

O-257-09

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO 2462677

BY

DIALLO YASSINN PATRICE

TO REGISTER THE TRADE MARK:

HYPNOTIZER

IN CLASS 33

AND

THE OPPOSITION THERETO

UNDER NO 95763

BY

HEAVEN HILL DISTILLERIES, INC

Trade Marks Act 1994

**In the matter of application no 2462677
by Diallo Yassinn Patrice
to register the trade mark:
HYPNOTIZER
in class 33
and the opposition thereto
under no 95763
by Heaven Hill Distilleries, Inc**

Background

1) On 30 July 2007 an application was filed to register the trade mark **HYPNOTIZER**. The application form showed the name Mr Diallo Yassinn Patrice, consequently, the surname of the applicant was recorded as being Patrice. However, it has become clear from these proceedings that the first name was in fact the surname and that the application should have been made in the name of Mr Yassinn Patrice Diallo. I will refer to the applicant, therefore, as Mr Diallo. The application for registration was published for opposition purposes on 23 November 2007 with the following specification:

alcoholic beverages, wines, spirits.

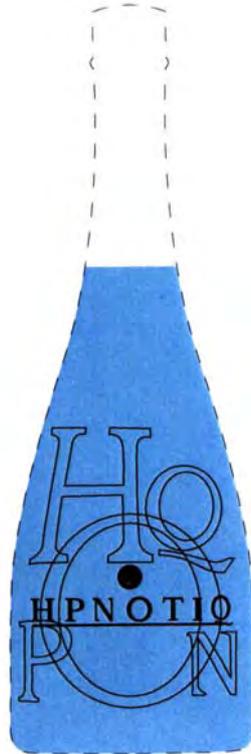
The above goods are in class 33 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended.

2) On 13 December 2007 Heaven Hill Distilleries, Inc (Heaven Hill) filed a notice of opposition against the registration of the application. Heaven Hill relies on sections 5(2)(b) and 5(4)(a) of the Trade Marks Act 1994 (the Act). According to section 5(2)(b) of the Act 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 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.”

The earlier trade marks upon which Heaven Hill relies are two Community trade mark registrations: nos 2620466 and 2989085. Both are registered for *liqueur*, which is in class 33 of the Nice Agreement concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks of 15 June 1957, as revised and amended. Both trade marks have an earlier filing date than the application and neither had been registered for five years or more at the time of the publication of Mr Diallo's trade mark, so neither

is subject to the proof of use provisions. Registration no 2620466 is for the trade mark **HPNOTIQ** and registration no 2989085 is for the trade mark:



The colour blue is claimed in relation to the above trade mark. Heaven Hill claims that its trade marks are similar to that of Mr Diallo and that the respective goods are identical or similar. Consequently, registration of the trade mark should be refused as per section 5(2)(b) of the Act.

3) Section 5(4)(a) of the Act states:

“(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented-
(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade,”

Heaven Hill claims that it has used the sign HPNOTIQ as a name and label for alcoholic beverages since August 2004. Consequently, registration of the trade mark should be refused as per section 5(4)(a) of the Act.

4) Mr Diallo filed a counterstatement. He denies that the respective goods are identical or similar or that the respective trade marks are similar. Mr Diallo requests that the opposition is rejected.

5) Both parties filed evidence.

6) In the official letter of 19 June 2009, issued subsequent to the filing of the final round of evidence, the parties were advised:

“The Hearing Officer will decide the case on the specification currently before him. The applicant may wish to submit a limited specification which will be borne in mind by the Hearing Officer in reaching the decision. This will not represent a binding restriction of the specification.”

7) A hearing was held on 26 August 2009. Heaven Hill was represented by Mr David Potter of Harrison Goddard Foote. Mr Diallo represented himself with the assistance of Mr Abdoulage.

EVIDENCE

First round of evidence of Heaven Hill

8) This consists of a witness statement by Mr Max L Shapira. Mr Shapira is the president of Heaven Hill. Mr Shapira states that Heaven Hill uses the trade mark HPNOTIQ as the name of an alcoholic beverage and in relation to connected services pertaining to the provision of beverages and entertainment services. At exhibit A are copies of pages from a website, its-hypnotique.co.uk, which is a website under the control of Heaven Hill. The pages list establishments that stock HPNOTIQ. The pages bear a copyright date of March 2008 and so emanate after the date of Mr Diallo’s application (the material date).

9) Mr Shapira states that HPNOTIQ was first used in the United Kingdom in August 2004 and that it has been used continuously since then. He gives a breakdown of the approximate retail sales value of goods sold under the trade mark:

2007	£260k
2006	£200k
2005	£822k
2004	£510k

The above gives a total of £1,792k. However, Mr Shapira states that the total retail sales value for the period from August 2004 to December 2007 was approximately £1.3 million; there is a discrepancy of £492k between the two sets of figures.

10) Mr Shapira states that Heaven Hill’s promotion of HPNOTIQ has included fees for PR agents, marketing samples, organisation of incentive programmes in nightclubs, exhibitions, leaflets, posts and point of sales materials. At exhibit C is a printout of marketing expenses for HPNOTIQ in the United Kingdom in United States dollars. The figures in United States dollars are as follows:

8 December 2004	\$103,625.07
8 December 2005	\$263,908.87
8 December 2006	\$252,291.37
8 December 2007	\$1,718.94

In a table the annual expenditure figures in £ sterling are given as:

2007	£60k
2006	£140k
2005	£145k
2004	£55k

I cannot tally the figure of \$1,718.94 given in Heaven Hill's electronic accounts with the figure of £60k given in the table. Using Oanda.com's historic data the average dollar sterling rate from 9 December 2006 to 8 December 2007 was 0.75799, giving a value to the 2007 figure of £1,302.94p.

10) In exhibit D is an advertising leaflet for HPNOTIQ. The product is described as a liqueur that is a blend of vodka, cognac and tropical fruit juices. The leaflet appears to be designed for the trade rather than the public. The leaflet is undated. A copy of a drinks and food menu for an establishment called The Worship is exhibited. HPNOTIQ is listed in the liqueur section of the menu and as an ingredient in a cocktail, Passion Cooler. There is no date on the menu. Also included in the exhibit is promotional material relating to an event at an establishment called Fuchsia in Bristol. HPNOTIQ appears on the promotional material. The event took place on 6 October 2007 and so after the material date. The exhibit also includes two e-mails that relate to the marketing of the product at at the Bar Show at Earl's Court in 2006 and the appointment of Charteredbrands as the marketer of HPNOTIQ in the United Kingdom, this latter e-mail is dated 4 April 2006. Mr Shapira states that a significant element of the marketing has been the organisation and promotion of events in nightclubs.

11) Included in exhibit E are copies of plans for marketing HPNOTIQ, including analyses of the effects of previous marketing. The planned promotion to consumers is based on product placement, on-line consumer prizes, public relations and viral advertising. Marketing for consumers up to June 2007 has been by public relations coverage, product sponsorship and through the website. Promotion to the trade has been by presence at the SLTN exhibition, "regional activation", staff incentives and the distribution of new point of sales material; regional wholesalers and cash and carry outlets have been targeted. In a report dated 4 August 2006 the following is stated:

"From the initial press release, we have had 2 more pieces of coverage bringing the total to 8. We have also had trade coverage in two other publications from the release of Cory's appointment. There is more scheduled coverage in 4 other publications over the coming month."

Cory refers to Cory McGee who is the “brand ambassador”. Mr McGee has hosted party nights in clubs. The report talks of rebuilding confidence in the brand. Trade activity is recorded as being at Dhamecha Cash and Carry, Bellevue, Matthew Clark, Coe Vintners and Venue Cash and Carry. Pictures are exhibited of Mr McGee and others posing by a stretch limousine outside the Pangaea club, the vehicle bears HPNOTIQ across the side; pictures also show the promotional activities within this club. Copies of what appear to be galley proofs for the website are also exhibited.

12) Objectives for HPNOTIQ for 2007 are given in the exhibit. These include broadening distribution to regional wholesales and cash and carry outlets to cover all of the United Kingdom and to sell 3,500 cases. From January to May 2007 (inclusive) 949 cases of HPNOTIQ had been sold. As of June 2007 there were 39 wholesalers/cash and carry stockists stocking the product.

13) One document, given Mintel as its source, states that the total liqueur market in the United Kingdom in 2006 was worth £655 million, with a volume of 33 million litres. Baileys, Tia Maria and Amarula are listed as the three largest liqueur brands in the United Kingdom. Sixty five per cent of sales of liqueurs are through the off- trade. In 2006 there was trade coverage in 13 trade publications; consumer coverage included 6 pieces of regional coverage and 4 national glossy magazine titles. The document states that not having a national off-trade listing has hindered consumer public relations, that a tour of clubs was the main news hook and so more regional than national coverage has been achieved and that the brand ambassador programme did not have the desired media impact.

14) The other material exhibit shows that promotion to consumers has largely been through events at clubs.

15) The rest of Mr Shapira’s statement consists of submission rather than evidence of fact and so I will say no more about it here, although I bear it in mind in reaching my decision.

Evidence of Mr Diallo

16) The vast bulk of Mr Diallo’s statement consists of submission rather than evidence of fact and so I will say more about it here, although I bear it in mind in reaching my decision. Mr Diallo states that he sells an alcopop at £3 a bottle whilst Heaven Hill sells a liqueur at £20 a bottle; the former is sold in 33cl bottles and the latter in 75cl bottles. He states that he is the owner of a certificate of registration which he exhibits at exhibit A. This is a French model registration for packaging of a bottle and its top as reproduced below:



Second round of evidence of Heaven Hill

17) This consists of a witness statement by Mr David Potter who is a trade mark attorney representing Heaven Hill.

18) The vast bulk of Mr Potter's statement consists of submission rather than evidence of fact and so I will say no more about it here, although I bear it in mind in reaching my decision.

19) Mr Potter states that Mr Diallo applied in France for the registration of HYPNOTIZER as a trade mark on 18 February 2005 for beers, mineral waters, alcoholic beverages, wines and spirits. On 25 May 2005 Heaven Hill opposed the registration of the trade mark on the basis there was a likelihood of confusion with its French registration for the trade mark HPNOTIQ. Mr Diallo used the initial French registration to obtain an international registration under the provisions of the Madrid Protocol. On 25 November 2005 the Institut National de la Propriété Industrielle found that there was a likelihood of confusion in relation to any type of alcoholic beverage, including beer. Mr Diallo appealed to the Court of Appeal of Paris, which on 10 May 2006 rejected his appeal. A copy of the judgment, with a translation, is found at exhibit B. Subsequently, the World Intellectual Property Organisation cancelled Mr Diallo's international registration to the extent that it extended to alcoholic beverages.

Finding of facts

20) In *Last Minute Network Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Joined Cases T-114/07 and T-115/07 the Court of First Instance (CFI) stated:

“50 First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51 However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non-registered national mark before the date of filing, in this case 11 March 2000.”

So the material date in relation to section 5(4)(a) of the Act is the date of application. However, if there had been use of the trade marks by Mr Diallo prior to the dates of application this would have to be taken into account. It could establish that he was the senior user, that there had been common law acquiescence or that the existing position should not be disturbed and so use would not be liable to be prevented by the law of passing-off¹. In this case there has been no use of the trade marks by Mr Diallo in the United Kingdom and so none of the aforesaid considerations come into play.

21) In relation to section 5(4)(a) of the Act Heaven Hill has to establish that at the date of application it enjoyed a goodwill in a business by reference to the sign HPNOTIQ. How goodwill is to be established has been dealt with in several judgments². *Phones 4u Ltd v Phone4u.co.uk. Internet Ltd* establishes that one cannot just follow a formula or demand certain predetermined requirements to be met. As of 30 July 2007 Heaven Hill had been selling a liqueur by reference to the sign HPNOTIQ since August 2004. It has been sold to wholesales and cash and carry outlets and to clubs. The turnover is not particularly large in relation to the market (see below), however, the establishment of a goodwill does not require a large turnover and the law of passing-off protects a small goodwill

¹ See, for instance: *Croom's Trade Mark Application* [2005] RPC 2 and *Daimlerchrysler AG v Javid Alavi (T/A Merc)* [2001] RPC 42.

² *South Cone Inc v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* [2002] RPC 19, *Loaded BL O/191/02, Phones 4u Ltd v Phone4u.co.uk. Internet Ltd* [2007] RPC 5 and *Minimax GmbH & Co KG v Chubb Fire Limited* [2008] EWHC 1960 (Pat).

although not a trivial one³. Lord Macnaghten in *IRC v Muller & Co's Margarine Ltd* [1901] AC 217 gave the accepted definition of goodwill:

"What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates. Goodwill is composed of a variety of elements. It differs in its composition in different trades and in different businesses in the same trade. One element may preponderate here and another element there. To analyse goodwill and split it up into its component parts, to pare it down as the Commissioners desire to do until nothing is left but a dry residuum ingrained in the actual place where the business is carried on while everything else is in the air, seem to me to be as useful for practical purposes as it would be to resolve the human body into the various substances of which it is said to be composed. The goodwill of a business is one whole, and in a case like this it must be dealt with as such. For my part, I think that if there is one attribute common to all cases of goodwill it is the attribute of locality. For goodwill has no independent existence. It cannot subsist by itself. It must be attached to a business. Destroy the business, and the goodwill perishes with it, though elements remain which may perhaps be gathered up and be revived again."

Heaven Hill has established that at the date of application that its business had an attractive force by reference to the sign HPNOTIQ in relation to liqueurs. (The inconsistencies referred to in paragraph 10 re turnover and spending on promotion do not gainsay this.)

22) The evidence shows that in 2006 the market in the United Kingdom for liqueurs was £655 million. In 2006 HPNOTIQ had sales of £200k, at its highpoint, in 2005, it has sales of £822k (assuming that these are the correct figures). This is clearly a very small fraction of the liqueur market in the United Kingdom. The 2006 figure represents 0.305% of the market. The product is not sold in the major supermarket chains, the primary sellers of off-sales of alcohol. It is not sold in the major chains of public houses and clubs. It has not been advertised on television or on the radio or through the print media. Exhibits refer to references to the product in a very limited number of publications, without giving specific details. In no shape of form has Heaven Hill established that the trade mark is known to a significant proportion of the relevant class of persons; indeed the evidence suggests the very opposite. I have not the least hesitation in finding that the trade mark of Heaven Hill does not have a reputation that could

³ See *Hart v Relentless Records* [2003] FSR 36.

assist it in relation to the grounds under section 5(2)(b) of the Act. The product has been sold, no more and no less.

Likelihood of confusion – section 5(2)(b) of the Act

Average consumer and purchasing process

23) The average consumer for the goods of both the earlier registrations and the application is the public at large over the age of 18. I do not consider that because the purchaser will normally be over 18 that this of itself affects the care that is taken in the purchase of the product. Liqueurs of their nature will normally have an alcohol content above that of beers and table wines, they are not at the cheap end of the alcohol market; if for no other reason than the tax regime. A reasonable degree of care is likely to be taken in the selection of the product owing to its cost. Heaven Hill argues that the effect of imperfect recollection is likely to be increased owing to the varying states of intoxication of the purchaser and that the purchasing process will be affected in licensed premises by noise and intoxication. There is no evidence that the average purchaser of liqueurs is in a state of intoxication that will affect his or her awareness and concentration. Some purchasers may be drunk, usually outside of an off-sale environment, but this is not the average consumer and does not reflect on the nature of the trade marks but the state of a particular consumer. Heaven Hill emphasised the oral use of the trade mark in relation to the purchasing process, in particular in noisy licensed premises. This line of argument that has been rejected by the CFI on at least two occasions. In *Simonds Farsons Cisk plc v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case T-3/04 the CFI stated:

“58. In that respect, as OHIM quite rightly observes, it must be noted that, even if bars and restaurants are not negligible distribution channels for the applicant’s goods, the bottles are generally displayed on shelves behind the counter in such a way that consumers are also able to inspect them visually. That is why, even if it is possible that the goods in question may also be sold by ordering them orally, that method cannot be regarded as their usual marketing channel. In addition, even though consumers can order a beverage without having examined those shelves in advance they are, in any event, in a position to make a visual inspection of the bottle which is served to them.”

In *Bitburger Brauerei Th. Simon GmbH v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Cases T-350/04 to T-352/04 the CFI stated:

“112 Furthermore, Bitburger Brauerei has not furnished the slightest proof to show that its goods are generally sold in such a way that the public does not perceive the mark visually. In that regard, it must be borne in

mind that, even if bars and restaurants are not negligible distribution channels for the products of Bitburger Brauerei, it is common ground that the consumer will be able to perceive the marks at issue visually in such places, inter alia by examining the bottle served to him or by other means (glasses, advertising posters etc.). Moreover, and above all, it is not disputed that bars and restaurants are not the only sales channels for the goods concerned. They are also sold in supermarkets or other retail outlets. Thus, clearly when purchases are made there consumers can perceive the marks visually since the drinks are presented on shelves (see, to that effect, Case T-3/04 *Simonds Farsons Cisk v OHIM* [2005] ECR II-0000, paragraphs 57 to 59). It follows that the argument of Bitburger Brauerei relating to the conditions under which the products in question are sold must, in any event, be rejected.”

I can see nothing in the arguments that gainsays these findings by the CFI, there is certainly no evidence to the effect. The average consumer is likely to see the bottle of an alcoholic beverage, the beverage will be served from the bottle or the consumer will be given the bottle. In retail premises the average consumer will be confronted with the packaging. The specification of the application covers all beverages in class 33, so it includes liqueurs. It will include goods such as single malt whiskies which will be bought as the result of a careful and educated purchasing process but also cheap cider, cheap wine and alcopops, all of which are likely to be bought with far less consideration and could be the result of an impulse purchase. Consequently, the effects of imperfect recollection will be increased. Spirits cost more than other alcoholic beverages, again the tax regime has a part to play in this, and are likely to be the subject of the sort of purchasing considerations generally that I have outlined in relation to liqueurs; which will be included in the term spirits as well as alcoholic beverages. Consequently, in relation to spirits the effects of imperfect recollection will be diminished.

24) Mr Diallo states that he is interested in alcopops. He has not limited his specification to alcopops, he has had plenty of time to do so. The official letter of 19 June 2009 referred to the ability to put forward a non-binding limitation to the specification for consideration by the hearing officer. No such limitation has been proposed. If one was just considering alcopops, as indicated above, the effects of imperfect recollection would be increased.

Comparison of goods

25) Mr Diallo misunderstands the purport of specifications. He considers that as the specification of his application does not name liqueurs that they are not included. However, the portmanteau terms alcoholic beverages and spirits both include liqueurs. Goods can be considered as identical when the goods designated by the earlier trade mark are included in a more general category,

designated by the trade mark application⁴. As liqueurs are included in the terms alcoholic beverages and spirits the respective goods must be considered to be identical.

⁴ See *Gérard Meric v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-133/05 paragraph 29:

“In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by the trade mark application (Case T-388/00 *Institut für Lernsysteme v OHIM – Educational Services (ELS)* [2002] ECR II-4301, paragraph 53) or when the goods designated by the trade mark application are included in a more general category designated by the earlier mark (Case T-104/01 *Oberhauser v OHIM – Petit Liberto (Fifties)* [2002] ECR II-4359, paragraphs 32 and 33; Case T-110/01 *Vedial v OHIM – France Distribution (HUBERT)* [2002] ECR II-5275, paragraphs 43 and 44; and Case T-10/03 *Koubi v OHIM – Flabesa (CONFORFLEX)* [2004] ECR II-719, paragraphs 41 and 42).”

The above is a translation from the French. There is no variation in the judgment in French:

“29 En outre, des produits peuvent être considérés comme identiques lorsque les produits que désigne la marque antérieure sont inclus dans une catégorie plus générale visée par la demande de marque [arrêt du Tribunal du 23 octobre 2002, *Institut für Lernsysteme/OHMI – Educational Services (ELS)*, T 388/00, Rec. p. II 4301, point 53], ou lorsque les produits visés par la demande de marque sont inclus dans une catégorie plus générale visée par la marque antérieure [arrêts du Tribunal du 23 octobre 2002, *Oberhauser/OHMI - Petit Liberto (Fifties)*, T 104/01, Rec. p. II 4359, points 32 et 33 ; du 12 décembre 2002, *Vedial/OHMI - France Distribution (HUBERT)*, T 110/01, Rec. p. II 5275, points 43 et 44, et du 18 février 2004, *Koubi/OHMI - Flabesa (CONFORFLEX)*, T 10/03, Rec. p. II 719, points 41 et 42].”

This is also the position of Professor Annand, sitting as the appointed person in *Galileo International Technology LLC v Galileo Brand Architecture Limited* BL 0/269/04:

“13. I agree with Mr. Onslow that the issue raised by this appeal is whether, when considering the test of identity for section 5(1), it is sufficient that goods or services overlap or must they be co-extensive. Like Mr. Onslow, I am unaware of any authority supporting a co-extensive test. Kerly’s *Law of Trade Marks and Trade Names*, 13th Edition, states at para. 8-10:

“... the goods or services must be the same as those the subject of the earlier trade mark. Although not explicit, it would seem that this provision can only sensibly be interpreted as prohibiting registration where there is an overlap of goods or services.”

A footnote indicates that such interpretation is in accordance with Article 13 of Council Directive 89/104/EEC. Although not expressly included, it is well established that the TMA must be read subject to Article 13, which provides:

“Where grounds for refusal of registration or for revocation or invalidity of a trade mark exist in respect of only some of the goods or services for which that trade mark has been applied for or registered, refusal of registration or revocation or invalidity shall cover those goods or services only.”

14. The equivalent to section 5(1) in Council Regulation (EC) No. 40/94 on the Community trade mark (“CTMR”) is Article 8(1)(a). Mr. Onslow referred me to two decisions of the Opposition Division of the Office for Harmonisation in the Internal Market (Trade Marks and Designs) (“OHIM”) concerning Article 8(1)(a) of the CTMR where identity of goods and services was found to subsist through overlaps in specifications. In *WALLIS*, Decision No. 1978/2004, identity was

found inter alia between Class 14 specifications even though the contested CTM application covered additional goods in that class. The Opposition Division said:

“There is identity between the goods or services that are subject to comparison if they either have the same wording or can be considered synonyms. The identity is also found if the specification of the earlier mark includes a generic term that covers the specific goods of the contested application. Similarly if the goods specifically designated in the earlier mark are covered by a generic term used in the contested application, such goods are identical, to the degree that they are included in the broad category. Finally, in case that the goods in question overlap in part they are also to be considered as identical.”

A similar decision was arrived at in PACE, Decision No. 1033/2003. Again, the Class 41 services in the CTM application were wider than those in the earlier CTM registration. In addition, there was held to be identity between some of the applicant's Class 42 services namely, “computer programming; providing of expert opinion”. The opponent's registration was in respect of “consulting services related to improving and expediting product development, industrial research services, computer programming services” in Class 42. The Opposition Division observed:

“In particular, the applicant's expression providing of expert opinion in class 42, is broad enough to encompass any consulting services registered by the opponent in class 42, which makes them equivalent to the extent that the one includes the other.”

15. The overlap test for identity of goods and services is also applied by the OHIM in connection with priority and seniority claiming under Articles 29, and 34 and 35 of the CTMR respectively. Indeed, it is recognised that partial priority claiming (i.e. where the subsequent application is for a narrower or wider specification than in the application(s) from which priority is claimed) is a possibility under section 33 of the TMA, which speaks of a right of priority “for some or all of the same goods or services” in a Convention application.

16. I believe that overlapping specifications satisfy the test for identical goods or services in section 5(1) of the TMA. There is no necessity for such specifications to co-extend.”

I do not consider that the judgment of Norris J is in *Budejovický Budvar, národní Podnik v Anheuser-Busch Inc* [2008] EWHC 263 (Ch) is in conflict with the above. In that case he stated:

“41. There is however one respect in which this appeal succeeds. AB's application for a declaration of invalidity extended to the whole of BB's registration in respect of “beer ale and porter; malt beverages;” (although its own registration related only to “beer ale and porter”). In his decision the Hearing Officer regarded it as obvious that in respect of “beer, ale and porter” the respective specifications encompassed the same goods (and the contrary has not been argued before me). He said:-

“The only possible area of contention is the description “malt beverages” in the mark in suit. The term covers all beverages made with malt, including “malt beers” and the like. Accordingly the specification of the registration that is the subject of these proceedings is covered in its entirety by the specifications of [AB's] earlier mark”

This is a determination of a mixed question of fact and law which I must approach with caution. But in my judgement this passage discloses an error of principle. AB's earlier mark covered only “beer, ale and porter”. BB's included “malt beverages”. The specification of AB's earlier mark simply did not cover entirely the specification of the mark in suit. It is necessary to decide whether “malt beverages” can only be “beer ale and porter”, or whether “malt beverages” can include goods which are not identical with or similar to “beer ale and porter”.

26) This leaves wines of the application to be considered. In assessing the similarity of goods it is necessary to take into account, inter alia, their nature, their intended purpose⁵, their method of use and whether they are in competition with each other or are complementary⁶. In *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281, Jacob J gave guidance as to how similarity should be assessed⁷. The judgment of the CFI in *Bodegas Montebello, SA c Oficina de Armonización del Mercado Interior (marcas, dibujos y modelos) (OAMI)*, Case T – Case T-430/07 is a warning against making an assumption that all goods in class 33 are similar. However, the findings in relation to similarity are findings of fact and not a finding in law and so while they may be

42. I do not consider that "malt beverages" can only be (and are therefore identical with) "beer ale and porter". The form of the specification would indicate that "beer, ale and porter;" is one category and "malt beverages" another, with possibly an overlap between the two. One is not simply an alternative description for the other."

In the above judgment Norris J was considering whether the respective goods could be described as being identical, not whether they should be considered to be identical. There is a deal of difference between stating that goods **are** identical and stating that they are considered to be identical.

If one did not follow the principles laid down by the CFI and Professor Annand considering similarity of goods in certain cases would become virtually impossible. If, for example, an earlier registration was for wedding dresses and an application for clothing one would have to consider the degree of similarity between the former goods and every potential product covered by the term clothing as there would be varying degrees of similarity and the global appreciation of the likelihood of confusion requires consideration of the degree of similarity between goods and/or services.

An applicant has plenty of time to amend a specification which includes a portmanteau term so that the term list goods which are of specific interest. If the applicant does not do so then it must expect to bear the consequences.

⁵ The earlier incorrect translation of 'Verwendungszweck' in the English version of the judgment has now been corrected.

⁶ *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117.

⁷ He considered that the following should be taken into account when assessing the similarity of goods and/or services:

- “(a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.”

instructive they are not binding and do not establish a general principle. Wines and liqueurs are both alcoholic beverages and so coincide in this aspect of their nature at a general level. Some wines will have a lower alcohol content than liqueurs, however, fortified wines, such as port, can have an alcohol content of 20%, liqueurs can have a similar, lower or higher alcohol content. (In this particular case HPNOTIQ has an alcohol content of 17%. I, however, bear in mind that I am considering liqueurs in general and not the specific liqueur in relation to which the HPNOTIQ trade mark is used.) Both fortified wines and liqueurs are often taken after a meal and so could have roughly the same purpose, however, I cannot readily see that one would purchase a liqueur as an alternative to a fortified wine, or a wine generally. I do not consider that they are fungible and do not consider them to be in competition. Wines and liqueurs do not have a symbiotic or mutually dependent relationship, they are not essential to one another. In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T- 325/06* the CFI stated:

“82 It is true that goods are complementary if there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking (see, to that effect, Case T-169/03 *Sergio Rossi v OHIM – Sissi Rossi (SISSI ROSSI)* [2005] ECR II-685, paragraph 60, upheld on appeal in Case C-214/05 P *Rossi v OHIM* [2006] ECR I-7057; Case T-364/05 *Saint-Gobain Pam v OHIM – Propamsa (PAM PLUVIAL)* [2007] ECR II-757, paragraph 94; and Case T-443/05 *El Corte Inglés v OHIM – Bolaños Sabri (PiraÑAM diseño original Juan Bolaños)* [2007] ECR I-0000, paragraph 48).”

I do not consider that wines and liqueurs are complementary. In supermarkets and bars and pubs wines, whether fortified or not, are not normally found in the same area as liqueurs. In supermarkets wines and liqueurs will normally have their own discrete areas. Wines and liqueurs are likely to have the same distributors, wholesalers of alcoholic beverages and so the same channels of trade. **Taking into account all the above factors I consider that wines and liqueurs are similar to a relatively low degree.**

27) As Mr Diallo has specifically made reference to his interest in alcopops, although the specification is not limited to them and so this reference cannot effect the outcome of the case, I will consider them specifically here. *The Concise Oxford English Dictionary* describes an alcopop as a ready-mixed soft drink containing alcohol. The alcohol will normally be spirit based, usually white spirit based. Consequently, like a liqueur it will have a spirit base; also, like a liqueur, it can contain fruit or fruit juices. The liqueur will, however, have a higher alcoholic content normally than the alcopop. There is a good degree of similarity in their natures. Alcopops and liqueurs will have their own discrete areas in supermarkets. In licensed premises the alcopops will normally be kept in a cold cabinet under bar level and liqueurs on the bar or placed in optics. In the case of

both drinks the user will normally be seeking a sweet alcoholic beverage. The difference in the alcoholic content makes it very doubtful that they are fungible, the respective goods are certainly not essential to one another. Consequently, they are neither in competition with one another nor complementary. Wines and alcopops are likely to have the same distributors, wholesalers of alcoholic beverages and so the same channels of trade. Taking all these factors into account, if Mr Diallo had limited his specification to alcopops, or if he had specifically identified such goods in his specification, I would have found that there was a reasonable degree of similarity between the respective goods, if not the highest level.

Comparison of trade marks

28) The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details⁸. The visual, aural and conceptual similarities of the marks must, therefore, be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components⁹. Consequently, I must not indulge in an artificial dissection of the trade marks, although I need to take into account any distinctive and dominant components. The average consumer rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he/she has kept in his/her mind and he/she is deemed to be reasonably well informed and reasonably circumspect and observant¹⁰. The assessment of the similarity of the trade marks must be made by reference to the perception of the relevant public¹¹.

29) If Heaven Hill does not succeed in relation to the word only registration it will not succeed in relation to the word and device registration, there being additional differences. I will, therefore, only consider the word only trade mark. The trade marks to be compared are **HPNOTIQ** and **HYPNOTIZER**. I do not consider that either trade mark can be divided into distinctive and dominant components, they stand or fall in their entireties.

30) Despite the form of HPNOTIQ I have no doubt that the average consumer will perceive that mark as being a form of the word hypnotic. This perception will dictate the pronunciation of the trade mark, which in my view will be pronounced as hypnotic. Consequently, the first two syllables of each trade mark will be pronounced in the same way. The final syllable of the earlier trade mark will be pronounced as ick, the application ends with two syllables: eye and zer. It is

⁸ *Sabel BV v Puma AG* [1998] RPC 199.

⁹ *Sabel BV v Puma AG* [1998] RPC 199.

¹⁰ *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* [2000] FSR 77.

¹¹ *Succession Picasso v OHIM - DaimlerChrysler (PICARO)* Case T-185/02.

often stated that the beginnings of words are more important in consideration of similarity than the endings¹². I consider that in this case this rule of thumb applies, the endings of the two trade marks do not draw the average consumer away from the beginnings. Taking these factors into account I consider that the respective trade marks are phonetically similar. A hypnotizer is someone who hypnotises ie someone who creates a hypnotic effect in an individual. The respective trade marks, therefore, share a conceptual basis and so while not conceptually identical they are certainly conceptually similar. Visually the earlier trade mark is quite striking owing to the absence of the letter y and the substitution of a q for the c. However, with the exception of the letter q all of its letters appear in the later trade mark and, but for the missing y, appear in the same order in relation to each other. I consider that the respective trade marks are visually similar. **Taking into account all of the above factors I find that the respective trade marks are similar, a similarity that is at the higher end of the scale.**

Conclusion in relation to likelihood of confusion

31) In considering whether there is a likelihood of confusion various factors have to be taken into account. There is the interdependency principle – a lesser degree of similarity between trade marks may be offset by a greater degree of similarity between goods, and vice versa¹³. In this case alcoholic beverages and spirits are deemed to be identical to the goods of the earlier registration. I have found that the similarity between wines and liqueurs is at a relatively low degree. The respective trade marks enjoy a good deal of similarity, the degree of similarity is at the higher end of the scale. I must take into account the nature of the average relevant consumer and of the purchasing process. It is necessary to consider the distinctive character of the earlier trade mark; the more distinctive the earlier trade mark (either by nature or nurture) the greater the likelihood of confusion¹⁴. The distinctive character of a trade mark can be appraised only, first, by reference to the goods or services in respect of which registration is sought and, secondly, by reference to the way it is perceived by the relevant public¹⁵. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, it is necessary to make an overall assessment of the greater or lesser capacity of the mark to identify the goods for which it has been registered as coming from a particular undertaking, and thus to

¹² See for instance: *Les Editions Albert René v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-336/03*.

¹³ *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117.

¹⁴ *Sabel BV v Puma AG* [1998] RPC 199.

¹⁵ *Rewe Zentral AG v OHIM (LITE)* [2002] ETMR 91.

distinguish those goods or services from those of other undertakings¹⁶. Hypnotic, if it was the trade mark, does not allude or describe the goods of the earlier registration. However, the trade mark is not the simple word but HPNOTIQ, the unusual nature of the trade mark adds to its distinctiveness. I consider that HPNOTIQ enjoys a high degree of distinctiveness in relation to liqueurs. **Weighing all these factors up I find that there is a likelihood of confusion in relation to all of the goods of the application, including wines where there is a relatively limited degree of similarity. If Mr Diallo had limited the specification to alcopops or specifically identified these goods in the specification, I would have found that there is a likelihood of confusion in relation to such goods.**

32) Mr Diallo exhibited a document relating to a registration of a model in France. I have to consider whether Heaven Hill has an earlier trade mark(s), which it has and if there is a likelihood of confusion in relation to that earlier trade mark in the United Kingdom. The registration of a model (or of a design) has no bearing upon this consideration. Equally the decision of the Court of Appeal of Paris has not had any influence on my decision; I have to consider the matter on the basis of the evidence before me within the specific context of the United Kingdom. Mr Diallo noted that Heaven Hill's registration had not been raised as a citation at examination stage. This can have no effect upon my decision, I have to consider the case brought by Heaven Hill on its merits; whether an examiner should or should not have raised a citation is extraneous to this consideration. Mr Diallo also commented on the different design and cost of the respective products. The CFI has stated on a number of occasions that current marketing strategies cannot be taken into account when considering likelihood of confusion¹⁷. In *Oakley, Inc v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case T-116/06 the CFI stated:

“76 Consideration of the objective circumstances in which the goods and services covered by the marks in dispute are marketed is fully justified. The examination of the likelihood of confusion which the OHIM authorities are called on to carry out is prospective. Since the particular circumstances in which the goods covered by the marks are marketed may vary in time, and depending on the wishes of the proprietors of the trade marks, the prospective analysis of the likelihood of confusion between two marks, which pursues an aim in the general interest, that is,

¹⁶ *Windsurfing Chiemsee v Huber and Attenberger* Joined Cases C-108/97 and C-109/97 [1999] ETMR 585.

¹⁷ See for instance: *Sadas SA v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case T-346/04, *Oakley, Inc v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case T-116/06, *Daimlerchrysler AG v Office for Harmonisation In the Internal Market (Trade Marks and Designs)* [2003] ETMR 61, *Devinlec Développement Innovation Leclerc SA v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case T- 147/03 and *NHL Enterprises BV v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case T-414/05.

that the relevant public may not be exposed to the risk of being misled as to the commercial origin of the goods in question, cannot be dependent on the commercial intentions, whether carried out or not – and which are naturally subjective – of the trade mark proprietors (*QUANTUM*, paragraph 75 above, paragraph 104, and *T.I.M.E. ART/Devinlec v OHIM*, paragraph 75 above, paragraph 59).”

So the different designs and costs of the products, as they are currently marketed, cannot affect the outcome.

33) Heaven Hill succeeds in its ground of opposition under section 5(2)(b) of the Act and the application is refused in its entirety.

Passing-off – section 5(4)(a) of the Act

34) Heaven Hill’s position is certainly be no better in relation to passing-off than in relation to the likelihood of confusion. I will, therefore, make no finding in relation to this ground of opposition.

COSTS

35) Heaven Hill having been successful is entitled towards a contribution towards its costs. I award costs upon the following basis:

Opposition fee	£200
Preparing a statement of grounds and considering the counterstatement of the applicant	£600
Preparing evidence and considering the evidence of the applicant	£500
Preparing for and attending a hearing	£250
Total	£1,550

I order Mr Yassinn Patrice Diallo to pay Heaven Hill Distilleries, Inc the sum of £1,550. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 4th day of September 2009

**David Landau
For the Registrar
the Comptroller-General**