

O/503/18

TRADE MARKS ACT 1994

TRADE MARK APPLICATION 3235440

BY VEM DISTRIBUTION SDN. BHD.

AND

OPPOSITION No. 410233

BY MONSTER ENERGY COMPANY

Background and pleadings

1. Monster Energy Company of the USA (“the opponent”) opposes trade mark application 3235440 by VEM Distribution SDN. BHD. of Singapore (“the applicant”).
2. The contested trade mark is shown below.



3. The application was filed on 6th June 2017 (“the relevant date”). The application was accepted and published in the Trade Marks Journal on 16th June 2017. The trade mark is proposed to be registered in relation to:

Class 34: Electronic cigarettes; Liquid solutions for use in electronic cigarettes; Flavorings, other than essential oils, for use in electronic cigarettes; Oral vaporizers for smokers.

4. The opponent is the proprietor of the following earlier trade marks.

Number	Trade mark	classes	Filing date	Registration date
11154739	The image shows the Monster Energy logo, which consists of three green, claw-like shapes on a black background, with the word "MONSTER" in white and "ENERGY" in green below it.	5,30 & 32	31/08/2012	09/01/2013

4823563	MONSTER ENERGY	5 & 32	22/12/2005	10/01/2007
9492158	MONSTER	5 & 32	03/11/2010	19/04/2011
15334816	MONSTER	29, 30 & 33	12/04/2016	Not registered: currently opposed
15334766	MONSTER ENERGY	29, 30 & 33	12/04/2016	Not registered: currently opposed

5. EU4823563 and EU9492158 were registered more than 5 years prior to the date of publication of the contested mark. Consequently, the opponent made the required statement of use of those marks during the period 17th June 2012 to 16th June 2017 (“the relevant period”).

6. The opponent claims that the contested mark and the earlier marks are similar, cover similar goods, and that there is a likelihood of confusion on the part of the public. Consequently, registration of the contested mark would be contrary to s.5(2)(b) of the Trade Marks Act 1994 (“the Act”).

7. The opponent further claims that the first three (registered) marks shown in the table at paragraph 4 above have a reputation in the EU in relation to non-alcoholic beverages in class 32 and, in particular, *energy drinks and energy drinks flavoured with coffee, all enhanced with vitamins, minerals, nutrients, amino acids and/or herbs*. The opponent claims that use of the contested mark would, without due cause, take unfair advantage of, and/or be detrimental to, the reputation and distinctive character of the earlier mark. Consequently, registration of the contested mark would be contrary to s.5(3) of the Act.

8. The opponent also relies on its common law rights from the use of MONSTER and MONSTER ENERGY in the UK since 2008 in relation to a trade in *drinks*. The opponent says that it has acquired goodwill and these signs are distinctive of its business. Further, the opponent claims that use of the contested mark would amount to a misrepresentation to the public that the applicant and the opponent are connected, and this would damage the opponent's goodwill. Therefore, the opponent claims that use of the contested mark would amount to passing off. Consequently, registration of the mark should be refused under s.5(4)(a) of the Act.

9. The applicant filed a counterstatement denying the grounds of opposition. I note that the applicant:

- Required proof of use of earlier marks EU4823563 and EU9492158;
- Denied that the goods covered by the earlier marks and those covered by the contested mark are similar;
- Pointed out that the applicant's goods are tobacco products and that the regulations covering the sale of such products in the UK impose restrictions on the ways that the goods are marketed and offered for sale, which reduce the scope for confusion.

Representation

10. The applicant is represented by Bayer & Norton Business Consultants Limited. The opponent is represented by Bird & Bird LLP. Neither side requested a hearing. Consequently, this decision is made based on the evidence and submissions provided.

The evidence

11. The opponent's evidence consists of a witness statement by Mr Rodney Sacks (with 58 exhibits). Mr Sacks is the CEO of Monster Beverage Corporation, of which the opponent is a subsidiary. The applicant filed a witness statement (with 8 exhibits)

by Teo Sing Hong, who is a director of the applicant company. I have read all the evidence.

Proof of use of EU4823563 and EU9492158

12. Section 6A of the Act is as follows:

“6A. - (1) This section applies where -

(a) an application for registration of a trade mark has been published,

(b) there is an earlier trade mark of a kind falling within section 6(1)(a),
(b) or (ba) in relation to which the conditions set out in section 5(1),(2)
or (3) obtain, and

(c) the registration procedure for the earlier trade mark was completed
before the start of the period of five years ending with the date of
publication.

(2) In opposition proceedings, the registrar shall not refuse to register the
trade mark by reason of the earlier trade mark unless the use conditions are
met.

(3) The use conditions are met if -

(a) within the period of five years ending with the date of publication of
the application the earlier trade mark has been put to genuine use in
the United Kingdom by the proprietor or with his consent in relation to
the goods or services for which it is registered, or

(b) the earlier trade mark has not been so used, but there are proper
reasons for non- use.

(4) For these purposes -

- (a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, and
- (b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(5) In relation to a European Union trade mark or international trade mark (EC), any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Union.

(6) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.”

13. The onus is on the opponent to show what use has been made of the earlier marks in question.¹

14. Mr Sacks’ evidence is that the opponent sells energy drinks. Until June 2015 it also sold other beverages, but that side of the business was sold off. The opponent’s energy drinks are sold in cans bearing the mark(s) MONSTER and/or MONSTER ENERGY. It is the bestselling energy drink in the USA.

15. The MONSTER ENERGY drink was launched in the UK in 2008. It was sold in the UK and the rest of the EU throughout the relevant period. Mr Sacks says that MONSTER ENERGY is the second bestselling energy drink in the EU when measured by dollar value. The range of products has subsequently been extended. At the date of Mr Sacks’ statement (5th January 2018) it included MONSTER REHAB (a tea-based energy drink) and EXPRESSO MONSTER (an espresso beverage blended with milk and enhanced with Monster’s energy blend).

¹ S.100 of the Act

16. Mr Sacks provides copies of invoices for MONSTER/MONSTER ENERGY products sold to customers in the UK during the relevant period.²

17. Also provided are copies of invoices dated during the relevant period for various MONSTER energy drinks addressed to customers elsewhere in the EU.³ The opponent sold over €338m worth of MONSTER energy drinks in the EU in 2016.

18. There is therefore no doubt that the opponent made extensive use of MONSTER and MONSTER ENERGY in the EU during the relevant period in relation to products consisting of, or containing, energy drinks.

19. EU4823563 is registered in relation to:

Class 5: Medicinal drinks; dietetic substances adapted for medical use.

Class 32: Drinks, including soft drinks, fruit juices and fruit drinks, carbonated soft drinks, aerated water, soda water and seltzer water; drinks with vitamins, minerals, nutrients, amino acids and/or herbs.

20. In *Euro Gida Sanayi Ve Ticaret Limited v Gima (UK) Limited*,⁴ Mr Geoffrey Hobbs Q.C. as the Appointed Person summed up the law as being:

“In the present state of the law, fair protection is to be achieved by identifying and defining not the particular examples of goods or services for which there has been genuine use but the particular categories of goods or services they should realistically be taken to exemplify. For that purpose, the terminology of the resulting specification should accord with the perceptions of the average consumer of the goods or services concerned.”

21. There is no evidence that the opponent trades in any drinks that either the trade or average consumers of the goods would consider to be for medical purposes. Indeed, there is no evidence that the opponent has marketed its products as being

² See exhibit RCS-5

³ See exhibit RCS-11

⁴ BL O/345/10

for medical use. Consequently, no use has been shown of the mark in relation to the registered goods in class 5.

22. Similarly, no use of the mark has been shown in relation to *fruit juices and fruit drinks, carbonated soft drinks, aerated water, soda water and seltzer water*. There is insufficient evidence to show that the mark has been used in relation to *drinks with vitamins, minerals, nutrients, amino acids and/or herbs*. Energy drinks fall within the description *Drinks, including soft drinks*, but energy drinks are clearly a sub-category of these broad descriptions of goods. There is some evidence that the marks have been used in relation to beverages than contain energy drinks, as well as energy drinks as such. I therefore find that a fair specification for the purposes of s.6A(6) is:

“Beverages containing energy drinks; energy drinks.”

I consider that this would accord with the perception of average consumers.

23. EU9492158 is registered in relation to:

Class 5

Nutritional supplements in Class 5.

Class 32

Non-alcoholic beverages, namely energy drinks and energy drinks flavoured with coffee, all enhanced with vitamins, minerals, nutrients, amino acids and/or herbs in Class 32.

24. There is insufficient evidence to show that the mark has been used in relation to *energy drinks enhanced with vitamins, minerals, nutrients, amino acids and/or herbs*. Even if there is such evidence, the nutritional supplements that fall in class 5 are “*dietary supplements intended to supplement a normal diet or to have health benefits*.”⁵ There is no evidence that average consumers would perceive the opponent’s MONSTER products as *nutritional supplements*. Rather, they would be regarded as energy drinks. Consequently, no use has been shown of the mark in

⁵ See the explanatory note to the class heading of the NICE classification system, 11th Ed.

relation to nutritional supplements in class 5. I find that *energy drinks* (which of course includes energy drinks flavoured with coffee etc.) is a fair description of the goods in class 32 for which of the mark use has been shown. Therefore, *energy drinks* are a fair specification for the purposes of s.6A(6).

The s.5(2)(b) ground of opposition

25. Section 5(2)(b) of the Act is as follows:

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

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark”.

26. I will start by considering the opposition based on EU4823563 and EU9492158. I will then consider whether the opponent has any better case based on registered EU11154739, which is not subject to proof of use, or EU15334816 and EU15334766, which are still pending at the EUIPO. The respective goods are shown below.

Contested mark	Earlier Marks
Class 34: Electronic cigarettes; Liquid solutions for use in electronic cigarettes; Flavorings, other than essential oils, for use in electronic cigarettes; Oral vaporizers for smokers.	EU4823563 Class 32: Beverages containing energy drinks; energy drinks. EU9492158 Class 32: Energy drinks.

27. There is no dispute as to the law which is set out in the judgment of the Court of Justice of the European Union (“CJEU”) in *Canon*.⁶ The court stated at paragraph 23 of its judgment that:

⁶ Case C-39/97

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

28. The opponent submits that beverages and e-cigarettes are similar in nature because they are all consumable products. In my view, that is assessing the matter at such a high level of generality as to make the assessment meaningless. The nature of beverages is that they are liquids for drinking. The nature of e-cigarettes and vaping products is that they are devices and materials used to ingest vapour containing tobacco. The goods are different in nature and method of use. The opponent submits that the goods are used for the same purpose; namely, to enhance the enjoyment and relaxation of the consumer. I do not accept this. The main purpose of energy drinks is to give the user a boost of energy. In the case of beverages containing energy drinks, there may be other purposes too, particularly to quench the user’s thirst. Neither of these purposes applies to e-cigarettes or to the materials used in them. On the contrary, one of the main purposes of tobacco products is to help the user to relax. Admittedly, both products may enhance the user’s enjoyment. However, the means of doing so is different. Energy drinks allow people to keep going for longer periods. Therefore, if they are having a good time, they can enjoy it longer. Tobacco products influence the user’s mood, which may help some people to enjoy themselves. Overall, the purposes are different.

29. The goods are not in competition. The opponent submits that the goods are complementary because they are consumed at the same time, for example in beer gardens and public houses. In *Kurt Hesse v OHIM*, Case C-50/15 P, the CJEU stated that complementarity is an autonomous criterion capable of being the sole basis for the existence of similarity between goods. In *Boston Scientific Ltd v OHIM*,⁷ the General Court stated that “complementary” goods mean:

⁷ Case T-325/06

“...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”.

30. Thus it is not sufficient to establish merely that the goods may be used at the same time or in the same locations. It is not clear to me why e-cigarettes are important for the use of beverages consisting of, or containing, energy drinks. The goods are quite capable of being used independently of each other without affecting the user’s enjoyment of either of them. In its notice of opposition, the opponent claimed that the goods “*are manufactured/distributed by the same undertakings.*” However, no evidence was filed to support the claim that the goods are made by the same undertakings. The processes and materials required to manufacture the parties’ goods appears so different that, on the face of things, it seems most unlikely that they would be made by the same sort of manufacturer. And there is no evidence that e-cigarettes are subject to private labelling by distributors further down the supply line. I therefore see no basis for finding that “*customers may think that the responsibility for those goods lies with the same undertaking.*” I therefore find that the goods are not complementary in the sense explained in the case law.

31. The opponent further submits that the respective goods may be purchased by the same consumers in the same outlets, particularly off-licences, newsagents, supermarkets, duty-free shops and public houses. Again, there is no evidence of this. Based on my own experience, I accept that both types of goods could be bought in newsagents and supermarkets. However, this could be said of a wide range of goods. Further, even if the goods can be bought in the same outlets, the restrictions on the sale of tobacco products mean that the goods will not appear on the same shelves or aisles. I accept that because energy drinks and vaping products are popular with some young adults, the goods may be purchased by the same consumers. This alone is not sufficient to establish any material degree of similarity between the goods. I therefore find that the respective goods are dissimilar.

32. It is essential to establish some similarity between the goods to succeed under s.5(2).⁸ As the opponent has failed to establish any similarity between the goods at issue it follows that the opposition under s.5(2)(b) based on EU4823563 and EU9492158 must be rejected.

33. I turn next to consider the opponent's s.5(2) ground based on EU11154739, EU15334816 & EU15334766. The last two marks are still pending. These marks cover:

EU11154739	<p>Class 5: Nutritional supplements in liquid form.</p> <p>Class 30: Ready to drink tea, iced tea and tea based beverages; ready to drink flavored tea, iced tea and tea based beverages; ready to drink coffee, iced coffee and coffee based beverages; ready to drink flavoured coffee, iced coffee and coffee based beverages.</p> <p>Class 32: Non-alcoholic beverages.</p>
EU15334816 & EU15334766	<p>Class 29: Dairy-based beverages and milk-based beverages containing coffee, chocolate and/or fruit juice; shakes.</p> <p>Class 30: Coffee, tea, cocoa and artificial coffee; coffee-based beverages; tea-based beverages; chocolate-based beverages; rice; tapioca and sago; flour and preparations made from cereals; bread, pastry and confectionery; ices; sugar, honey, treacle; yeast, baking-powder; salt; mustard; vinegar, sauces (condiments); spices; ice.</p> <p>Class 33: Alcoholic beverages except beers.</p>

⁸ *Waterford Wedgwood plc v OHIM* – C-398/07 P (CJEU)

34. The opponent appears to place significance on the relationship between *energy drinks* and the *alcoholic beverages* covered by the opponent's earlier pending EU marks. However, in my view, this is just a specific example of the case for complementarity between e-cigarettes and beverages that I considered and rejected at paragraphs 31 and 32 above. The other goods covered by the earlier marks are no more similar than those I have already considered and rejected. I therefore conclude that none of the goods covered by the opponent's earlier marks are similar to those covered by the contested mark. The opposition under s.5(2)(b) therefore fails.

The section 5(3) ground of opposition

35. The opponent relies on EU11154739 (MONSTER energy & claw device), EU4823563 (MONSTER ENERGY) and EU9492158 (MONSTER).

36. Section 5(3) states:

“(3) A trade mark which-

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a 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.”

37. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel*, [2009] ETMR 13, Case C-408/01, *Adidas-Salomon*, [2004] ETMR 10 and C-487/07, *L'Oréal v Bellure* [2009] ETMR 55 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'Oréal 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'Oréal v Bellure*).

Reputation

38. As I noted above, the opponent claims that its various MONSTER marks are used in relation to an energy drink which is the second biggest selling such product in the EU when measured in dollar sales. Sales in the EU in 2015 and 2016 amounted to €286m and €338m, respectively. According to a report by the market research company Neilson, Monster products had over 12% of the EU market in the branded 'energy category' in 2015.⁹ The MONSTER ENERGY product is sold in a can bearing EU11154739 (MONSTER energy & claw device).¹⁰ Other MONSTER products have different additional words, e.g. JAVA MONSTER.

39. Sales of the opponent's MONSTER energy drinks in the UK market amounted to over €66 in 2015 and €61m in 2016. These figures represent the cost to the opponent's distributors. The value of retail sales would have been higher. Between 2010 and 2015, the opponent sold over 600m cans of energy drinks in the UK. This

⁹ See exhibit RCS-13

¹⁰ See exhibit RCS-4

represents a market share of more than 10%.¹¹ The opponent's MONSTER products were therefore the third biggest selling brand of energy products in the UK market in 2016.

40. In 2015, the opponent spent around €120m on promotion of the marks in the EU. The opponent does not use direct advertising on TV or radio to promote its MONSTER marks. Rather, it spends the majority of its promotional budget on sponsoring athletes, athletic competitions and other sporting events. Mr Sacks says that this brings substantial exposure to the opponent's marks on TV, the internet, in magazines and at live events.

41. The opponent sponsors various MotoGP events, including the GP Monster Energy de Catalunya, Monster Energy Grand Prix Czech Republic and previously the Grand Prix de France. It also sponsors individual MotoGP teams, the Mercedes F1 racing team (which includes Lewis Hamilton), and the Yamaha motocross teams. Additionally, the opponent sponsors the AMA Supercross Series and the Ultimate Fighting Championship. The MONSTER marks are prominently displayed at these events and/or by these teams.

42. The opponent sponsorship extends to other sports, such as the Speedway Grand Prix, World Superbike, British Superbike Series, and the Isle of Man TT races. In the recent past it also sponsored the MSA British RallyCross Championship. The opponent sponsors a significant number of professional sportsmen and women, with an emphasis on racing drivers and winter sports.

43. Mr Sacks says that the opponent chooses to promote its products mainly through such sponsorships because:

- (i) the MONSTER marks are all about 'image' and the projected image of the products sold under the marks is "*edgy and aggressive*";
- (ii) the athletes and events the opponent sponsors tend to fit with and project this image;

¹¹ See paragraph 32 of Mr Sacks' statement and RCS-12 and RCS-13.

- (iii) the target audience for the opponent's goods consist of millennials;
- (iv) millennials tend to be sceptical about traditional advertising, but are more receptive to indirect marketing associated with sports events and athletes with whom they have a positive association.

44. The opponent also promotes its MONSTER marks by handing out free samples of its products at sporting events and music festivals. Since 2010, it distributed over 22m free cans of MONSTER drinks in the EU.

45. The opponent uses social media and a website to promote its products. The website www.monsterenergy.com received over 10m visits from people based in the EU in 2016 (almost 2m of which were from the UK). The MONSTER ENERGY Facebook page has 1.1m 'likes' from account holders based in the UK. The MONSTER ENERGY YouTube channel has been viewed around 10m times by UK based viewers since it was established in 2006.

46. The opponent also gives away and sells some merchandise (mainly clothing) promoting the MONSTER marks. It is not clear how much.

Reputation

47. I am satisfied that each of the three earlier marks relied on by the opponent has a qualifying reputation in the EU.

Link

48. As I noted above, my assessment of whether the public will make the required mental 'link' between the marks must take account of all relevant factors. The factors identified in *Intel* are:

The degree of similarity between the conflicting marks

49. The opponent submits that VAPE is simply descriptive of the goods covered by the contested mark, and the dominant and distinctive element of the mark is

therefore MONSTA, which will be seen, heard, and given the same meaning as, the well-known word MONSTER. The opponent therefore argues that the contested mark and the earlier marks are highly similar.

50. The applicant disputes that MONSTAVAPE will be understood as MONSTERVAPE. Rather, the applicant submits that average consumers will understand MONSTA as a coined and meaningless word. The applicant therefore claims that its mark is conceptually distinct from the earlier marks. The applicant claims that the parties' marks are dissimilar.

51. I find that MONSTA is immediately recognisable as a misspelling of MONSTER. The average consumers of the applicant's goods would therefore be likely to recognise that (a) VAPE is a descriptive part of the trade mark, and (b) MON STA is a mis-spelling of MONSTER. It follows that I accept that the MON/STA and MONSTER elements of the parties' marks have the same conceptual meaning. As the words VAPE and ENERGY are purely descriptive elements of the parties' marks (and no elements other than MON STA/MONSTER have any conceptual meaning), I agree that the marks are conceptually similar to a high degree.

52. The first element in both marks is the word elements MON STA/MONSTER. I accept the opponent's submission that when spoken these words will sound the same, or very similar. However, the marks must be compared as wholes. Admittedly, the purely descriptive word ENERGY, which appears as a separate element in two of the three earlier marks, adds little to the distinctive aural identity of those marks. And the word VAPE is similarly descriptive of the applicant's goods. Nevertheless, there is no reason to doubt that these words will be verbalised when the marks are spoken. They therefore distinguish the sounds of the marks to a certain degree. The overall degree of aural similarity between MON/STA/VAPE and MONSTER/MONSTER ENERGY is therefore medium to high.

53. Turning to the visual similarities, I find that the presentation of MON-STA-VAPE in the contested mark, one element above the other, is an important visual aspect of that mark. It is therefore inappropriate to regard the word element of the contested mark as just MON STA. Standing back and considering the respective marks as

wholes, and making appropriate adjustments for the distinctive/non-distinctive features, I find that the contested mark is visually similar to the earlier MONSTER and MONSTER ENERGY word marks to a relatively low degree. Earlier mark EU11154739 includes a prominent claw-like device element, which contributes strongly to the visual identity of that mark. That element has no counterpart in the contested mark. I therefore find that there is a very low degree of overall visual similarity between these marks.

The nature of the goods or services for which the conflicting 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

54. The degree of similarity between the respective goods is considered above. The goods are dissimilar. However, although consumers of the applicant's vaping products will not be the same section of the public that uses the opponent's energy drinks, there is likely to be a significant degree of overlap between them. I therefore accept that the millennials targeted by the opponent's marketing strategy are likely to form a significant part of the adult population who use vaping products.

The strength of the earlier mark's reputation

55. The MONSTER product is not the market leader in the EU as a whole, or in the UK (it is the market leader in the USA). Nevertheless, it has over 10% of the relevant markets. Therefore, although the reputation attached to the earlier marks is not of the very highest order, I accept that they have a strong reputation in the EU and the UK in relation to energy drinks.

The degree of the earlier mark's distinctive character, whether inherent or acquired through use

56. The word MONSTER is not invented. It is a well-known and ordinary word, but it is not descriptive of energy drinks. I therefore find that the earlier marks have (at least) an average degree of inherent distinctive character in relation to energy drinks.

The marks have undoubtedly become more distinctive through use. I find that they were highly distinctive of the opponent's energy drinks at the relevant date.

Whether there is a likelihood of confusion

57. The opponent claims that the contested mark is sufficiently similar to the earlier marks that, when the alleged similarity between the respective goods and the reputation of the earlier marks are also considered, the public will expect the user of the contested mark to be connected to the user of the earlier marks.

58. The applicant points to (i) the differences between the marks, (ii) the differences between the goods, and (iii) the brand loyalty of tobacco users, as reasons why there is no likelihood of confusion. Additionally, the applicant says that:

“Further, the sale of tobacco products is regulated such that tobacco products are displayed in retail outlets in a way that consumers will require the assistance of an employee of the retailer to obtain the items, usually from a display case behind the counter. Thus, the consumer would have to approach a staff to request for a particular brand of cigarettes or point to the brand which he wishes to purchase.”

59. The dissimilarity between the respective goods makes it unlikely that there will be direct confusion, i.e. that the public will select the applicant's goods believing them to be the opponent's goods. The real issue therefore appears to be whether there is a likelihood of indirect confusion, i.e. the public recognising that the goods sold under the marks are different, but nevertheless expecting the users of the marks to be the same, or economically connected to one another. The applicant's point about the supposed brand loyalty of tobacco users to a particular brand of tobacco product is therefore irrelevant to the alleged likelihood of indirect confusion. In any event, the applicant's evidence indicates that the contested mark had not been used in the UK by the relevant date, so there could be no established brand loyalty among UK consumers of tobacco products.

60. I have no evidence as to the regulations covering the display of e-cigarettes and vaping products. However, although I am not myself a tobacco user, I take judicial notice of the fact that there are statutory restrictions on tobacco advertising. This may mean that word-of-mouth requests and recommendations play a larger part in the selection of these goods compared to many other consumer products. Nevertheless, I would expect such products to be visible at the point of selection, even if only in a display case. In this connection, I find it important that the unusual presentation of the contested mark (i.e. the vertical arrangement of MON-STA-VAPE), together with the striking mis-spelling of ‘monster’ as MON STA, means that the contested mark lacks any ‘family resemblance’ to the earlier marks. Put simply, they do not look like variant marks liable to be used by one undertaking, or by connected undertakings, albeit in relation to different goods.

61. Therefore, the low (or very low) level of visual similarity between the marks reduces the likelihood of the public believing that the user of the contested mark is economically connected to the user of the earlier marks. The dissimilarity between the goods is plainly also relevant in this respect, particularly as there is no evidence that vaping products and energy drinks are generally marketed in a way that might cause the public to believe that one undertaking is likely to be responsible for the quality of both kinds of products. In my view, these factors are sufficient to outweigh the higher degrees of aural and conceptual similarity between the parties’ marks and the fact that the earlier marks are high distinctively of energy drinks. I therefore find that there is no likelihood of confusion, including the likelihood of association (in the sense of indirect confusion).

62. This finding does not preclude a finding that a section of the public may still make a mental link between the marks, which is the case when the later mark calls the earlier marks to mind. In *Intra-Press SAS v OHIM*,¹² the CJEU stated (at paragraph 72 of its judgment) that:

“The Court has consistently held that the degree of similarity required under Article 8(1)(b) of Regulation No 40/94, on the one hand, and Article 8(5) of

¹² Joined cases C-581/13P & C-582/13P

that regulation, on the other, is different. Whereas the implementation of the protection provided for under Article 8(1)(b) of Regulation No 40/94 is conditional upon a finding of a degree of similarity between the marks at issue so that there exists a likelihood of confusion between them on the part of the relevant section of the public, the existence of such a likelihood is not necessary for the protection conferred by Article 8(5) of that regulation. Accordingly, the types of injury referred to in Article 8(5) of Regulation No 40/94 may be the consequence of a lesser degree of similarity between the earlier and the later marks, provided that it is sufficient for the relevant section of the public to make a connection between those marks, that is to say, to establish a link between them (see judgment in *Ferrero v OHMI*, C-552/09 P, EU:C:2011:177, paragraph 53 and the case-law cited).”

63. Taking all the *Intel* factors into account, I find that no significant section of UK consumers of energy drinks and vaping products are likely to make the required mental link between the contested mark and the earlier marks. If I am right about this the s.5(3) is bound to fail. However, in case I am wrong, I will also examine the opponent’s complaints that use of the contested mark would be detrimental to/take unfair advantage of, the earlier marks.

Unfair advantage

64. The opponent claims that the contested mark would gain undeserved and unfair exposure because the parties’ marks and goods are similar and the opponent’s marks are well known in the UK.

65. As already indicated, I do not accept that the respective goods are similar. Additionally, although the marks are highly similar conceptually and (to a lesser extent) to the ear, they are not very similar to the eye. Consequently, even if (say) oral expressions of the contested mark caused some consumers of energy drinks to think about the opponent’s marks, I do not consider that the regularity or strength of this bringing-to-mind process would be sufficient to give the contested mark any real commercial advantage. I note that the opponent’s witness describes the goods sold under the earlier marks as having an ‘edgy and aggressive’ image. It is not clear

(because it was not pleaded or argued in submissions) whether this is the image the opponent claims will transfer to the vaping products offered under the contested mark. Even if it is, it is not obvious to me how being (weakly) reminded of such an image would benefit a trade mark for vaping products.

66. I therefore reject the claim of unfair advantage.

Detriment to distinctive character

67. The opponent merely asserts that the contested mark will erode the distinctive character of the earlier marks. This is a boilerplate claim of damage through dilution. According to the CJEU in *Environmental Manufacturing LLP v OHIM*:¹³

“34.proof that the use of the later mark is, or would be, detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered, consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future...”.

68. Having rejected the likelihood of confusion on the part of the public, there is no proof that use of the contested mark will lead to a change in the economic behaviour of the average consumer of the goods for which the earlier marks are registered. Admittedly, such proof can be derived from logical deductions. However, I see no logical basis from which to deduce that use of the contested mark in relation to vaping products will change the economic behaviour of consumers of energy drinks. As the CJEU stated in paragraph 37 of its judgment in *Environmental Manufacturing LLP v OHIM*:

“The mere fact that consumers note the presence of a new sign similar to an earlier sign is not sufficient of itself to establish the existence of a detriment or a risk of detriment to the distinctive character of the earlier mark within the

¹³ Case C-383/12P, paragraph 34

meaning of Article 8(5) of Regulation No 207/2009, in as much as that similarity does not cause any confusion in their minds.”

69. I therefore reject the claim of detriment to the distinctive character of the earlier marks.

Detriment to reputation

70. The opponent pleads:

“The Opponent's goods enjoy a high degree of reputation due to the properties of their products and the image they project. The use of the opposed mark in respect of the goods applied for, which would not have the same quality, would affect the earlier mark's reputation.”

71. In its written submissions the opponent elaborated on this pleading by pointing out that it will not be able to control the way in which the applicant uses the contested mark and that such use may damage the reputation of the earlier marks. The example cited was that the contested mark may be used in relation to goods of lower quality than those marketed under the earlier marks.

72. Firstly, I note that unless it is linked to the opponent's claim of a likelihood of confusion (which I have rejected), this is another boilerplate s.5(3) claim. Secondly, to the extent that it depends upon speculation about the relative quality of the parties' (different) goods, the potential damage identified is hypothetical and based on pure supposition. This does not represent a serious risk of detriment. Therefore, it is not a serious ground for refusal in opposition proceedings against an unused mark.¹⁴

73. I should make it clear that the opponent has not advanced – and I have not therefore considered – an allegation that the reputation of the earlier marks could be damaged by association with a mark used in relation to tobacco products.

¹⁴ See paragraph 42 of the CJEU's judgment in *Environmental Manufacturing LLP v OHIM* and paragraphs 46 and 47 of the decision of Ms Anna Carboni as the Appointed Person in *Unite The Union v The Unite Group Plc*, Case BL O/219/13

74. For the reasons given above, I reject the claim of detriment to the reputation of the earlier marks.

The section 5(4)(a) ground of opposition

75. Section 5(4)(a) states:

“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.”

76. In the *Jif Lemon* case,¹⁵ Lord Oliver set out the requirements for establishing a successful passing off right as follows:

“First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying ‘get-up’ (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff’s goods or services.

Secondly, he must demonstrate a misrepresentation by the defendant to the

¹⁵ *Reckitt & Coleman Products Ltd v Borden* [1990] RPC 341 HL

public (whether or not intentional) leading or likely to lead the public to the belief that the goods or services offered by him are the goods or services of the plaintiff.

Thirdly, he must demonstrate that he suffers or, in a *quia timet* action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff."

77. The opponent claims that it has goodwill in the UK in relation to a business in "drinks", and that MONSTER and MONSTER ENERGY are distinctive of its drinks. I accept that:

- (i) The opponent has a substantial goodwill in a business selling energy drinks and drinks of a similar kind;
- (ii) MONSTER and MONSTER ENERGY were distinctive of those products at the relevant date;
- (iii) It is not essential under the law of passing off for the parties to be engaged in the same field of business activity.

78. However, for the reasons given at paragraphs 57 - 61 above, I reject the opponent's claim that use of the contested mark would amount to a misrepresentation to the public. Specifically, I do not accept that use of the contested mark in relation to vaping products would cause a substantial number of the opponent's customers or potential customers to believe that the applicant's goods are provided, endorsed, or economically connected in any other way, to the opponent.

79. Consequently, I reject the opposition under s.5(4)(a).

Outcome

80. The opposition is rejected. The contested mark will be registered.

Costs

81. The opposition has failed and the applicant is entitled to a contribution towards its costs. I assess these as follows:

- (i) £500 for considering the notice of opposition and filing a counterstatement;
- (ii) £800 for considering the opponent's evidence and filing evidence in support of the application.

82. I therefore order Monster Energy Company to pay VEM Distribution SDN. BHD. the sum of £1300. This to be paid within 21 days of the end of the period allowed for appeal or, if there is an appeal, within 21 days of the conclusion of the appeal proceedings (subject to any order of an appellate tribunal).

Dated the 15th of August 2018

Allan James
For the Registrar