

O-157-06

**TRADE MARKS ACT 1994  
IN THE MATTER OF APPLICATION No 2278272  
BY SPENCERS DRINKS LIMITED  
TO REGISTER THE TRADE MARK  
CRUISER  
IN CLASS 33  
AND IN THE MATTER OF OPPOSITION THERETO  
UNDER No. 92691  
BY INDEPENDENT LIQUOR (NZ) LIMITED**

## BACKGROUND

1) On 16 August 2001, Spencers Drinks Limited of 127 Swadlincote Road, Woodville, Derbyshire, DE11 8DA applied under the Trade Marks Act 1994 for registration of the trade mark CRUISER, in respect of the following goods:

In Class 33: “Alcoholic beverages not including beer or rums or rum-based beverages; spirit-based alcoholic beverages not including rums or rum-based beverages.”

2) On 30 July 2004 Independent Liquor (NZ) Limited of 35 Hunua Road, Papakura, Auckland, New Zealand filed notice of opposition to the application. The grounds of opposition are in summary:

a) “Grounds under s3(6)

Spencer Drinks Limited (the Applicant) would have been aware of Independent Liquor (NZ) Limited’s (the Opponent) interest in the mark CRUISER before the filing date of the application in suit (16 August 2001). In this connection, the Opponent was using the mark CRUISER in relation to alcoholic beverages on a website viewable in the UK from 2000. Further, the Opponent’s export manager visited representatives from Safeway, Nisa-Today, Booker, Makro, C J Lang and Continental Wines and Spirits in February and March 2000 to promote the product. A further trade visit was made in August 2000 to other major customers. As the UK alcoholic drinks industry has a relatively small number of members, launch of a new product spreads quickly. Further the Opponent’s potential customers are the same as those of the Applicant and, therefore, news of a new product will travel through the customers.

At the time the Applicant filed the application in suit the Opponent had in addition to meeting potential customers in the UK already had substantial level of sales of the product in the Antipodes and Asia following launch of the product in March 2000 in New Zealand, May 2000 in Australia and later in China, Malaysia and Taiwan.

Further it would appear that the Applicant has already copied very closely the get up of the well known drink Smirnoff Ice in their product known as Vodka Ice. For the Trade Mark Registry’s information we enclose herewith (Sheet 5/7 and 6/7) a picture of the product sold under the mark Smirnoff Ice and a picture of the product sold by the Applicant under the mark Vodka Ice.

It should be noted that the Opponent has filed and successfully registered the mark KRISTOV VODKA CRUISER and is using the aforementioned marks such that if the Applicant was to start using the mark proceedings could be brought to stop use of the mark.

Grounds under S5(4) cont’d

The alcoholic beverage sold under the mark KRISTOV VODKA CRUISER which is also known as VODKA CRUISER and CRUISER (see attached picture Sheet 7/7 which shows that the mark CRUISER is most prominent on the label) is aimed at members of the public who are 18 to 30 years old. It is well known that hundreds of thousands of Antipodeans of this age group come to the UK every year to work for periods of time. In 2003, in a rank of overseas visitors to the UK the number of Australian's visiting the UK was ranked 9<sup>th</sup> and the number of New Zealander's was ranked 14<sup>th</sup>.

During their stay Antipodeans become part of the UK public and integrate into society where they will discuss such drinks with members of the British public. It is, therefore, considered that the Opponent has sufficient goodwill within the UK to bring this action. In this connection, as a result of the sale of the Applicant's goods there will be a misrepresentation by the Applicant to the UK public which will injure the goodwill of the Opponent and which will result in damage to the business and goodwill of the Opponent, for example through diverted sales or lost sales and through sale of goods which are not the same quality as the Opponent's goods."

The image mentioned as being shown at sheet 7/7 is reproduced here for ease of reference.



3) The applicant subsequently filed a counterstatement denying the opponent's claims.

4) Both sides filed evidence in these proceedings. Both sides ask for an award of costs. Neither side wished to be heard, nor provided written submissions.

### **OPPONENT'S EVIDENCE**

5) The opponent filed eight witness statements. The first, dated 2 February 2005, is by Timothy David Mahood a Patent Attorney, barrister and solicitor in New Zealand. He states that he travelled to the UK for six weeks in 2001. He also states that in mid 2000 bars in New Zealand began to promote a ready to drink (RTD) beverage under the trade marks CRUISER, VODKA CRUISER and KRISTOV VODKA CRUISER. He states that the drink was sold under the latter mark but because of the larger print used for the words VODKA and CRUISER the drinks tended to be referred to by the first two marks. He states that he was aware of these marks prior to his journey to the UK in June 2001. He gives his opinion that the drink was very popular amongst the 18-30 year old market in New Zealand. He also claims that nearly every New Zealander would have been aware of the mark CRUISER and would associate it with the mark KRISTOV VODKA CRUISER. He claims that travelling abroad is very common amongst the youth of New Zealand and estimates that a third of this age group will travel abroad with many coming to the UK. He also states that following conversations with friends in Australia he believes that many Australians travel to the UK.

6) The second witness statement, dated 14 February 2005, is by Andrew Harvey the General Manager of Independent Distillers (UK) Ltd a wholly owned subsidiary of the opponent company. He states that in June 2001 a meeting took place with Mr Payne of Safeway PLC. He states that another member of his company had met with Mr Payne earlier in 2001 and had left samples and various items of information. He also states that during 2001 he also visited Booker Cash and Carry Group, Waverly Vintners, Asda, Batleys, Beer Seller and Scottish Courage. He states that as a result of these meetings a significant number of important customers in the UK were aware of his company's CRUISER product and would associate the mark with his company. He states that Safeway agreed to stock the product and began selling it in May 2002. He states that the product first appeared on shelves in the UK in November 2001, presumably at other stores, although he does not specify who was selling the product or where. Mr Harvey states that in January 2002 he was contacted by THE GROCER magazine which published an article in the same month about the opponent's products. At exhibit AXH1 he attaches a copy of the article. This mentions VODKA CRUISER as one of the products being offered. At exhibit AXH2 he provides combined sales figures for the UK and Ireland which shows that the first sales took place in November 2001 with 969 cases being sold.

7) The third witness statement, dated 3 February 2005, is by Roger Allan Smith the Director Asia, Pacific for a subsidiary of the opponent. He states that in 2001 he visited the UK and met with representatives of Asda and Safeway who were provided with samples including two bottles of Kristov Vodka Cruiser and literature. He states that in January 2002 he also spoke over the telephone with Mr Mark King of the applicant company as he had seen his application to register the mark CRUISER, and

advised him that the opponent had international recognition and were selling their product in the UK. He also states that he advised the applicant that legal action would be taken. He claims that Mr King advised him that the applicant company had done similar things to other market leading brands and products and would continue to do so.

8) The fourth witness statement, dated 2 February 2005, is by Geraldine Frances Schnauer the New Product Development Manager for Independent Distillers (UK) Ltd a wholly owned subsidiary of the opponent company. She provides a history of the mark in Australia and New Zealand and also gives details of various registrations world wide, none of which assist my decision. She states that the product sold by the opponent “has always borne the trade mark KRISTOV CRUISER with the word CRUISER in relatively larger print, so that it is considerably accentuated”. She states that as part of the application process the applicant has referred to use of the mark CRUISER on the opponent’s websites to show that the term is a trade mark and not a descriptive term. A copy of the letter from the applicant’s Trade Mark Attorney and copies of the websites are provided at exhibits GSF2 & 3.

9) The fifth witness statement, dated 2 February 2005, is by Glen Alan Payne a Sales Director of Meantime Brewing Ltd. He states that from 1995-2004 he worked for Safeway Plc and was responsible for the purchase of pre-packaged alcoholic beverages including ready to drink beverages (RTD). He states that he was contacted by the opponent company in “late 2000”. He states that subsequent to this initial contact he met Mr Thurlow from the opponent company and was provided with details of the product and literature regarding promotion as well as sales figures from Australasia. He states that he was informed that the product would be on sale in the UK before June 2001. At exhibit GAP1 he provides a copy of the label identical to that which he was given at the meeting. This shows use of Kristov Cruiser Ice in a very similar manner to the image shown at page 3 of this decision. Mr Payne states that he carried out research regarding the product which included talking to colleagues and looking at websites. He found that the product was indeed successful in Australia and New Zealand. Although his company, Safeway Plc, decided to stock a number of the opponent’s products the Cruiser brand was not one of them. He then states that he became aware that the opponent was in discussion with Continental Wines & Foods to distribute a number of the opponent’s products in the UK and that the opponent intended to set up a bottling plant in the UK. He confirms that in June 2001 he met with the opponent and agreed to sell the CRUISER product, which duly happened in May 2002.

10) The sixth witness statement, dated 1 February 2005, is by Christopher Stephen Smith the Sales Director of Icon Distillers Ltd. He states that from January 1999-March 2003 he was the Sales and Marketing Director of Continental Wines & Foods (CWF). He states that CWF is a manufacturer and distributor of foods and beverages throughout the UK. Whilst employed by CWF he was responsible for the purchase of RTDs amongst other alcoholic drinks. He states that in 1999 he was contacted by Julian Thurlow, Group Export Director of the opponent company who outlined the opponent’s operations in New Zealand and Australia and discussed the opponent’s plans to export products to the UK. In February 2000 he met Mr Thurlow at his company’s head office and discussed “a product that Independent Liquor was developing at the time, later to be branded CRUISER”.

11) Mr Smith states that in mid 2000 he met Mr Thurlow again, and was told about the success of the CRUISER product in Australasia. He states that he was given sales figures, a brand profile, promotional materials and samples of the product. He was also shown copies of Australian magazine articles featuring the product. At exhibit CSS1 he provides a copy of a label identical to that on the bottles given to him at the meeting. This shows use of Kristov Cruiser Ice in a very similar manner to the image shown at page 3 of this decision. He states that it was his feeling that one of the reasons for the success of the opponent's product was its ability to deliver stocks of the product. He states that the most popular RTD on a global stage was SMIRNOFF ICE. He states that it was common knowledge that the manufacturer was experiencing problems obtaining materials for the bottling of their product. As a result a number of Mr Smith's colleagues were interested in alternative products which could meet the demand in the UK. In late 2000 Mr Smith states that his company established a joint venture with the opponent enabling his company to act as the opponent's distributor in the UK. He states that discussions were then held with Safeway and Asda regarding the CRUISER product. Plans were also drawn up to speak to a number of other company's such as Batleys, Nisa, Makro, CJ Lang and McCabes. He states that prices were finalised for the product in July 2000. However, these launch plans did not materialise. Mr Smith states that subsequent to this he spent a considerable amount of time with Mr Thurlow "with him in the trade" and he states that Mr Thurlow also worked independently meeting national retailers. He states that Mr Thurlow left technical information, promotional material and samples with them, although he does not state how he is aware of this. Mr Smith states that in "late 2000" he became aware of the opponent's intention to set up a bottling plant in the UK.

12) The seventh witness statement, dated 3 February 2005, is by Graham Keith Ablett the opponent's Trade Mark Attorney. He points out that the word "Kristov" appears in smaller print when compared to the word "Cruiser". For this reason he states that he believes that the product will be referred to as CRUISER or VODKA CRUISER. At exhibit GKA1 he provides a Health and Lifestyle survey in Gateshead. This shows that the level of drinking in Gateshead is above the UK average. It suggests that alcopops are consumed primarily by those aged 16-34 with the highest proportion being in the 16-24 age group.

13) At exhibit GKA2 Mr Ablett provides an extract from the International Passenger Survey by the Office of National Statistics. This shows that in 2003 723,000 visitors to the UK were from Australia with 144,000 visitors being from New Zealand. This amounts to 4% of the total number of overseas visitors to the UK. Mr Ablett claims that this antipodean population and the approaches made to the various companies provide the opponent with goodwill sufficient to succeed under Section 5(4)(a).

14) At exhibit GKA3 Mr Ablett provides a picture of a product sold under the mark SMIRNOFF ICE and also a picture of product sold under the label VODKA ICE. He states that there is a similarity between the label layouts, wording and overall get-up of the products. He states that this shows the applicant's attitude to the use of similar get-ups as it supports the contention that the applicant had a detailed knowledge of other brands, likely marketing strategies and trends of other brands, and a willingness to follow those trends as closely as possible.

15) The eighth witness statement, dated 1 February 2005, is by Julian Alexander Thurlow the Group Export Director of the opponent company. He states that he first discussed the CRUISER product with Mr Smith of CWF in the UK in February 2000. Further, discussions took place in the middle of 2000 when the brand profile was discussed which comprises information about the product's consumption, target market, characteristics and technical information. It was accompanied by information on promotional material and magazine articles where the product was named. At exhibits JXT1-9 he provides examples of such items, although not necessarily exact copies of those provided at the time, which show the label as used on the bottle shown above at page 3, and also highlighting the use of the term VODKA CRUISER. At exhibit JXT10 he provides a copy of the label which is identical to that which was supplied in 2000. This shows use of the KRISTOV CRUISER ICE label, with the words being used in a similar manner to those on the label shown on page 3.

16) He states that in July 2000 preparations were underway to ship two containers of the product to CWF in the UK, subsequently this shipment did not take place. He states that "around this time" he met with a number of companies and discussed the CRUISER product with them. These included Nisa, Makro, Asda, Booker, Sainsbury, Waitrose and others. All these companies were provided with information on the product including promotional material and samples.

17) Mr Thurlow states that in late 2000 he first met Mr Payne of Safeway Stores. They subsequently had a number of meetings and on 16 March 2001, 23 samples were sold to Safeways with another 16 sold in August 2001. Copies of the proforma invoices are provided at exhibit JXT14. He states that in "late 2001" Safeway agreed to buy Cruiser with the first sales occurring in May 2002. In November 2001 the product was sold to "a number of national retailers", he also provides sales figures as follows:

November 2001	969 cases
December 2001	306 cases
January 2002	1300 cases
February 2002	1400 cases
March 2002	3500 cases
April 2002	6200 cases
May 2002	1800 cases
June 2002	1300 cases

#### **APPLICANT'S EVIDENCE**

18) The applicant filed two witness statements. The first, dated 24 May 2005, is by Mark King the Managing Director of the applicant company. He states that in summer 2001 he decided to launch a cherry flavoured RTD product to rival a product called Veba in the UK RTD market. He states that he recalled once seeing a beverage lorry branded "Lemonade Liner and Cola Cruiser". He decided to call the product CHERRY CRUISER, at the same time he also was looking at launching a product called CUBAN COOLER. He wrote to his trade mark attorney asking him to establish if the names CRUISER and CUBAN COOLER were available. He states that the mark to be registered was CRUISER instead of CHERRY CRUISER as clearly in a cherry flavoured drink the word "Cherry" would be seen as descriptive. He states that

at the time of instructing his attorney he was unaware of the opponent's Kristov Vodka Cruiser product and was not aware of their plans to launch in the UK. He states that he has never visited Australia or New Zealand and has never researched the market in such far away territories as his company supplies drinks primarily within the UK.

19) Mr King states that he was unaware of the discussions between the opponent and the various companies named in the opponent's evidence. He states that at the date of the application his company was not supplying products to any of the named retailers or distributors. He also points out that in his experience such negotiations are usually kept confidential. In October 2001 he states that he commissioned artwork for his company's Cherry Cruiser product and at exhibit MK1 he provides a copy of the artwork. This shows the word CRUISER prominently displayed across the middle of the bottle in a script form. It is a different get-up from that of the opponent.

20) Mr King states that he first became aware of the opponent's product when he saw bottles on sale in the UK. He is not certain of the date but believes it to be around the end of 2001. In January 2002 he read the article in THE GROCER magazine regarding the opponent's plans to enter the UK. He states that there then followed the communications between the two parties and he agreed not to launch his company's product until formal discussions took place, on the understanding that the opponent would extend him the same courtesy. He states that no negotiations took place. He states that the conversation with Mr Smith took place three years ago and his recollection is somewhat vague, but if he did say something along the lines suggested by Mr Smith he states that his company was and is prepared to bring out products or brands to rival and compete with any of the market leading brands and products.

21) The second witness statement, dated 24 May 2005 is by Alison Lawson, the applicant's Trade Mark Attorney. At exhibit ACL1 she provides a copy of the letter from the applicant to her company requesting advice on the availability of the two brands CRUISER and CUBAN COOLER. She states that her company's clients are encouraged to carry out searches on availability prior to launching a product under a new brand to ensure that there are no conflicts. She states that the applicant has requested such searches on 27 different brands in the period September 2000 to September 2004. Ms Lawson states that the search was carried out and her company notified the applicant on 22 June 2001 that no such marks were registered. An application for registration was subsequently submitted.

22) In January 2002 her company was contacted by the applicant following the article in THE GROCER magazine. Discussions took place between the two companies and an exchange of letters occurred in January 2002. Copies of these letters are provided at exhibit ACL2. She states that no further communication was received until the filing of the opposition. Ms Lawson states that in 2001 the UK census showed that the population of the UK was 58,789,194. At exhibit ACL3 she provides a copy of a page from the census website. She states that the number of antipodean visitors are insignificant in relation to the overall population.

23) That concludes my review of the evidence. I now turn to the decision.



## DECISION

24) The first ground of opposition is under Section 3(6) which reads:

“3.(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

25) Section 3(6) has its origins in Article 3(2)(d) of the Directive, the Act which implements Council Directive No. 89/104/EEC of 21 December 1988 states:

“Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that....

(c) the application for registration of the trade mark was made in bad faith by the applicant.”

26) The Directive gives no more clue as to the meaning of “bad faith” than the Act. Subsequent case law has avoided explicit definition, but has not shirked from indicating its characteristics. In *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J stated at page 379:

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”

27) More recently the Privy Council considered earlier authorities in *Barlow Clowes International Ltd (in liquidation) & Others v Eurotrust International Limited & Others*, (Privy Council Appeal No 38 of 2004 on which judgment was delivered on 10 October 2005 - not reported at the time of writing). In particular, their Lordships considered a submission from Counsel that an inquiry into the defendant’s views about standards of honesty is required. The following passage from Lord Hoffman’s judgment sets out the position as follows:-

“[Counsel for the defendant] relied upon a statement by Lord Hutton in *Twinsectra Ltd v Yardley* [2002] 2 AC 164, 174, with which the majority of their Lordships agreed:

“35. There is, in my opinion, a further consideration which supports the view that for liability as an accessory to arise the defendant must himself appreciate that what he was doing was dishonest by the standards of honest and reasonable men. A finding by a judge that a defendant has been dishonest is a grave finding, and it is particularly grave against a professional man, such as a solicitor. Notwithstanding that the issue arises

in equity law and not in a criminal context, I think that it would be less than just for the law to permit a finding that a defendant had been 'dishonest' in assisting in a breach of trust where he knew of the facts which created the trust and its breach but had not been aware that what he was doing would be regarded by honest men as being dishonest."

"36. .... I consider that the courts should continue to apply that test and that your Lordships should state that dishonesty requires knowledge by the defendant that what he was doing would be regarded as dishonest by honest people, although he should not escape a finding of dishonesty because he set his own standards of honesty and does not regard as dishonest what he knows would offend the normally accepted standards of honest conduct."

15.....Their Lordships accept that there is an element of ambiguity in these remarks which may have encouraged a belief, expressed in some academic writing, that *Twinsectra* had departed from the law as previously understood and invited inquiry not merely into the defendant's mental state about the nature of the transaction in which he was participating but also into his views about generally acceptable standards of honesty. But they do not consider that this is what Lord Hutton meant. The reference to "what he knows would offend normally accepted standards of honest conduct" meant only that his knowledge of the transaction had to be such as to render his participation contrary to normally acceptable standards of honest conduct. It did not require that he should have had reflections about what those normally acceptable standards were.

16....Similarly in the speech of Lord Hoffmann, the statement (in paragraph 20) that a dishonest state of mind meant "consciousness that one is transgressing ordinary standards of honest behaviour" was in their Lordships' view, intended to require consciousness of those elements of the transaction which make participation transgress ordinary standards of honest behaviour. It did not also require him to have thought about those standards were."

28) On the basis of these authorities it is clear that a finding of bad faith may be made in circumstances which do not involve actual dishonesty. Furthermore, it is not necessary for me to reach a view on the applicant's state of mind regarding the transaction if I am satisfied that the applicant's action in applying for the mark in the light of all the surrounding circumstances would have been considered contrary to normally accepted standards of honest conduct.

29) The opponent's case is that the applicant was aware of its use of the mark in the Antipodes and Asia via the Internet and/or that the applicant had become aware of discussions that the opponent had held with various distributors in the UK regarding the introduction of the opponent's product into the UK market. I fully accept that the opponent's product would feature prominently on websites discussing alcoholic beverages where those websites either emanated from or focussed upon the Antipodes or Asia. However, although the opponent has filed statements showing that discussions did take place with UK distributors and clients, none of the statements referred to subsequent meetings or discussions between the witnesses or any other

members of their companies and the applicant when the opponent's plans were mentioned. The opponent assumes that the applicant was aware of its use of the mark KRISTOV VODKA CRUISER from the Internet or that one of the parties it discussed its plans for the UK with, leaked the information to the applicant.

30) The applicant has stated clearly that its primary focus is on the UK and that it did not know of the opponent's product at the time of seeking the registration. This statement has not been challenged by the opponent and no prima facie case that the applicant was aware of the opponent's product has been filed. The opponent also claimed that the applicant's previous behaviour in closely following if not copying the get up of another trader, Smirnoff, should be taken into account. Had the opponent made a prima facie case then the previous behaviour would indeed have been an issue to be taken into consideration, but as the instant case does not get off the ground then other cases do not need to be considered. The opponent has not discharged the onus upon it and so the ground of opposition under section 3(6) fails.

31) I now turn to the other ground of opposition which is under section 5(4)(a) which reads:

“5. (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.”

32) In deciding whether the mark in question “CRUISER” offends against this section, I intend to adopt the guidance given by the Appointed Person, Mr Geoffrey Hobbs QC, in the *WILD CHILD* case [1998] RPC 455. In that decision Mr Hobbs stated that:

“The question raised by the grounds of opposition is whether normal and fair use of the designation WILD CHILD for the purpose of distinguishing the goods of interest to the applicant from those of other undertakings (see section 1(1) of the Act) was liable to be prevented at the date of the application for registration (see Article 4(4)(b) of the Directive and section 40 of the Act) by enforcement of rights which the opponent could then have asserted against the applicant in accordance with the law of passing off.

A helpful summary of the elements of an action for passing off can be found in Halsbury's Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] A.C. 731 is as follows:

‘The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

- (1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and
- (3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House’s previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of passing off, and in particular should not be used to exclude from the ambit of the tort recognised forms of the action for passing off which were not under consideration on the facts before the House.’

Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

‘To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

- (1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and
- (2) that members of that class will mistakenly infer from the defendant’s use of a name, mark or other feature which is the same or sufficiently similar that the defendant’s goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

- (a) the nature and extent of the reputation relied upon;
- (b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.’’

33) The date at which the matter must be judged is not entirely clear from Section 5(4)(a) of the Act. This provision is clearly intended to implement Article 4(4)(b) of Directive 89/104/EEC. It is now well settled that it is appropriate to look to the wording of the Directive in order to settle matters of doubt arising from the wording of equivalent provisions of the Act. The relevant date may therefore be either the date of the application for the mark in suit (although not later), or the date at which the acts first complained of commenced – as per the comments in *Cadbury Schweppes Pty Limited v. The Pub Squash Co Pty Ltd* [1981] RPC 429. The applicant has not used their mark and so the relevant date is the application date of 16 August 2001.

34) With these considerations in mind I turn to assess the evidence filed on behalf of the opponent in the present proceedings as set out earlier in this decision.

35) Although the opponent acknowledges that, at the relevant date it had not sold its product in the UK it maintains that it had goodwill in the marks KRISTOV VODKA CRUISER and VODKA CRUISER at the relevant date. It is claimed that the goodwill accrued from the presence of a significant number of visitors from the Antipodes in the UK, and also from the discussions the opponent had held with various potential distributors and retailers concerning its plans to launch its product in the UK. That these discussions took place is not in doubt as the applicant has not challenged the evidence and also the opponent has provided statements from independent witnesses which confirm that the opponent discussed the possibility of selling its product in the UK with a number of significant distributors and retailers.

36) The question is whether such discussions constitute goodwill. It is clear from cases such as *British Broadcasting Co. v Talbot Motor Co. Ltd* [1981] FSR 228 that goodwill can accrue prior to sales being made. In the instant case the opponent launched the product in New Zealand and Australia in mid 2000. It is clear that around this time they also held discussions with Icon Distillers Ltd regarding distribution of the product. Discussions were also held with Safeways, Asda and a number of other retailers. It is stated that prices were set in July 2000 and plans made to ship two container loads of the opponent’s KRISTOV VODKA CRUISER product to the UK. However, the shipment was postponed, although no reason was stated for the postponement. In June 2001 another series of meetings with retailers took place in

the UK and following this visit, sales of the opponent's KRISTOV VODKA CRUISER product began in May 2002

37) At the time of the first round of discussions in mid 2000 the product had only just been launched in its home market. Whilst it would appear to have been an almost instant success in Australia and New Zealand, it is also clear that there were problems in sending even a very limited amount, two containers, of the product to the UK.

38) The relevant date in this case is the date of the application, 16 August 2001. The subsequent sales fall after the relevant date and cannot be taken into account when determining whether the opponent had goodwill in its mark at the relevant date. I also take into account the relevant consumers. The product is an alco-pop and is said, by the applicant, to be aimed at the younger, 18-35, drinker. There is no evidence that the target group were aware of the product at the relevant date. The only persons aware of the opponent's plans were a small group of retailers and their distributor. The opponent has attempted to overcome this gap in their case by contending that the large number of young visitors from the Antipodes to the UK would be aware of the product and so provide the necessary goodwill amongst the relevant consumer group.

39) Firstly, I do not believe that when considering the average UK consumer I should take into account transient groups such as tourists. Secondly, even if I were to include such groups into my consideration the numbers of such tourists are very small when compared to the relevant UK consumer group. The opponent has provided statistics that show that in 2003 867,000 tourists from New Zealand and Australia entered the UK. These figures are after the relevant date, but even if they were similar to those in 2000/2001 one would need to consider how many of these tourists were in the age range that the opponent would wish to have considered as the relevant consumer. Further, the percentage of the UK population of approximately sixty million which falls into this range has not been provided but must be substantial.

40) To my mind the opponent has not shown that it had goodwill in its KRISTOV VODKA CRUISER mark or any derivation thereof at the relevant date. The opposition under section 5(4)(a) therefore fails.

## **COSTS**

41) As the applicant is successful it is entitled to a contribution towards its costs. I order the opponent to pay the applicant the sum of £1,500. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

**Dated this 12<sup>th</sup> day of June 2006**

**George W Salthouse  
For the Registrar,  
the Comptroller-General**