

**TRADE MARKS ACT 1994**

**IN THE MATTER OF OPPOSITION No. 600000686**

**IN THE NAME OF LA FÉE LLP**

**TO TRADE MARK APPLICATION No. 3227006 ANGEL'S ENVY**

**IN THE NAME OF BACARDI & COMPANY LIMITED**

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**DECISION**

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**INTRODUCTION**

1. This is an appeal against the successful opposition to the registration of ANGEL'S ENVY in Class 33 for North American whiskey; alcoholic beverages based on, or flavoured with; North American Whiskey
2. The Applicant and Appellant is Bacardi & Company Limited. The Opponent and Respondent is La Fée LLP.
3. The Opposition was brought under Section 5(2)(b) of the Trade Marks Act 1994 (the Act). The opposition was on the basis of the Opponent's earlier European Union Trade Mark EU TM 013711321 ENVY registered in Class 33 for Spirits; absinthe; alcoholic beverages containing spirits; alcoholic containing absinthe.
4. The Opposition was brought under the the fast track opposition procedure. The parties were not given permission to file evidence and the decision was taken on the basis of the papers alone following receipt of written submissions.
5. In her decision No O-090-18 dated 6 February 2018 ("the Decision") the Hearing Officer, June Ralph, allowed the opposition. The Appellant appeals against this decision. The Respondent maintains the decision was correct for the reasons given by the Hearing Officer.
6. On this appeal the Applicant/Appellant was represented by Simon Malynicz QC instructed by Lewis Silkin. The Opponent/Respondent was represented by Nick Zweck instructed by Chapman IP.

## THE DECISION

7. The Hearing Officer set out the relevant law to be applied under s.5(2)(b) of the Act in §10 of the Decision. No criticism is made of the principles she cited.
8. She then went on to apply them to the facts of the present case. Her findings can be summarised as follows:
  - (a) In relation to a comparison of the goods, she held in §15 that because the terms “spirits” and “alcoholic beverages containing spirits” include all types of spirits and alcoholic beverages containing spirits, these terms encompass the Applicant’s goods as applied for. They were therefore considered identical under the *Meric* principle.
  - (b) In §18 she identified the average consumer as a member of the general public who is at least 18 years old. She held that the goods would be available through a number of trade channels, including pubs, bars, clubs and restaurants as well as retail outlets such as supermarkets or off-licences.
  - (c) Given this, she found in §19 that the purchase of such goods is likely to be mainly visual and that a consumer may take into account factors such as the type, flavour and alcoholic strength of the drink when making their selection. She found that a normal level of attention is likely to be paid to that purchase.
  - (d) As for the comparison of the marks ENVY and ANGEL’S ENVY, she held in §22 that it would be wrong artificially to dissect them. However she held it was necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.
  - (e) She held in §25 that there was a medium degree of visual similarity between the marks, in §26 a medium degree of aural similarity and in §27 a medium degree of conceptual similarity.
  - (f) In §29 she assessed the distinctive character of the earlier ENVY mark and noted that in the absence of any evidence she could only consider its inherent distinctiveness. She observed that because the Opponent’s mark consisted of an ordinary dictionary word which is not descriptive of the goods it is registered for, it had an average level of inherent distinctiveness.

9. She turned to the ultimate question, the likelihood of confusion, in §30, and referred to the following factors:

“The interdependency principle, whereby a lesser degree of similarity between the goods may be offset by a greater similarity between the marks, and vice versa (*Canon*).

The principle that the more distinctive the earlier mark is, the greater the likelihood of confusion (*Sabel BV v Puma AG*).

The factor of imperfect recollection i.e. that consumers rarely have the opportunity to compare marks side by side but must rather rely on the imperfect picture that they have kept in their mind (*Lloyd Schuhfabrik Meyer*).”

10. She then distinguished between direct and indirect confusion by reference to the decisions of Iain Purvis QC, sitting as the Appointed Person, in *L.A. Sugar Limited v By Back Beat Inc*, Case BL-O/375/10 and Arnold J. in *Whyte and Mackay Ltd v Origin Wine UK Ltd and Another* [2015] EWHC 1271 (Ch) where he discussed the CJEU decisions in *Bimbo*, Case C-591/12P and *Medion v Thomson* Case C-120/04.
11. Applying this distinction, she concluded in §34 that although there was no likelihood of direct confusion, there was a likelihood of indirect confusion and so she allowed the opposition. She expressed her conclusions as follows:

34. Based on the marks and the goods before me and taking into account the assessments I have made, I conclude that there is a no likelihood of direct confusion, i.e. one mark being mistaken for another because the difference between the two marks by the inclusion of the additional word ANGEL'S in the applicant's mark would not go unnoticed. But I do find, however, that there is likelihood of indirect confusion as if the consumer does not mistake one mark for the other, they are likely to believe that the respective goods come from the same or economically linked undertakings as the applicant's mark could be considered as a sub brand, e.g. a variant flavour of the goods.

## **STANDARD OF APPEAL**

12. The Appellant cited the now familiar decision of Daniel Alexander QC, sitting as the Appointed Person, in *TT Education Ltd v Pie Corbett Consultancy* [2017] RPC 17 at [52]. The Appellant also submitted that because this was a fast-track case with no evidence and no hearing, it was more readily subject to reversal than a case involving assessment of evidence. That may be, but it is still an appeal against a multifactorial decision involving likelihood of confusion, and therefore it is appropriate to recall the guidance set out in the decision of Ian Purvis QC, sitting as the Appointed Person in *ROCHESTER Trade Mark (O-079-17)*, where he stated:

33. I fear that far too much ink has been already spilled by Appellate Courts on these issues with diminishing returns, and I therefore do not propose to say a great deal more. So far as the particular context of this appeal is concerned, I would simply add that the reluctance of the Appointed Person to interfere with a decision of a Hearing Officer on likelihood of confusion is quite high for at least the following reasons:
- (i) The decision involves the consideration of a large number of factors, whose relative weight is not laid down by law but is a matter of judgment for the tribunal on the particular facts of each case
  - (ii) The legal test 'likely to cause confusion amongst the average consumer' is inherently imprecise, not least because the average consumer is not a real person
  - (iii) The Hearing Officer is an experienced and well-trained tribunal, who deals with far more cases on a day-to-day basis than the Appellate tribunal
  - (iv) The legal test involves a prediction as to how the public might react to the presence of two trade marks in ordinary use in trade. Any wise person who has practised in this field will have come to recognize that it is often very difficult to make such a prediction with confidence. Jacob J (as he then was) made this point in the passing off case *Neutrogena v Golden* [1996] RPC 473 at 482:

'It was certainly my experience in practice that my own view as to the likelihood of deception was not always reliable. As I grew more experienced I said more and more "it depends on the evidence."'

Any sensible Appellate tribunal will therefore apply a healthy degree of self-doubt to its own opinion on the result of the legal test in any particular case.
34. I shall therefore approach this appeal on the basis that in the absence of a distinct and material error of principle, I ought not to interfere with the decision of the Hearing Officer unless I consider that his view on the issue of likelihood of confusion was clearly wrong in the sense that it was outside the range of views which could have been reasonably taken on the established facts."
13. Thus appellants cannot come to this tribunal expecting the Appointed Person to substitute his or her view for that of the Hearing Officer in the absence of an error of principle or a decision that was outside the range of reasonably held views. The fact that another reasonable tribunal might have come to the opposite conclusion is insufficient and multifactorial decisions such as those under s.5(2)(b) of the Act will not be readily reversed.
14. As well as alleging that the decision was "wrong" the Appellant also suggested that "*the decision of the lower court ... was unjust because of a serious procedural or other irregularity in the proceedings in the lower court*". This wording is derived from CPR Part 52.21(3)(b). As explained below, this is because it was suggested that

the Hearing Officer wrongly took into account evidence contained in the written submissions of the Opponent when, under the fast-track procedure, evidence had been excluded.

15. Mr Malynicz QC explained that he had been unable to find any authorities which supported the application of this principle to present case. I am not surprised. As I put to both parties at the hearing, it seems to me that this criticism of the Hearing Officer could equally well be characterised in a more conventional way as taking into account something which the tribunal should not have taken into account (i.e. the evidence contained within the Opponent's submissions). As Judge Hand QC put it in the context of an appeal from the Employment Tribunal in *NHS Trust Development Authority v Saiger and others, North Cumbria University Hospitals NHS Trust v Saiger and others* UKEAT/167/15, UKEAT/276/15, 17 July 2017 [2018] I.C.R. 297:

80 An appeal lies to this tribunal on any question of law: see section 21(3) of the Employment Tribunals Act 1996 . In the civil jurisdiction, by what is now CPR r52.21(3)(b), an appeal can be allowed where the decision in question was "unjust because of a serious procedural or other irregularity in the proceedings in the lower court". There is no equivalent provision in any statute, rule or practice direction relating to this tribunal but, in my view, it cannot be doubted that a serious procedural irregularity will amount to an error of law and, thus, within this jurisdiction provide a basis for an appeal being entertained by this tribunal. I am also of the view that in order for an appeal to succeed on the basis that there has been a serious procedural irregularity this tribunal must be able to conclude that it would be "unjust" to allow the decision of the employment tribunal to stand.

16. In my view the same principles apply to appeals to the Appointed Person. It does not matter whether such appeals operate strictly under CPR Part 52 because a serious procedural irregularity will amount to an error of law and will therefore be "wrong" within the scope of Mr Alexander QC's summary in §52 of *TT Education*.
17. In fact, the hurdle under the equivalent of CPR Part 52.21(3)(b) is arguably higher than the approach under the equivalent of CPR Part 52.21(3)(a), because in the case of the former it is necessary for the error to be "serious" and to result in a decision that is "unjust". For that reason it is unclear to me why it is necessary to invoke the equivalent of CPR Part 52.21(3)(b) at all when the alleged error could equally well be characterised as taking into account something that should not have been taken into account<sup>1</sup>. I shall therefore consider first whether the Hearing Officer

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<sup>1</sup> It may have something to do with the perceived burden. Mr Malynicz QC argued that if there had been a procedural error then that raised serious doubt as to the Hearing Officer's approach and it would be unsafe not to reassess the decision *de novo*. Mr Zweck maintained that the burden

made any error and, if an error is found, then turn to the issue of what effect any error should have on her decision.

## **PROCEDURAL ERROR – CONSIDERATION OF IMPERMISSIBLE EVIDENCE**

18. The Hearing Officer's alleged procedural error turns on the suggestion that she failed to exclude inadmissible evidence filed by the Opponent. As noted above, neither party had permission to adduce evidence in this fast track opposition. However, it is said that the Opponent impermissibly introduced evidence as part of its written submissions prior to the hearing and that the Hearing Officer then erred in taking it into account in her decision.
19. The Applicant makes the dual submission that the evidence improperly influenced the Hearing Officer yet was also flimsy in the extreme because of its lack of detail and the fact that it post-dated the application for the Opponent's mark. There is an obvious tension in this suggestion.
20. The passage of the submissions of 23 November 2017 upon which the Applicant focuses relates to the Opponent's purported use of its mark ENVY, including its alleged use of its mark ENVY in relation to a range of different cocktails with different names. One of the paragraphs upon which the Applicant relied read as follows:
  - 2.5.5. As part of the process of developing a drinks brand, it is common practice in the spirits business to create cocktails and drink names that incorporate the brand name. The Applicant would presumably acknowledge this as it also applies to their MARTINI brand, e.g. Dry Martini, Gin Martini and Dirty Martini cocktails. The Opponent does likewise with its ENVY brand as shown below, and has used this practice as part of its marketing strategy of its brands since their inception. ANGEL'S ENVY could easily be seen as another variant in this stable of brand combinations from the Opponent.
21. This was followed by some screen-shots of some of the Opponent's marketing materials referring to various cocktails incorporating the word ENVY such as NEGRONI ENVY and ENVY MULE.
22. Pausing there, it is clear (and the Opponent did not seek to suggest otherwise at the hearing) that this does amount to an attempt to adduce evidence as part of the written submission. Professionally represented parties should know better than this,

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remained on the appellant to show that any error was serious and the decision unjust. Insofar as it may matter, I prefer the submissions of Mr Zweck on this point.

particularly when they have applied for a fast-track opposition where evidence has not been permitted.

23. By reply submission of later that day, the Applicant wrote urging the Hearing Officer to disregard any evidence contained within its final submission, including the paragraphs identified above. For completeness I should also refer to the submissions of the Opponent dated 24 November 2017 in which it stated "*If the Office concludes that elements of the Opponent's submissions are indeed evidence, as alleged by the Applicant, the Office may strike these specific elements from the proceedings, or simply not take them into consideration.*"
24. The IPO replied acknowledging receipt of all these submissions on 10 January 2018 and stated "*...the Hearing Officer will decide on what is an appropriate submission (or not) when the decision has been written*".
25. In her decision the Hearing Officer explained at §7 that no hearing was requested in the present case but that written submissions were supplied in lieu. She went on to say that "*This decision is taken following a careful reading of all the papers.*" She later observed in §29 that no evidence had been filed and that she only had inherent distinctiveness to consider.
26. The basis for Applicant's complaint is that the Hearing Officer did not expressly deal with and strike out the evidence from the Opponent's submissions, and it is submitted that as a result she must have been improperly influenced by it, whether consciously or unconsciously. The Applicant points in particular to the sentence in §34 where the Hearing Officer states "*the applicant's mark could be considered as a sub brand, e.g. a variant flavour of the goods*" and notes that §2.5.5 of the Opponent's submissions complained of also used the word variant. This, it is said, is more than just a coincidence.
27. I do not accept the Applicant's criticisms for the following reasons:
  - (a) The Hearing Officer did not refer to any of the material objected to (which I accept amounted to impermissible evidence) in her decision.
  - (b) Given that the Applicant had specifically requested that the paragraphs objected to should be disregarded, the Opponent had accepted that any evidence should not be taken into consideration, the IPO had stated that the Hearing Officer would decide which submissions were appropriate and the Hearing Officer had stated that her decision followed a careful reading of the

papers, I find it inconceivable that the Hearing Officer was not aware of the disputed status of the material now complained about.

- (c) In the light of the above, the Hearing Officer was entitled simply to disregard the evidence (as the Applicant had requested) rather than formerly striking it out.
- (d) Therefore the absence of any express reference in the Decision to the exclusion of the evidence does not mean that the Hearing Officer improperly took it into account. In all the circumstances I find it much more likely that she simply ignored it, as both parties had submitted she should do if it was evidence. Added to this, she expressly stated in §29 that this was a case without evidence.
- (e) Although no doubt the Hearing Officer could have mentioned the exclusion of the material in the Decision, she was not obliged to. See Lord Hoffmann in the well-known passage in *Biogen v Medeva* [1997] RPC 1 at 45 where he refers to the findings of even the most meticulous of Judges as being inherently incomplete. In a fast-track case in the Registry where numerous paragraphs had been objected to as evidential in nature, it would have been disproportionate for the Hearing Officer to have to have recorded her conclusions on each separately. The fact that she recorded in §6 the Applicant's formal request to admit evidence at an earlier stage in proceedings does not lead to the inference that she overlooked the objection to the material in the submissions, particularly given her additional observation in §29.
- (f) The mixing of evidence and submission is a common problem in the Registry. As a result Hearing Officers are used to having to deal with this, and there is no reason to think that the Hearing Officer in the present case was not well able to distinguish the two, particularly when the transgression had been highlighted in submissions.
- (g) I do not accept that the mere reference by the Hearing Officer to "variant" in §34 means that she was consciously or sub-consciously influenced by any evidence in the Opponent's submissions. The Hearing Officer did not need evidence to be able to conclude that indirect confusion could occur for the goods "spirits, alcoholic beverages containing spirits" where the junior mark might be thought of as a sub-brand or variant of the senior mark. That is an inherent part of any decision under s.5(2)(b) and amounts to a matter of law.



Further, the Hearing Officer referred to variant *flavours* of the Opponent's goods when the submissions did not refer to flavours but instead to different cocktails using the Opponent's goods. I do not consider that she was improperly influenced by the material objected to.

28. In short, I do not find basis to criticise the Hearing Officer's Decision, whether because she took into account something she should not have done or made a procedural error. This aspect of the appeal is therefore rejected.

### **SUBSTANTIVE ERROR – COMPOSITE SIGNS & *MEDION***

29. I now turn to the alleged substantive error focussed on at the hearing. The Applicant submitted that although the Hearing Officer had correctly cited the law relating to composite signs, the so-called *Medion* issue, she had failed to apply it correctly in the present case.

30. It was not in dispute that the correct approach to this is as summarised in the judgment of Arnold J. in *Whyte and MacKay Ltd v Origin Wine UK Ltd & Anor* [2015] EWHC 1271 (Ch) at §§18-21. These paragraphs were quoted by the Hearing Officer at §32. The Applicant alleged that the Hearing Officer failed to apply §§19 and 20 of *Whyte and MacKay Ltd* properly because she failed to consider the marks a whole and failed to analyse the independent distinctiveness of the elements of the composite mark applied for. In §§19 and 20 Arnold J. stated as follows:

19 The first is that the assessment of likelihood of confusion must be made by considering and comparing the respective marks — visually, aurally and conceptually — as a whole. In *Medion v Thomson* and subsequent case law, the Court of Justice has recognised that there are situations in which the average consumer, while perceiving a composite mark as a whole, will also perceive that it consists of two (or more) signs one (or more) of which has a distinctive significance which is independent of the significance of the whole, and thus may be confused as a result of the identity or similarity of that sign to the earlier mark.

20 The second point is that this principle can only apply in circumstances where the average consumer would perceive the relevant part of the composite mark to have distinctive significance independently of the whole. It does not apply where the average consumer would perceive the composite mark as a unit having a different meaning to the meanings of the separate components. That includes the situation where the meaning of one of the components is qualified by another component, as with a surname and a first name (e.g. BECKER and BARBARA BECKER).

31. The Appellant's case was that the Hearing Officer failed to consider the overall blend of meaning and significance presented by the words ANGEL'S ENVY compared with the meaning of ENVY *solus*. Had she done so it is said she would have placed more emphasis on the oxymoronic or unexpected juxtaposition of the words ANGEL and ENVY. It is also said that the Hearing Officer did not place sufficient weight on the syntax of the composite mark – the use of the possessive form meaning that the words ANGEL'S ENVY “hang together” as a unit forming a new whole, rather than appearing as the mere addition of another word (e.g. a house mark or company name) to a pre-existing mark.
32. Properly applied, it is said that the law required the Hearing Officer to consider the blend of meaning and significance of the composite mark, to compare and contrast that with the earlier single word mark and ask herself whether the later mark really had the character of a brand extension of the earlier mark.
33. I do not accept that the Hearing Officer failed to apply the law correctly as alleged for the following reasons.
34. The Hearing Officer did compare the marks as a whole. She recorded the fact that the mark applied for was in possessive form in §27 and that this was likely to bring to mind an angel possessing envy. This formed part of her conclusion that there was a medium degree of conceptual similarity.
35. Later on, having cited the relevant paragraphs from *Whyte and Mackay*, she concluded that the addition of the word ANGEL'S was sufficient to avoid direct confusion. Nevertheless, she determined that, balancing all the factors before her, the average consumer was likely to believe that the respective goods come from the same or economically linked undertakings.
36. I cannot detect any error in her application of the *Medion* principle as explained in *Whyte and Mackay*. She appreciated that the word ANGEL'S would not go unnoticed and that as a result of its inclusion the marks were not conceptually identical. Nevertheless the commonality of the word ENVY in the context of her other findings was sufficient to lead to a likelihood of indirect confusion for the goods applied for.
37. I consider that the Applicant sought to read too much into §20 of *Whyte and Mackay*. The mere presence within a composite mark of a separate word with some or even dominant distinctiveness does not mean that the *Medion* principle should be automatically disappplied – otherwise it would rarely come in to play at all. As the

CJEU explained in *Bimbo* at §32, a finding that there is a likelihood of confusion should not be subject to the condition that the overall impression produced by the composite sign be dominated by the part of it which is represented by the earlier mark. It suffices that the earlier mark still has sufficient independent distinctive role for confusion as to origin to arise (*Bimbo*, §36). Thus, it is all a matter of fact and degree as to whether the average consumer would perceive the composite mark as a unit having a different meaning to the meaning of the separate components or whether the part in common between the marks had distinctive significance independently of the whole.

38. Accordingly, I do not consider that the Hearing Officer failed to apply the correct legal principles in coming to her decision. She made findings as to each of the separate elements of the multifactorial analysis and in the light of these was entitled to conclude based on the *Medion* principle that there was a likelihood of indirect confusion. The fact that she held that there would be indirect confusion but not direct confusion perhaps indicates that this case was close to the boundary, but that is no reason for me to interfere in the absence of any error of principle.
39. The Applicant's further points relating to alleged flaws in the Hearing Officer's visual and aural comparisons do not, in my view, amount to errors of principle but merely an invitation to me to come to an alternative conclusion to the Hearing Officer applying the same legal principles. They cannot therefore assist either.
40. For these reasons I dismiss the appeal.

## **COSTS**

41. Although this opposition was carried out on the fast-track and costs were capped before the Hearing Officer, both parties agreed that costs of this appeal should be on the normal scale. This is consistent with the guidance issued by the IPO in relation to appeals from fast-track oppositions.
42. As the successful party, the Opponent/Respondent is entitled to a contribution to its costs. Although the paperwork was minimal in this case, I note that both sides were represented by Counsel at the hearing. However, I make a deduction to reflect the fact that the procedural point run by the Applicant/Appellant arose at least partly as a result of the improper attempt by the Opponent/Respondent to include evidence in its original submissions.
43. I order that the Applicant/Appellant pay to the Opponent/Respondent the sum of £800 to represent the costs of the appeal, to which should be added the £600

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ordered to be paid by the Hearing Officer. This total of £1400 should be paid within 21 days of the date of this decision.

Thomas Mitcheson QC

The Appointed Person

31 May 2018

The Applicant was represented by Simon Malynicz QC instructed by Lewis Silkin LLP

The Opponent was represented by Nick Zweck instructed by Chapman IP

The Registrar took no part in the Appeal.