 1996 in respect of various goods including “non-alcoholic beverages; soft drinks; fruit beverages; syrups and other preparations for making beverages” in Class 32. This registration is of the following mark:



4. Having decided this ground of opposition in favour of the opponent, the hearing officer did not consider it necessary to determine the other grounds.
5. The applicant now appeals. The opponent supports the hearing officer's decision, but in the alternative contends that the opposition should be upheld on grounds which the hearing officer did not determine.

Section 5(2)(b)

6. Section 5(2)(b) provides:

A trade mark shall not be registered if because ... 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 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.

This provision implements Article 4(1)(b) of Council Directive 89/104/EC of 21 December 1988 to approximate the laws of Member States relating to trade marks.

The hearing officer's decision

7. The hearing officer began by directing himself in accordance with the Registrar's standard summary of the jurisprudence of the Court of Justice of the European Communities in Case C-251/95 *SABEL BV v Puma AG* [1997]

ECR I-6191, Case C-39/97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer Inc* [1998] ECR I-5507, Case C-342/97 *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [1999] ECR I-3819 and Case C-425/98 *Marca Mode CV v Adidas AG* [2000] ECR I-4881. This summary is very well known and it is unnecessary to repeat it in full here. For reasons that will appear, however, I will set out paragraph (h) of the summary:

(h) 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*.

8. So far as the goods covered by the respective specifications was concerned, the hearing officer held that they were identical.
9. As to the average consumer of non-alcoholic energy drinks, the hearing officer held that this was the general public. He also held that such goods were available in a wide variety of retail outlets, including supermarkets, and in bars, cafés, pubs and restaurants. Accordingly both visual (i.e. self-selection) and oral purchasing were relevant. The goods were inexpensive. Furthermore, purchases might be made on an occasional basis or for others. Accordingly, no great care would be taken in selection.
10. So far as the distinctiveness of the opponent's trade marks was concerned, the hearing officer found that the evidence did not establish these marks had any reputation in relation to non-alcoholic beverages. He held, however, that the opponent's marks were inherently highly distinctive.
11. As to the comparison between the respective marks, the hearing officer held as follows:
 38. The guiding authorities make it clear that I must compare the marks as a whole and by reference to overall impression. However, as recognised in *SABEL BV v Puma AG* (mentioned earlier in this decision) in my comparison, reference will inevitably be made to the distinctiveness and dominance of individual elements. It is, of course, possible to over analyse marks and in doing so shift away from the real test which is how the marks would be perceived by customer in the

normal course and circumstances of trade. I must bear this in mind when making the comparisons.

39. The applicant has submitted that the opponent should have no monopoly in the device of a bat *per se*. I agree. The marks must be compared in totality, taking into account all elements – distinctive and non distinctive - within the marks, and the comparison must be on its own particular merits.
40. I go to a visual comparison of the respective marks. As mentioned above, the applicant's mark contains a number of additional elements to that of the opponent's marks. However, it seems to me that the dominant elements of the applicant's mark are the words POWER BAT and the device of a BAT. The words POWER BAT (in totality) and the device of a BAT are both fully distinctive and to my mind are the predominant and striking elements within the mark. Turning to the respective bat device, while a close side-by-side comparison reveals obvious difference eg the opponent's BAT has an extended tail, more detailed legs, less prominent ears and a different wing therefore, both the applicant's and opponent's bats are shown in flight, with outstretched wings and from the same angle. Taking into account that the average consumer rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he or she has kept in mind (*Lloyd Schuhfabrik Mayer & Co GmbH v Klijsen Hansel BV*) and that he/she does not analyse the various details of a mark (*SABEL BV v Puma AG*), it seems to me that there is a strong visual similarity between the applicant's and opponent's bat devices. As the BAT device is a prominent and distinctive element within the applicant's mark, re-inforced by the presence of the word BAT, it is my view that on an overall basis, there is similarity between the applicant's and opponent's trade marks in their totalities.
41. From an oral point of view, it seems to me that the applicant's mark will be described as POWER BAT while the opponent's mark will be described as BAT. Given that the word BAT is both dominant and distinctive, there is aural similarity between the marks as a whole, albeit mitigated to a noticeable degree by the presence of the word POWER in the applicant's mark.
42. Conceptually, both marks have reference to a bat. While the applicant's bat could be perceived as a "powerful" bat or a more "powerful" version of the bat product (stemming from the presence of the word POWER in its mark), there is obvious conceptual similarity overall given the distinctive nature of the bat concept in relation to the relevant goods. This could be relevant in "imperfect recollection" by the customer.

12. The hearing officer noted a submission by the applicant that there was no evidence of actual confusion, but held that there was no evidence that the applicant had used its mark and that in any event the absence of actual confusion was not determinative.
13. The hearing officer expressed his overall conclusion as follows:
 44. I now go to the global appreciation of the likelihood of confusion. The goods are identical. Notwithstanding that there are obvious differences in the marks, particularly on the side-by-side comparison I must take into account my earlier finding that the common and dominant element, the BAT devices are similar and that the opponent's bat device is inherently fully distinctive and deserving of a wide penumbra of protection. In their totalities the marks are visually, aurally and conceptually similar. Bearing in mind that the customer for the goods is the public at large, it is my view that the applicant's mark would capture the distinctiveness of the opponent's BAT device trade mark in notional, fair use in the market place and that there is a likelihood of confusion to the relevant public.
 45. In reaching a decision in relation to the likelihood of confusion I have particularly borne in mind the following comments of the European Court of Justice in *Canon*:

Accordingly, the risk that the public might believe that the goods or services in question come from the same undertaking or, as the case may be, from economically-linked undertakings, constitutes a likelihood of confusion within the meaning of Article 4(1)(b) of the Directive (see *SABEL*).

Standard of review

14. This appeal is a review of the hearing officer's decision. Counsel for the applicant accepted that the hearing officer's decision with regard to section 5(2)(b) involved a multi-factorial assessment of the kind to which the approach set out by Robert Walker LJ in *REEF TM* [2002] EWCA Civ 763, [2003] RPC 5 at [28] applied:

In such circumstances an appellate court should in my view show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle.

Counsel for the opponent reminded me that a decision does not contain an error of principle merely because it could be better expressed.

Grounds of appeal

15. The applicant contends that the hearing officer erred in principle in two main respects. First, that he failed correctly to apply the judgment of the European Court of Justice in *SABEL v Puma*. Secondly, that his approach to the question of aural similarity was wrong. The applicant does not challenge the hearing officer's primary findings of fact, but submits that he erred in his evaluation of the facts.

First ground of appeal

16. In *SABEL v Puma*, SABEL applied to register as a trade mark in Germany a device which consisted of drawing of a cheetah running from left to right over the word "sabèl". The device also included a straight line between the cheetah and the word and two semi-circular lines at either side. SABEL sought to register this device in respect of various goods including "leather and imitation leather, products made therefrom not included in other classes; bags and handbags" and "clothing" in Classes 18 and 25. The application was opposed by Puma, who relied upon two earlier registrations, one of which consisted of a silhouette of a puma running from left to right. This device was registered in respect of various goods including "leather and imitation, goods made therefrom (Bags)" and "articles of clothing" in Classes 18 and 25.
17. The German Patent and Trade Mark Office rejected the opposition. The Federal Patent Court allowed an appeal by SABEL with respect to the running puma mark in Classes 18 and 25, holding that there was a likelihood of confusion. SABEL then appealed to the Federal Supreme Court. The Federal Supreme Court was of the provisional view that there was no likelihood of confusion, but referred to the Court of Justice the following questions concerning the interpretation of Article 4(1)(b) of the Directive:

Is it sufficient for a finding that there is a risk of confusion between a sign composed of text and picture and a sign consisting merely of a picture, which is registered for identical and similar goods and is not especially well known in commerce, that the two signs coincide as their signification (in this case, a bounding feline beast of prey)?

What is the significance in this connection of the wording of the Directive, according to which the risk of confusion includes the likelihood that a mark may be associated with an earlier mark?

18. The Court interpreted these questions as essentially asking whether:

the criterion of the ‘likelihood of confusion ... which includes the likelihood of association with the earlier trade mark’ contained in Article 4(1)(b) of the Directive is to be interpreted as meaning that the mere association which the public might make between the two marks as a result of a resemblance in their semantic content, is a sufficient ground for concluding that there exists a likelihood of confusion within the meaning of that provision, taking into account that one of those marks composed of a combination of a word and picture, whilst the other, consisting merely of a picture, is registered for identical and similar goods, and is not especially well known to the public.

19. The Court held at paragraph 18 of its Judgment that the concept of likelihood of association was not an alternative to that of likelihood of confusion but served to define its scope. In paragraphs 18 and 22 it stated that Article 4(1)(b) of the Directive did not apply where there was no likelihood of confusion. In paragraphs 22 and 23 it propounded the now familiar test for likelihood of confusion of a global appreciation of the visual, aural or conceptual similarity of the marks in question based on the overall impression given by the marks bearing in mind their distinctive and dominant components and the perception of the average consumer.

20. In paragraphs 24-25 of its Judgment the Court stated:

24. In that perspective, the more distinctive the earlier mark, the greater will be the likelihood of confusion. It is therefore not impossible that the conceptual similarity resulting from the fact that two marks use images with analogous semantic content may give rise to a likelihood of confusion where the earlier mark has a particularly distinctive character, either *per se* or because of the reputation it enjoys with the public.

25. However, in circumstances such as those in point in the main proceedings, where the earlier mark is not especially well known to the public and consists of an image with little imaginative content, the mere fact that the two marks are conceptually similar is not sufficient to give rise to a likelihood of confusion.

21. Accordingly, the Court ruled as follows:

The criterion of ‘likelihood of confusion which includes the likelihood of association with the earlier mark’ contained in Article 4(1)(b) of First Council Directive 89/104/EC of 21 December 1988 to approximate the laws of Member States relating to trade marks is to be interpreted as meaning that the public might make between two trade marks as a result of their analogous semantic content is not in itself a sufficient ground for concluding that there is a likelihood of confusion within the meaning of that provision.

22. Counsel for the applicant accepted that the Registrar’s standard summary, and in particular paragraph (h), was accurate so far as it went, but he submitted in effect that it was not a complete statement of law for the purposes of a case such as the present. He emphasised that what the Court of Justice had held in *SABEL v Puma* was that mere association as a result of analogous semantic content was not sufficient to establish a likelihood of confusion. He argued that the hearing officer had erred in principle because, if his reasoning was scrutinised, it could be seen to be driven by the analogous semantic content of the respective marks, namely the fact that they all comprised a depiction of a bat. In this respect he relied particularly on paragraphs 41 and 42 of the decision, but also paragraph 44. He supported this argument by pointing to the fact that the Court of Justice had said that in the circumstances of *SABEL v Puma*, where the earlier mark was not well known and consisted of an image with little imaginative content, the analogous semantic content was not sufficient to give rise to a likelihood of confusion, and contended that those considerations were equally applicable to the present case.

23. I do not accept that the hearing officer erred in the manner suggested. On the contrary, although he did not refer to the question of analogous semantic content, his decision shows clearly that he was alive to the need for the opponent to establish that a likelihood of confusion on the part of the average

consumer and not merely an association between the two marks: see for example paragraph 45 which I have quoted in paragraph 13 above. His conclusion that there was a likelihood of confusion was based on a careful assessment of the visual, aural and conceptual similarities between the two marks based on the overall impression given by each mark bearing in mind its distinctive and dominant components as well as the other circumstances of the case.

24. It is true that the hearing officer found that there was conceptual similarity between the marks, but he would have been in error not to have considered the extent to which they were conceptually similar. It is also true that in paragraph 42 he expressed the conceptual similarity at a fairly high level, but in my judgment this has to be read in the context (a) of his acceptance in paragraph 39 that the opponent could have no monopoly in the device of a bat *per se* and (b) of his analysis in paragraph 40 of the similarities and differences between the respective bats.
25. In any event the finding of conceptual similarity was not the sole factor that led the hearing officer to his conclusion that there was a likelihood of confusion. Leaving aside for the moment the question of aural similarity, he also found that there was visual similarity. Furthermore, he gave weight, as he was entitled to do, to the identity of the goods, the inherent distinctiveness of the opponent's marks and the effect of imperfect recollection.
26. In my judgment it is not legitimate to point to the conclusion on the facts in *SABEL v Puma*, and say that, because the facts here are similar, the conclusion should be the same. This is for two reasons. The first is that, as I have observed before in *Oska's Ltd's Trade Mark Application* [2005] RPC 20 at [51]-[54], previous decisions may be relied upon for the principles of law they establish but not simply for the purpose of drawing a factual analogy.
27. The second reason is that there are a number of differences between the facts of *SABEL v Puma* and the facts of the present case, which include the following:

- (1) The goods at issue in that case were different to those at issue in the present case.
- (2) As a result, the degree of care likely to be exercised by the average consumer in that case was different to that likely to be exercised by the average consumer in this case. In particular, that case did not involve consideration, as this one does, of drinks being ordered in bars, pubs and so on.
- (3) In that case the Federal Supreme Court found on the facts that Puma's mark was "basically descriptive" and had "little imaginative content". By contrast, in the present case the hearing officer found that the opponent's marks were not descriptive but were inherently highly distinctive. This finding was not challenged by the applicant, although counsel stressed that it was a finding in respect of the marks in all their detail and not a finding in respect of the concept of a bat. Despite this, counsel for the application submitted that I should take judicial notice that bats were normally represented in a spread-eagled manner (there being no evidence of this), but I am not satisfied that this is a fact which is sufficiently notorious for me to do so. Furthermore, I consider that this submission was not open to counsel given his acceptance of the hearing officer's finding.
- (4) The "analogous semantic content" of the two marks in that case was due to the fact that both depicted bounding felines. In other words, the similarity existed at a fairly general level. At a lower level, there was a conceptual difference between the two marks since one depicted a cheetah while the other depicted a puma (moreover the latter was depicted in silhouette whereas the former was not). This is not so in the present case.
- (5) In that case the mark applied for included what appears to have been a highly distinctive word mark. In the present case the applicant's mark includes one phrase, ENERGY DRINK, which is purely descriptive,

and another phrase, POWER BAT, which the hearing officer held served to reinforce the conceptual and other similarities between the respective marks.

28. The applicant prayed in aid decisions in its favour of the German Patent and Trade Mark Office and of the French Institute of Intellectual Property as representing a correct application of the law. Against this there have been decisions in the opponent's favour in Croatia, Czech Republic, Norway, Portugal, Slovak Republic, Slovenia, Spain, Sweden and Ukraine. Most of these countries will have been applying the same law. It is clear from this that the hearing officer had to make up his own mind. I would also comment that this divergence of decisions indicates that the present case is one where there is room for more than one opinion, and that emphasises that I have to be careful before interfering with the hearing officer's decision.

The second ground of appeal

29. The applicant's second ground of appeal concerns paragraph 41 of the hearing officer's decision, which I have quoted in paragraph 11 above. In that paragraph the hearing officer held that there was aural similarity between the respective marks on the basis that "the applicant's mark will be described as POWER BAT while the opponent's mark will be described as BAT" and therefore "the word BAT is dominant and distinctive". The applicant contends that to approach the matter in this way is an error of principle because the opponent's marks are pure devices containing no words, and therefore are not designed for oral use but instead are purely visual trade marks. Counsel for the applicant argued that the result of approaching the opponent's marks in this way was to translate a conceptual similarity into an aural similarity and thereby lead to similarities on two levels rather than one. He also argued that this approach had the effect of giving the opponent a monopoly in devices of bats for non-alcoholic drinks, which the hearing officer himself had accepted it was not entitled to.

30. I have to say that paragraph 41 of the hearing officer's decision has given me some concern. It seems to me that the applicant is correct to categorise the opponent's marks as essentially visual ones. Furthermore, I consider that there is some force in the applicant's contention that the result of the hearing officer's approach was to translate a conceptual similarity into an aural similarity. I am most concerned by the statement that "the word BAT is both dominant and distinctive" since that word does not form part of the opponent's marks. On balance, however, I have concluded that, although paragraph 42 could have been better expressed, it does not disclose an error of principle on the part of the hearing officer, particularly when considered in the context of the hearing officer's reasoning as a whole. I say this for two inter-linked reasons.
31. The first reason is that the hearing officer rightly approached the matter on the basis of "normal and fair use of the marks on a full range of goods within the respective specifications" (paragraphs 29). Although he did not spell it out, it is clear from his decision that he compared the respective marks and those marks alone. It follows that he considered the opponent's marks, as he had to, upon the basis that those were the only marks on the goods. Underlying the applicant's argument is the fact that this hypothetical exercise does not reflect commercial reality, which is that the opponent does not usually use its bat device trade marks on their own but instead uses them in conjunction with the well known word mark BACARDI. Despite that commercial reality, the hearing officer was legally quite correct to consider the respective marks in issue on their own. This more or less forced him to consider how the average consumer would refer to the opponent's marks in a situation involving oral purchasing, such as in a bar or pub.
32. The second reason is that it is not far-fetched to suppose that, in the hypothetical scenario outlined in the previous paragraph, a consumer might refer to a beverage bearing one of the opponent's marks as "the one with a bat on it" or "the one with a spread-eagled bat on it" or "the one with bat wings on it". That this is not far-fetched is confirmed by the fact that the opponent's evidence demonstrates that, at the relevant date, its advertising bore notices

stating “BACARDI AND THE BAT DEVICE ARE REGISTERED TRADE MARKS OF BACARDI & COMPANY LIMITED”. Furthermore a journalist referred in a newspaper article to its “‘bat wing’ logo”. I believe that it was this consideration that the hearing officer was referring to in paragraph 41. He cannot have overlooked the fact that the opponent’s marks did not include the word BAT given that he had made a careful comparison between the respective marks in the preceding paragraph (indeed, the second sentence of paragraph 40 evidently refers back to paragraph 37 which contains an accurate description of the respective marks).

33. As I have said already, read as a whole the decision shows that the hearing officer reached his conclusion not merely on the basis of conceptual similarity or aural similarity but also visual similarity and the other factors mentioned above. I do not accept that the effect of the hearing officer’s decision is to give the opponent a monopoly of bat devices in relation to non-alcoholic beverages. On the contrary, the hearing officer expressly said the opposite. The hearing officer’s decision leaves open the possibility that someone could devise another depiction of a bat, particularly in combination with other distinctive matter, that would not give rise to a likelihood of confusion.

Conclusion

34. The appeal is dismissed.

The other grounds of opposition

35. In view of the opponent’s continued reliance upon the other grounds of opposition, I would make two comments.
36. The first is that, while it is tempting for a first instance tribunal only to decide one point if that appears decisive, it can prove a false economy if an appellate tribunal considers that the first instance tribunal was wrong on that point and then has to remit the matter for the outstanding points to be dealt with. Normally the better course is for the first tribunal to determine all points in

issue. I appreciate that this is easier to do when one has the benefit of an oral hearing to assist in separating the wheat from the chaff.

37. The second is that there does not appear to have been any indication that the opponent was contending that the opposition should if necessary be upheld on alternative grounds until the opponent's skeleton argument was received shortly before the hearing. Counsel for the opponent correctly observed that the Trade Mark Rules do not require the service of a Respondent's Notice in the case of an appeal to the Appointed Person; but nor do they prohibit such a step. In my view it is good practice, where the respondent wishes to submit that the decision below should be upheld on alternative grounds, for it to serve a Respondent's Notice. There is no time limit for doing this, but the appropriate time at which to serve a Respondent's Notice would be 14 days after service of the Notice of Appeal.

Costs

38. The hearing officer ordered the applicant to pay the opponent £1,300 as a contribution to its costs below. I will order that the applicant pay the opponent the additional sum of £1,000 as a contribution to its costs of the appeal.

29 July 2005

RICHARD ARNOLD QC

Geoffrey Pritchard, instructed by A1 Trademarks & Service Marks, appeared for the applicant.

Lindsay Lane, instructed by Simmons & Simmons, appeared for the opponent.