

O-297-21

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO. 3381143

BY CHILDRENS CANCER AID LIMITED

TO REGISTER:

McBaileys

AS A TRADE MARK IN CLASS 33

AND

IN THE MATTER OF OPPOSITION THERETO UNDER NO. 419678 BY

R & A BAILEY & CO

BACKGROUND & PLEADINGS

1. On 7 March 2019, Childrens Cancer Aid Limited (“the applicant”) applied to register **McBaileys** as a trade mark for “Scotch Whisky and cream Liqueur” in class 33.

2. On 3 March 2020, the application was opposed by R & A Bailey & Co (“the opponent”). The opposition is based upon sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). Under sections 5(2)(b) and 5(3) of the Act, the opponent relies upon the United Kingdom and European Union Trade Mark (“EUTM”)¹ registrations/goods shown below:

UK no. 2377055 for the trade mark **BAILEYS**, which was filed on 1 November 2004 and registered on 29 April 2005:

“Alcoholic beverages” in class 33.

EUTM no.1356773 for the same trade shown above which was filed on 7 April 2000 and registered on 22 May 2001:

“Beverage alcohol including liqueurs” in class 33.

3. Insofar as its objection based upon section 5(3) of the Act is concerned, the opponent states that its trade marks enjoy a reputation for all the goods upon which it relies, adding that it considers the goods for which registration is sought would take unfair advantage of, or be detrimental to, the distinctive character or reputation of its trade marks. The opponent answered “Yes” to question 3 in the Notice of opposition which states:

¹ Although the UK has left the EU and the transition period has now expired, EUTMs are still relevant in these proceedings given the impact of the transitional provisions of The Trade Marks (Amendment etc.) (EU Exit) Regulations 2019 – please see Tribunal Practice Notice 2/2020 for further information.

“Is it claimed that the similarity between the [trade marks being relied upon] and the later trade mark is such that the relevant public will believe that they are used by the same undertaking or think that there is an economic connection between the users of the trade marks?”

4. In relation to questions 4, 5 and 6 in the Notice of opposition which begin “Is there any other basis for your claim other than your answer to Q3”, the opponent states:

Unfair advantage

“4.4 Use of the Applicant's sign, without due cause, is likely to take unfair advantage of the distinctive character and/or repute of the Earlier Marks by:

- (a) Feeding on the fame of the Earlier Marks;
- (b) Riding on the coat-tails of the Earlier Marks which have a reputation; and
- (c) Free riding on the substantial investment made by the Opponent in the Earlier Marks, thereby benefiting from the power of attraction, the reputation and the prestige of the Earlier Marks and exploiting, without paying any financial compensation, the marketing effort expended by the Opponent in order to create and maintain the image of the Earlier Marks;

Each resulting from the establishment of a link between the Earlier Marks and the Application by the average consumer of the goods covered by the Earlier Marks.

4.5 There is a significant risk that use of the sign McBaileys for the Applicant's Goods would take unfair advantage of the distinctive character and/or repute of the Earlier Marks in that the Applicant would take advantage of the significant investment that the Opponent had made in the reputation of its brand. That would be a significant advantage of the Applicant which would obtain for free and without any investment of its own.”

Detriment to reputation

“7. There is a risk that the use of McBaileys for the Applicant's Goods would be detrimental to the reputation of the Earlier Marks. Since the Opponent has no way of verifying the quality of the Applicant's products, any association with McBaileys may tarnish the reputation of the Earlier Marks and/or undermine the investment function.”

Detriment to distinctive character

“6. There is a risk that the use of the McBaileys sign will be detrimental to the distinctive character of the Earlier Marks because it will weaken the ability of the Earlier Marks to exclusively identify and denote the goods of the Opponent. This is likely to cause a change in the economic behaviour of the average consumer of the registered goods by causing the average consumer: (a) not to purchase the Opponent's goods; and/or (b) to purchase the Applicant's goods, in each case in circumstances where the average consumer would not have behaved so otherwise.”

5. Finally, in relation to its objection based upon section 5(4)(a) of the Act, the opponent states:

“9.2 The Opponent has been using BAILEYS in relation to alcoholic beverages in the United Kingdom since 1974.

9.3 The Applicant's sign, McBaileys, so closely resembles BAILEYS that its use in relation to the Applicant's Goods would be taken or is likely to be taken by a substantial number of the Opponent's customers or potential customers to mean that the Opponent is responsible for the McBaileys goods, or is otherwise connected in the course of trade with the entity who makes, provides and/or sells them.

9.4 This misrepresentation would lead to damage of the Opponent's goodwill. In particular, because of the mistaken belief of customers that the Applicant's

Goods are the goods of the Opponent, or are otherwise connected with the Opponent. Further, the Opponent will lose control over the reputation in the BAILEYS brands, including the ability to maintain the distinctiveness of the same.”

6. The applicant filed a counterstatement (signed by Philip Alan Perseval) in which it is stated:

“All objections received and lodged are hereby emphatically denied as our liqueur is 100% proudly Scottish as our McBaileys Trademark clearly confirms - it is NOT Irish.

...We are prepared for mediation upon the basis of a partnership for our copyright compensation as we cannot match the legal funds available to the Irish foreign producers.

We intend to finance Scots production via partnerships with either Tesco or Iceland also shops and sales linked to our McVegan trademark. Thus creating hundreds of UK production jobs in Scotland to help our economy support the NHS rather than help the Southern Irish foreigners if an agreement proves lacking in good will for the Childrens Cancer Aid Ltd. (CCAL) not for profit charity aiming to help young cancer victims whose parents have been taken early. Help with twinning advice/work/accommodation/mental and physical health encouraging alcohol free McBailleys from our beloved Scotland rather than foreign Irish IRA (if applicable) “mick”. Our trade-mark to help our U.K. survive via world wide at home sales post Covid-19 stress - alcohol free McVegan McBaileys sales.

McBaileys copyright as a Scottish vegan version from nuts and scotch whiskey/whisky. Still looking for brewers and a major supermarket to partner all this to raise funds for the not for profit CCAL...and assist youngsters when mums die horribly from cancer as mine did when I was 15 years old and left alone to try to work it all out. Now we hope to help such children with CCAL and your further support plus the use of CCAL registered trade mark McTong;

McMafia; McDracula, etc. to be used both in childrens' stories & commercially wherever possible to raise charitable funds..."

7. In these proceedings, the opponent is represented by Bristows LLP; the applicant represents itself. Although only the opponent filed evidence, both parties filed written submissions during the evidence rounds. At the conclusion of the evidence rounds the parties were asked if they wished to be heard, failing which, a decision from the papers would be issued. Although neither party requested a hearing, the opponent filed written submissions in lieu. I shall keep all of these submissions in mind, referring to them to the extent I consider it appropriate to do so.

8. Although the UK has left the EU, section 6(3)(a) of the European (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Trade Marks Act relied on in these proceedings are derived from an EU Directive. This is why this decision continues to make reference to the trade mark case law of EU courts.

DECISION

9. The opposition is based upon sections 5(2)(b), 5(3) and 5(4)(a) of the Act which read as follows:

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

(a)...

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.

(3) A trade mark which 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 European Union trade mark or international trade mark (EC), in the European Union) 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.

(3A) Subsection (3) applies irrespective of whether the goods and services for which the trade mark is to be registered are identical with, similar to or not similar to those for which the earlier trade mark is protected.

(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, or

(b)...

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark.

5A Where grounds for refusal of an application for registration of a trade mark exist in respect of only some of the goods or services in respect of which the trade mark is applied for, the application is to be refused in relation to those goods and services only.”

10. In these proceedings the opponent is relying upon the two trade marks shown in paragraph 2, both of which qualify as earlier trade marks under the provisions of section 6 of the Act. Given the interplay between the date on which the opponent’s trade marks were entered in the register and the application date of the trade mark being opposed, the earlier trade marks are, in principle, subject to the proof of use provisions contained in section 6A of the Act.

11. In its Notice of opposition, the opponent states that it has used its trade marks in relation to all the goods upon which it is relying. However, as in its counterstatement the applicant elected not to ask the opponent to provide proof of use, the opponent is entitled to rely upon all the goods claimed without having to show that it has made genuine use of them.

The objection based upon section 5(2)(b) of the Act

Case law

12. The following principles are gleaned from the decisions of the courts of the European Union in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, 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, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(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, but 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;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also 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;

(g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;

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

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(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;

(k) if the association between the marks creates a risk that the public will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

My approach to the comparison

13. In these proceedings, the opponent is relying upon two identical trade marks i.e. the word "BAILEYS" presented in block capital letters. As both specifications are

equally broad i.e. alcoholic beverages at large, it is upon the UK trade mark and the UK in general I shall focus, only returning to the EUTM if it is necessary to do so.

Comparison of goods

14. The goods to be compared are as follows:

Opponent's goods	Applicant's goods
Class 33 - Alcoholic beverages.	Class 33 - Scotch Whisky and cream Liqueur.

15. In *Gérard Meric v Office for Harmonisation in the Internal Market*, Case T-133/05, the General Court ("GC") stated:

"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 trade mark application (Case T-388/00 Institut fur Lernsysteme v OHIM- Educational Services (ELS) [2002] ECR II-4301, paragraph 53) or where the goods designated by the trade mark application are included in a more general category designated by the earlier mark".

16. As the applicant's goods would be encompassed by the broad term relied upon by the opponent, the competing goods are to be regarded as identical on the inclusion principle outlined in *Merici*.

The average consumer and the nature of the purchasing act

17. As the case law above indicates, it is necessary for me to determine who the average consumer is for the goods at issue. I must then determine the manner in which these goods are likely to be selected by the average consumer in the course of trade. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

“60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The words “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median.”

18. The average consumer of the goods at issue is a member of the adult general public. Such goods are sold through a range of channels, including retail premises such as supermarkets and off-licences (where they are normally displayed on shelves) and on-line; in such circumstances, the goods will be obtained by self-selection. Such goods are also sold in public houses and bars (where they will be displayed on, for example, bottles and where the trade mark will appear on drinks lists etc.). When such goods are sold in public houses and bars, there will be an oral component to the selection process. However, there is nothing to suggest that such goods are sold in such a manner as to preclude a visual inspection. Consequently, while the goods may be ordered orally in public houses and bars, it is likely to be in the context of, for example, a visual inspection of the bottle or drinks lists prior to the order being placed. Considered overall, the selection process will, in my view, be a predominantly visual one, although aural considerations will play their part. Although the goods at issue are relatively inexpensive and bought fairly frequently, as an average consumer selecting such goods will wish to ensure they are selecting, for example, the correct type, origin and flavour of beverage, they will, in my view, pay a medium degree of attention to their selection.

Comparison of trade marks

19. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a trade mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the trade marks must be assessed by reference to the overall impressions created by them, bearing in mind their distinctive and dominant

components. The Court of Justice of the European Union (“CJEU”) stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

“.....it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”

20. It would be wrong, therefore, artificially to dissect the trade marks, although it is necessary to take into account their distinctive and dominant components and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions they create. The trade marks to be compared are as follows:

Opponent’s trade mark	Applicant’s trade mark
BAILEYS	McBaileys

Overall impression

21. The opponent’s trade mark consists of the word “BAILEYS” presented in block capital letters. The overall impression it conveys and its distinctiveness lie in the single word of which it is composed. The applicant’s trade mark also consists of a single word. It contains the word the subject of the opponent’s registration (albeit presented in title case) preceded by the letters “Mc”. In its submissions, the opponent states:

“15.3 “Mc” is a Gaelic surname prefix of Mac-, meaning son, prefixed to Scottish and Irish names...”

22. That is my understanding of the prefix “Mc” and, more importantly will, I am satisfied, accord with the average consumer’s understanding of the prefix.

Considered on that basis, like the opponent's trade mark, the overall impression conveyed and distinctiveness of the applicant's trade mark lie in its totality.

Visual similarity

23. The opponent's trade mark consists of seven letters. As the opponent's trade mark is registered in block capital letters, notional and fair use would allow it to be used in a range of formats including, for example, "Baileys". The applicant's trade mark consists of nine letters; the last seven letters are identical to the opponent's trade mark. The applicant's trade mark also contains the letters "Mc" as its first two letters. Bearing in mind that as a rule of thumb the first part of a trade mark is generally considered to be more important than its ending, there is what I regard as a between medium and high degree of visual similarity between the competing trade marks.

Aural similarity

24. In its submissions, the opponent states:

"19. The earlier mark is pronounced as BAILEYS or BAY LEES.

20. The applied for mark would be pronounced as Mc or Mac BAILEYS/BAY LEES."

25. I agree with those submissions. Applying the same principle mentioned above regarding the importance of the beginnings of trade marks, results in between a medium and high degree of aural similarity.

Conceptual similarity

26. In my view, both parties' trade marks will be understood by the average consumer as surnames. As a consequence, they are conceptually similar to at least a medium degree.

Distinctive character of the earlier trade mark

27. The distinctive character of a trade mark can be appraised only, first, by reference to the goods in respect of which registration is sought and, secondly, by reference to the way it is perceived by the relevant public – *Rewe Zentral AG v OHIM (LITE)* [2002] ETMR 91. In determining the distinctive character of a trade 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 trade mark to identify the goods for which it has been registered as coming from a particular undertaking and thus to distinguish those goods from those of other undertakings - *Windsurfing Chiemsee v Huber and Attenberger* Joined Cases C-108/97 and C-109/97 [1999] ETMR 585.

Inherent distinctive character

28. Surnames are a traditional means of communicating trade origin. As “BAILEY” is, in my experience, a not uncommon surname in the UK, absent use, the opponent’s “BAILEYS” trade mark enjoys no more than a medium degree of inherent distinctive character

Enhanced distinctiveness

29. In support of the above, the opponent has filed the witness statement of Katherine Tsang, who is the General Counsel, Global IP of Diageo PLC, the opponent’s parent company. Ms Tsang explains that the opponent is based in Dublin, adding that since 1974, her “company or its predecessors” (i.e. the opponent or the Diageo group in general) “have been producing and bottling an alcoholic Irish Cream Liqueur called BAILEYS” which is sold in over 160 countries worldwide. Originally called “BAILEYS Irish Cream Chocolate Liqueur” it was launched in Ireland in November 1974, in the UK and Australia in 1975 and in North America in 1979. Exhibit KT2 consists of, inter alia, images of bottles bearing the word “BAILEYS” from as early as 1974 up to 2013. The words “Irish Cream” appear on many of the labels.

30. Ms Tsang states:

“8. Over the years, the BAILEYS product range has evolved and expanded, and in addition to what is now known as BAILEYS Original - the core BAILEYS variant which incorporated the use of ‘Original’ in 1976 - a number of other flavours and special editions have been introduced to the range to meet a growing consumer demand for innovation. Beyond bottled Cream Liqueurs, other BAILEYS branded products, such as ice-creams, chocolates and confectionary have also been produced, often under licence...”

31. Exhibit KT3 consists of images of, inter alia, a range of bottles in support, all of which bear the word “BAILEYS”, the earliest of which is dated 1997.

32. Ms Tsang states that:

“11. My Company also works with other food manufacturers and licenses the use of the famous BAILEYS name on a range of other items, including ice cream, chocolates, coffee pods, instant coffee sachets, biscuits and cakes, cream, fudge, confectionary, eclairs and profiteroles...”

33. What appears to be undated examples of the above, all of which bear the word “BAILEYS” are provided as exhibit KT4.

34. Exhibit KT5 consists of what Ms Tsang explains is an:

“12...extract from the IWSR Report for the Cream Liqueur category showing where My Company’s BAILEYS product sits with peer goods in the UK Cream Liqueur market...”

35. Having explained that her company is a client of IWSR, Ms Tsang further explains that:

“13...IWSR is the leading source of data, analysis and insights on the global beverage market.” They are “exclusively focused on beverage alcohol: beer, wine, spirits, cider, ready-to-drink beverages.” They “quantify consumption and trends by volume & value at the brand, price segment and category level for over 160 countries.” They claim they “are the trusted advisor to beverage alcohol brands, investment & financial market professionals, non-alcoholic beverage companies, global trade organisations, industry manufacturers & suppliers.”

36. Exhibit KT5 consists of the extract from the report mentioned and from the website www.theiwsr.com. The opponent’s sales and market share between 2010 and 2019 were as follows:

Year	No. of cases of BAILEYS cream liqueur (all types) sold in the UK Case volumes: 000’s of 9-litres cases	Baileys Share of Market Category 4: Cream Liqueurs – Country: United Kingdom
2019	1,080.8	75%
2018	1,152.3	75%
2017	1,044.2	72%
2016	983.8	69%
2015	1,009.5	68%
2014	892.8	65%
2013	855.5	61%
2012	867.0	60%
2011	955.3	61%
2010	1,243.8	65%

37. Ms Tsang states:

“15. My Company’s BAILEYS Irish Cream Liqueur products are available at all major grocers in the UK, including but not limited to, Tesco, Waitrose, Co-Op, Ocado, Asda, Sainsburys and Morrisons to name a few. Licensed products are also available through the aforementioned, as well as, but not limited to, Lakeland, WH Smith, NISA Local, Co-Op, Iceland, Amazon, Spar and Lidl.”

38. In the period July 2014 to June 2019, the opponent spent £31.3m “on advertising and promotion of the “BAILEYS” brand in the United Kingdom.” Ms Tsang explains that:

“17. Above the Line, or ATL Marketing, refers to generally untargeted, large campaigns to raise brand awareness and reach more people, including magazine advertising. Below the Line, or BTL Marketing, refers to smaller and highly targeted advertising, including ads aimed at individuals or specific locations and with easy to track returns on investment and a definitive audience. An FSDU is a free-standing display unit (FSDU) which is a type of flexible retail display that is dedicated to highlighting key products, typically in retail environments.”

39. I note that activities falling within those definitions took place through the period mentioned, examples of which are provided as exhibit KT6. Exhibit KT7 consists of what Ms Tsang describes as:

“19...a bundle of internet sourced articles which refer to the BAILEYS brand in the context of the alcohol market in the UK.”

40. The articles provided are from: pure-npd.co.uk, takingretail.com (September 2020), thespiritsbusiness.com, morningadvertiser.co.uk (December 2019), yougov.co.uk and thegrocer.co.uk. Although all of the articles mention “Baileys”, as indicated above, some are clearly from after the material date in these proceedings, while others cannot be dated. Exhibit KT9 consists of a list of awards won by the “Baileys” brand between 2010 and 2020. It is not clear to me which, if any, of these

awards relate to the UK. Finally, exhibit KT10 consists of an article from *The Irish Times* from 2014 entitled “A dozen things you might need to know about Irish names” in which the prefixes “MAC” and “Mc” are discussed and which support the opponent’s submission in paragraph 21 above.

41. The applicant’s only response to the opponent’s evidence was contained in an email dated 28 November 2020, in which it stated:

“McBAILEYS is made in Scotland and has a McVEGAN Scottish formula
It clearly is a Scottish alternative to your foreign Irish non McVEGAN alcoholic cocktail. Our version is pure cashew nuts plus pure proper Scottish whiskey.”

42. The opponent’s unchallenged evidence indicates that it has used its “BAILEYS” trade mark in the UK since 1975. Although registered for “alcoholic beverages” at large, the evidence indicates that the opponent has used the trade mark in relation to, inter alia, a cream liqueur and it is in relation to those goods it has, between 2010 and 2018, sold in the order of nine million 9-litres cases and enjoyed at least a 61% market share and, in 2018, a 75% market share. Such goods have been made available through a range of well-known supermarkets in the UK and in the period July 2014 to June 2019 in excess of £31m has been spent in the UK promoting the brand. As a consequence, I have no hesitation concluding that by the material date in these proceedings i.e. March 2019, the use the opponent had made of its “BAILEYS” trade mark in the UK in relation to cream liqueurs would have built upon its inherent distinctiveness, resulting in a trade mark possessed of a high degree of distinctive character.

Likelihood of confusion

43. In determining whether there is a likelihood of confusion, a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and vice versa. As I mentioned above, it is also necessary for me to keep in mind the distinctive character of the opponent’s trade mark as the more distinctive it is, the greater the likelihood of

confusion. I must also keep in mind the average consumer for the goods, the nature of the purchasing process and the fact that the average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them he has retained in his mind.

44. Confusion can be direct or indirect. Direct confusion involves the average consumer mistaking one trade mark for the other, while indirect confusion is where the average consumer realises the trade marks are not the same but puts the similarity that exists between the trade marks and goods down to the responsible undertakings being the same or related.

45. Earlier in this decision, I concluded that:

- the competing goods are identical;
- the average consumer is a member of the adult general public who, whilst not ignoring aural considerations, will select the goods at issue by predominantly visual means whilst paying a medium degree of attention during that process;
- the competing trade marks are visually and aurally similar to between a medium and high degree and conceptually similar to at least a medium degree;
- while the earlier trade mark enjoys no more than a medium degree of inherent distinctiveness, its use in relation to cream liqueurs has resulted in a trade mark with a high degree of distinctive character.

46. In its written submissions, the opponent states:

“43 In terms of direct or indirect confusion, the Opponent contends that there is a risk of both. The average consumer may directly confuse McBAILEYS with the Earlier Marks, on account of the presence of the reputed BAILEYS brand and ignore the presence of the Mc element whose role it is submitted is *de minimis*. This is particularly the case as the goods are identical.”

47. As I mentioned earlier, the beginning of trade marks are, by and large, the most important for the purposes of comparison. Notwithstanding the identity in the goods, the degree of visual, aural and conceptual similarity in the competing trade marks and the degree of inherent distinctive character the opponent's "BAILEYS" trade mark possesses, the presence of the letters "Mc" at the beginning of the applicant's trade mark will not go unnoticed by an average consumer paying a medium degree of attention during the selection process. The likelihood of direct confusion is, in my view, remote. Although the opponent's trade mark enjoys a high degree of distinctive character in relation to cream liqueurs (to which the applicant's goods would also be regarded as identical), I reach the same conclusion for the same reasons.

48. That leaves indirect confusion to be considered. In *L.A. Sugar Limited v By Back Beat Inc*, Case BL O/375/10, Mr Iain Purvis Q.C., as the Appointed Person, explained that:

"16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognized that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: "The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark."

49. In *Duebros Limited v Heirler Cenovis GmbH*, BL O/547/17, Mr James Mellor Q.C., as the Appointed Person, stressed that a finding of indirect confusion should not be made merely because the two trade marks share a common element. In this connection, he pointed out that it is not sufficient that a trade mark merely calls to mind another trade mark. This is mere association not indirect confusion.

50. In its written submissions, the opponent states:

“44 Further, the Opponent contends that there is also a risk of indirect confusion. Even if the average consumer recognises that the marks are different to some degree on account of the Mc element, she/he would still consider that the marks are related and originate from the same, or an economically linked, undertaking owing to the presence of the identical and distinctive element ‘BAILEYS’ in the parties’ marks and this will, in the Opponent’s view, lead the average consumer to assume that the later mark is a brand extension of the earlier marks. There is a clear likelihood of indirect confusion.”

51. I shall first consider the position based upon the opponent’s trade mark’s inherent distinctive character. I begin by reminding myself of the identity in the goods combined with the between medium and high degree of visual and aural similarity and the at least medium degree of conceptual similarity between the competing trade marks. Having done so, the combination of those factors is likely to result in the average consumer concluding that the applicant’s trade mark is a variant brand being used by the opponent, for example, to indicate Scottish origin or ingredients. That conclusion finds support in the applicant’s email of 28 November 2020 in which it states: “It clearly is a Scottish alternative to your foreign Irish non McVEGAN alcoholic cocktail”. As a consequence, there is, in my view, a likelihood of indirect confusion. The opponent’s position is even stronger when one considers the high degree of distinctiveness its “BAILEYS” trade mark enjoys in relation to cream liqueurs. In summary, the opposition based upon section 5(2)(b) of the Act succeeds insofar as indirect confusion is concerned.

The objections based upon section 5(3) and 5(4)(a) of the Act

52. Having reached what I regard as a very clear-cut decision in relation to section 5(2)(b) of the Act, it is not strictly necessary for me to also consider the alternative grounds based upon section 5(3) and 5(4)(a) of the Act. However, in the event my decision based upon section 5(2)(b) of the Act is the subject of an appeal, I will do so, albeit briefly. The relevant case law can be found in the Annex to this decision.

53. Based upon the evidence filed by the opponent, I have no doubt that at the relevant date i.e. March 2019, its “BAILEYS” trade mark had, in relation to cream liqueurs, the necessary reputation (section 5(3)) and goodwill (5(4)(a)) in the UK to get both of the objections off the ground. I am further satisfied that the similarities between the competing trade marks is sufficient for a link to be formed in the mind of the average consumer (5(3)) and for a misrepresentation to occur (5(4)(a)). The combination of those factors together with the fact that I have already concluded there is a likelihood of indirect confusion, will lead the applicant to gain, at least, an unfair advantage of the type suggested by the opponent at paragraph 4 of this decision (5(3)) and for the damage it envisages at paragraph 5 of this decision (5(4)(a)) to result. As it is only necessary for the opponent to succeed under one of the heads of damage under section 5(3) of the Act, the oppositions based upon section 5(3) and 5(4)(a) succeed accordingly.

Overall conclusion

54. The opposition has succeeded on all grounds and, subject to any successful appeal, the application will be refused.

Costs

55. As the opponent has been successful, it is entitled to a contribution towards its costs. Awards of costs in proceedings are governed by Annex A of Tribunal Practice Notice 2 of 2016. Applying the above guidance, I award costs to the opponent on the following basis:

Filing the Notice of opposition and reviewing the counterstatement:	£400
Official fee:	£200
Filing of evidence:	£500
Written submissions:	£400
Total:	£1500

56. I order Childrens Cancer Aid Limited to pay to R & A Bailey & Co the sum of **£1500**. This sum is to be paid within 21 days of the expiry of the appeal period or within 21 days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 22nd day of April 2021

C J BOWEN
For the Registrar

Section 5(3) – case law

The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, Case 252/07, *Intel*, Case C-408/01, *Adidas-Salomon*, Case C-487/07, *L’Oreal v Bellure* and Case C-323/09, *Marks and Spencer v Interflora*. 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) It is necessary 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.
- (d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks and between the 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
- (e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is 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 relevant factors; *Intel*, paragraph 79.

(f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious risk that this will happen in future; *Intel, paragraphs 76 and 77*.

(g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel, paragraph 74*.

(h) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality which is liable to have a negative impact of the earlier mark; *L'Oreal v Bellure NV, paragraph 40*.

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (*Marks and Spencer v Interflora, paragraph 74 and the court's answer to question 1 in L'Oreal v Bellure*).

In *General Motors*, Case C-375/97, the CJEU held:

“25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.

26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.

28. Territorially, the condition is fulfilled when, in the terms of Article 5(2) of the Directive, the trade mark has a reputation 'in the Member State'. In the absence of any definition of the Community provision in this respect, a trade mark cannot be required to have a reputation 'throughout' the territory of the Member State. It is sufficient for it to exist in a substantial part of it.”

In Case C-408/01, *Adidas-Salomon*, the CJEU held:

“28. The condition of similarity between the mark and the sign, referred to in Article 5(2) of the Directive, requires the existence, in particular, of elements of visual, aural or conceptual similarity (see, in respect of Article 5(1)(b) of the Directive, Case C-251/95 *SABEL* [1997] ECR I-6191, paragraph 23 in fine, and Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819, paragraphs 25 and 27 in fine).

29. The infringements referred to in Article 5(2) of the Directive, where they occur, are the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a

connection between the sign and the mark, that is to say, establishes a link between them even though it does not confuse them (see, to that effect, Case C-375/97 *General Motors* [1999] ECR I-5421, paragraph 23).”

In determining whether the public will make the required mental ‘link’ between the competing trade marks, the following factors in *Intel* are to be considered: (i) the degree of similarity between the conflicting trade marks, (ii) the nature of the goods or services for which the conflicting trade marks are registered, or proposed to be registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public, (iii) the strength of the earlier trade mark’s reputation, (iv) the degree of the earlier trade mark’s distinctive character, whether inherent or acquired through use, and (v) whether there is a likelihood of confusion.

Section 5(4)(a) – case law

In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court, conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56. In relation to deception, the court must assess whether “a substantial number” of the Claimants’ customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

In *Inland Revenue Commissioners v Muller & Co’s Margarine Ltd* [1901] AC 217 (HOL) the court stated:

“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.”

In *Advanced Perimeter Systems Limited v Multisys Computers Limited*, BL O-410-11, Mr Daniel Alexander QC, as the Appointed Person, endorsed the registrar’s assessment of the relevant date for the purposes of section 5(4)(a) of the Act, as follows:

“43. In *SWORDERS TM* O-212-06 Mr Alan James acting for the Registrar well summarised the position in s.5(4)(a) proceedings as follows:

“Strictly, the relevant date for assessing whether s.5(4)(a) applies is always the date of the application for registration or, if there is a priority date, that date: see Article 4 of Directive 89/104. However, where the applicant has used the mark before the date of the application it is necessary to consider what the position would have been at the date of the start of the behaviour complained about, and then to assess whether the position would have been any different at the later date when the application was made.”