

O-134-09

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO 2410492

BY SOCKS WORLD INTERNATIONAL LTD

TO REGISTER THE TRADE MARK:

BEKO
Sport

IN CLASS 25

AND

IN THE MATTER OF OPPOSITION NO 94441 BY

BEKO PLC

TRADE MARKS ACT 1994

IN THE MATTER OF Application No 2410492

By Socks World International Ltd to register in class 25 the trade mark:

BEKO
Sport

and

IN THE MATTER OF Opposition No 94441 by Beko Plc

BACKGROUND

1. On 7 January 2006, Socks World International Ltd ("*Socks World*") applied to register the above mark in respect of clothing, footwear and headgear. The application for registration was, on 26 June 2006, opposed by Beko Plc ("*Beko*") on grounds under sections 3(6) and 5(3) of the Trade Marks Act 1994 ("the Act"). In relation to its ground under section 5(3), *Beko* relies on the following earlier trade marks:

Mark	Relevant dates	Relevant goods ¹
Registration 1457464 for the mark: BEKO	Filing date: 5 March 1991 Registration date: 19 March 1993	Washing machines and compressors for washing machines; machines for drying and airing clothes, dishwashers, electric kitchen machines; parts and fittings for all the aforesaid goods.
Registration 1457465 for the mark: BEKO	Filing date: 5 March 1991 Registration date: 29 October 1993	Sound and video recording, amplifying, reproducing and transmitting apparatus and instruments; tape and tape cassette recorders and playback machines, optical disk recorders and playback machines; record playing apparatus and instruments; loud speakers; earphones and headphones; radios, radio receivers and radio signal tuners; video recorders and video playback machines; television apparatus and instruments; remote control apparatus and instruments; broadcast receiving apparatus and instruments

¹ The registered specifications are wider than that shown, however, these are the goods for which *Beko* claims a reputation (and use for the purposes of the proof of use provisions) and, as such, any other goods need not be listed.

Registration 1457466 for the mark: BEKO	Filing date: 5 March 1991 Registration date: 29 October 1993	Cooling and freezing apparatus, appliances and containers; refrigerators; freezers; air conditioning, air cooling and ventilation apparatus and instruments; electric apparatus for making beverages; installations, apparatus, appliances and utensils all for cooking; stoves, ovens, microwave ovens, apparatus for drying and airing clothes.
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2. *Socks World* filed a counterstatement denying the grounds of opposition. Both sides filed evidence; this is summarised below. The matter then came to be heard before me on 26 March 2009 at which Mr Roland Buerhlen of Beck Greener represented *Beko*, and Mr Arthur Spencer, a registered trade mark attorney, represented *Socks World*.

EVIDENCE

***Beko's* evidence**

Witness statement of Clayton Witter

3. Mr Witter is the managing director of *Beko*. He sets out some background information on *Beko*, namely, that it is part of the Koç Group which produces (through other companies in its group) white goods such as refrigerators. A number of large manufacturing plants in Turkey are identified from where goods are exported to the UK (and other countries). Mr Witter states that through its export activities the BEKO trade mark had, by March 2007, a 17% market share of the UK refrigerator market. Mr Witter explains that the name BEKO was coined in 1954 and that it represents the initial two letters of the surnames Bejerano and Koç who are both people associated with the Koç Group. Further background (an extract from its own web-site) is provided in Exhibit CW1.

4. Mr Witter goes on to state that the BEKO trade mark was first used in the UK in 1991 and has grown significantly since then. He exhibits at CW2 a breakdown of sales from 2000-2006 on a month by month basis for particular goods (television related products, refrigerators, washing machines, dryers, dishwashers & cookers). Supporting invoices relating to some of these sales are provided in Exhibit CW3. The figures in CW2 are quite detailed. I consider it sufficient to record the following:

- The figures are for a period of just over 6 and a half years.
- Total sales of all products equate to £780million.

- This averages out at around £120million per year, although, I note that the figures increase year on year.
- Whilst refrigeration products are the biggest selling items (£375million for the whole period), the other products have sales which appear, on the face of it, to be significant.

5. At the hearing, Mr Spencer criticised the above because it was not clear whether the sales related to the UK market and neither was the relevant currency clear. Whilst I agree that the information has not been presented as clearly and as cogently as I would have liked, it is a reasonable inference to draw that the position relates to the UK market (but perhaps including Ireland given what Mr Buerhlen said at the hearing) given that Mr Witter introduces the exhibit when he is giving evidence in relation to the UK market. Furthermore, the supporting sales invoices are all to UK companies and all are in sterling. Even if the figures do include Ireland, the huge figures identified above are unlikely to be significantly different, particularly bearing in mind the totality of the evidence setting out that the UK is a primary market.

6. Mr Witter then refers to advertising expenditure, which includes expenditure with advertising agencies such as *AMS Media*, *Octagon Movie and Media Limited* and *Mercieca*. The relevant currency is, again, not stated, but as with CW2, it is reasonable to infer that the figures are in sterling given the accompanying invoices (see CW4 below). The figures expended are:

	2000	2001	2002	2003	2004	2005
AMS Media			138,655.11	3404.30	409,511.52	609,869.28
Octagon Movie & Media Limited	39,950.00	73,202.50	135,715.50	146,287.50	179,583.00	271,856
Mercieca	13667.01	116,410.00	154,630.00			

7. A large number of invoices relating to this advertising and promotion are provided in Exhibit CW4. Mr Witter notes that much of this is sports related including advertisements in match programmes of Premiership football teams, sponsorship of Millwall football club, perimeter advertising at: premiership football matches, on Sky TV live football, at Six Nations Rugby, at UEFA Cup matches, at Euro Qualifiers, at the Rugby Euro premiership final, at England cricket tours, and the like. Reference is then made to Exhibit CW5 relating to the sponsorship of Millwall football club. The team strip, featuring the BEKO logo, is shown, together with other references to the Millwall sponsorship deal. Mr Witter also states that a deal has been negotiated with Watford Football club for the next two seasons (given that Mr Witter's evidence is given in May 2007, this sponsorship must have taken place after the date of application).

8. Information on *Beko's* customers is then given. Mr Witter states that these have changed over the years, but he lists (UK) customers with whom it has dealt since 1993 as *Iceland, Currys, Argos* and *Comet*. Further financial figures are provided in CW6. Most of this relates to worldwide turnover/unit sales, some information on the UK is provided but they predate the figures in CW2 and add little by way of further detail.

9. Promotional materials (such as brochures and media advertisements) are shown in CW7. These are for territories outside the UK. Mr Witter provides a copy of how *Beko* uses its mark in the UK (and other territories) in CW8 (examples are also shown in CW7). He notes that *Socks World's* trade mark application uses substantially the same or identical font. He also refers to Exhibit CW9 which is a print from the Companies House web-site for *Socks World*. He notes that the company director is a Mr Ali Erdal and a company secretary of Catherine Nyhan Erdal. Mr Witter highlights that Erdal is a Turkish name and, indeed, that the Companies House web-site lists Mr Erdal as being a Turkish national. Mr Witter states that being Turkish, Mr Erdal would, undoubtedly, be aware of the BEKO name as it is extremely well known in Turkey (equivalent to Mercedes-Benz in Germany). Mr Witter suggests that *Socks World's* mark was applied for in bad faith because it must have been chosen to mimic *Beko's* mark with a view to taking advantage of its reputation and close association with sport in the UK, as well as its worldwide reputation.

Witness statement of Elizabeth Jane Fuller

10. Ms Fuller is an executive assistant responsible for trade marks at *Beko*. She refers to Exhibit EJF.1 which is a sports sock manufactured in Turkey and supplied by *Socks World*. The sock carries a BEKO sign. She notes that when worn, the BEKO sign becomes elongated and more closely resembles *Beko's* trade mark (presumably as used). A photograph of a BEKO marked sports sock being worn is provided in EJF.2.

11. Ms Fuller also notes that the stripes depicted on the sock resemble the *ADIDAS* stripes, the red star resembles the well known *CONVERSE* star and the leaping puma, the well-known *Puma* brand. Exhibit EJF.3 contains representations of these well known trade marks. She states that the socks are commonly sold in very cheap shops known as "pound shops" thereby associating the BEKO mark with very cheap low quality merchandise.

12. She concludes by stating that the use of the trade mark BEKO in a manner stylised to look like *Beko's* trade mark takes unfair advantage of and is detrimental to the distinctive character and favourable reputation of its mark which is currently associated with sport by virtue of football club sponsorship, ground perimeter advertising and general advertising.

Socks World's evidence

Witness statement of Arthur Albert Spencer

13. Mr Spencer is a registered trade mark attorney and represents *Socks World* in these proceedings. I should say at this stage that some of Mr Spencer's "evidence" is more in the nature of submission (much of it being a critique of *Beko's* evidence) rather than fact. I will, of course, take this into account but I will not summarise it here. He begins by noting that during the examination phase of *Socks World's* application no earlier marks were cited. He notes that the goods contained in *Beko's* earlier marks are not similar to *Socks World's* goods (reference is made to the IPO's Guide to the searching of trade marks and service marks).

14. Mr Spencer states that the mark the subject of these proceedings has not yet been used but he refers to another *Socks World* mark for the word BEKO² filed on 18 February 2004 which was not opposed by *Beko*; a copy of the registration certificate is provided in AAS1. Mr Spencer states that this mark has been used since 2004 on articles of clothing including socks and vests distributed via wholesalers. In response to Ms Fullers' evidence regarding the nature of the shops selling these products, Mr Spencer states that the applicant has no control over the nature or standing of such establishments any more than *Beko* does over its own goods. Mr Spencer states that *Socks World*, because of its own use, enjoys a substantial reputation and goodwill in relation to clothing and, in particular, socks and vests. He states that such use has been made without any allegations of confusion or bad faith from *Beko*.

15. In relation to the present application, Mr Spencer states that *Socks World* has filed it with the intention of using it on more sport (as opposed to fashion) related goods. They are, thus, simply adding the word SPORT to its existing registration. He states that the word SPORT is descriptive and also suggests that the addition of this word means that it is not identical or similar to *Beko's* marks. He also adds that the addition of this word will not increase the likelihood of confusion or association with *Beko's* marks.

16. Mr Spencer states that the distinct goods mean that there is no reason why *Socks World* should have sought permission or consent from *Beko*. He considers the registration and use of its mark (and lack of objection) to equate to "tacit agreement". He also states that the font used in *Socks World's* mark is a commercially available font called *Changeling Bold* (Exhibit AAS2 supports this proposition) and he also highlights differences between this and the font used by *Beko*. He states that the adoption of a similar type font for unconnected goods does not demonstrate an act of fraud or dishonesty or that there is an intention to trade off *Beko's* reputation or that it would suffer disadvantage or detriment. Mr

² Registration 2355856

Spencer denies that *Socks World* was aware of *Beko's* promotional activity in sports sponsorship.

17. Mr Spencer states that he visited a few stores in North London and he found that *Beko's* goods were neither numerous or well positioned, nor well promoted by the sales assistants. He does not believe that this represents a significant brand. He is also unaware of ever seeing any of *Beko's* advertising. He suggests that the sports sponsorship (of, in his view, unimportant teams) will have had little impact. Mr Spencer states that *Beko* did not contact *Socks World* before lodging its opposition and that it has cited no instances of confusion, blurring, unfair advantage etc.

***Beko's* reply evidence**

Witness statement of Elizabeth Joy Richards

18. Ms Richards is a brand manager working for *Beko*. She is a qualified member of the Chartered Institute of Marketing with a career in marketing spanning over 20 years. She states that, from her knowledge, sports sponsorship can substantially enhance a trade mark. She states that sponsorship associates the trade mark with an event, club or team that share similar qualities and which may be perceived by the consumer as endorsement of the trade mark by a third party.

19. *Beko's* sponsorship of Millwall is said to have taken place after that team's appearance in the FA cup final in May 2004. The sponsorship, therefore, took place for the 2004/2005 season. She notes that during this time, Millwall was managed by Dennis Wise, a well known player in his own right. She refers to extensive media coverage during this time. Exhibit EJR1 contains a bundle of such press exposure. It contains photographs of the kit and press articles showing players wearing the kit (with the BEKO name), photographs of the BEKO name in association with the club's ground, use in programmes etc. She also highlights an example of promotion in another football programme, namely, Newcastle v Chelsea dated 15 May 2005.

20. Ms Richards states that this will have significantly increased the profile of the BEKO brand and that this forms part of *Beko's* targeted media campaign. She refers to Exhibit EJR2 which consists of a PowerPoint presentation by one of its advertising agencies – this shows, says Ms Richards, that the marketing strategy targets a number of different publications including nationals such as *News of the World* which has an estimated readership of 9 million.

21. She then refers to the continuation of football sponsorship through its sponsorship of Watford football club. Exhibit EJR3 contains a CD with relevant press cuttings etc. However, as this sponsorship appears to have taken place after the application date, I will say no more about this here. She makes

reference to viewing figures for specific matches (the data is provided in EJ4), but, again, this relates to the Watford sponsorship. Ms Richards then refers to increased involvement in sports promotion for the 2007/2008 season. This, again, is after the application date so I will say no more about it.

22. Ms Richards states that the BEKO brand is the second biggest name in Turkey and is preferred by 280 million customers in more than 100 countries around the world. She states that brand recognition and recall is further endorsed via successful investment in sports sponsorship by companies such as *Samsung*, *AXA*, *AIG* and *EMIRATES*.

DECISION

The section 5(3) ground of opposition

23. Section 5(3) of the Act reads³:

“5-(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 Community trade mark, in the European Community) 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.”

24. The scope of Section 5(3) has been considered in a number of cases most notably: *General Motors Corp v Yplon SA (Chevy)* [1999] ETMR 122 and [2000] RPC 572, *Premier Brands UK Limited v Typhoon Europe Limited (Typhoon)* [2000] FSR 767, *Daimler Chrysler v Alavi (Merc)* [2001] RPC 42, C.A. *Sheimer (M) Sdn Bhd's TM Application (Visa)* [2000] RPC 484, *Mastercard International Inc and Hitachi Credit (UK) Plc* [2004] EWHC 1623 (Ch), *Davidoff & Cie SA v Gofkid Ltd (Davidoff)* [2003] ETMR 42, *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd (Adidas-Salomon)* (C-408/01) & in *Intel Corporation Inc v CPM (UK) Ltd (“Intel”)* (C-252-07). I will refer, when relevant, to this cases and the principles that they enshrine.

³ Section 5(3) was amended by The Trade Marks (Proof of Use, etc) Regulations 2004 (SI 2004 No. 946) giving effect to the judgments of the ECJ in *Davidoff & Cie SA and Zino Davidoff SA v Gofkid Ltd* (C- 292/00) and *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd* (C-408/01)).

Proof of use regulations

25. Under section 5(3), earlier marks for which the registration procedure was completed before the end of the five year period ending with the date of publication of the applied for mark may only be relied upon to the extent that they have been used (or that there are proper reasons for non-use)⁴. *Socks World's* mark was published on 24 March 2006. All of *Beko's* earlier marks completed their respective registration procedure in 1993, therefore, the proof of use provisions apply.

26. I did not find *Socks World's* request for proof of use of *Beko's* marks to be particularly clear. At the relevant part of the counterstatement (Form TM8) the following is stated:

“YES. Proof of use of the earlier marks is invited; in particular, proof of use of the marks on goods of interest to the Applicant”

27. Its explanation in the body of its counterstatement refers to “goods which are similar or identical to or associated with the trade mark or goods defined in the Application”. *Beko* does not have to prove use in relation to the applicant's goods (or goods similar or associated with them). *Beko's* claim is based on dissimilar goods. In view of this, I consider it justifiable to treat *Socks World's* counterstatement as not requiring proof of use. However, the point is, in any event, academic. This is because, under section 5(3), I must determine whether, and to what extent (including relevant goods), *Beko's* marks have a reputation. If the marks have a reputation for certain goods then this will, most likely (unless the reputation stems from a period more than five years prior to the date of publication), mean that the mark will have also been used. I will, therefore, not address this issue specifically here.

Reputation

28. The earlier marks must have a reputation. In *Chevy* the European Court of Justice (“ECJ”) stated:

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

29. It is important, in order to assess some of the further requirements under section 5(3), to also assess the strength of the reputation and its nature.

30. The sales figures for goods sold under the BEKO mark are significant. Although a valid criticism that the figures are not contextualised against the

⁴ See section 6A of the Act (added by virtue of the Trade Marks (Proof of Use, etc.) Regulations) 2004 (SI 2004/946) which came into force on 5th May 2004.

relevant market share at the relevant points in time, the figures themselves are so significant that they must represent a reasonable slice of the market. A post-application market share of 17% (or the UK refrigeration market) is stated in evidence. I agree with Mr Buerhlen that this would not have been achieved overnight and the position would have been close to this (although reducing) further back in time. The position may not be so strong in relation to the other (non-refrigeration) goods, but they still, nevertheless, strike me as significant.

31. Although much of the advertising and promotional material provided in evidence is from overseas (although there is some contained in the Millwall sponsorship evidence), Mr Witter does state that this illustrates the manner in which the BEKO mark is generally used. It is clear from all this that the goods are physically branded with the BEKO trade mark. The mark has also been promoted via perimeter advertising etc. All of this, taken together, leads me to conclude that the earlier marks will be known by a significant part of the relevant public (the general public). The goods for which the mark is known will be the goods set out in evidence, namely, white goods such as refrigerators, washing machines, dryers, dishwashers and cookers, and also televisions. I should add that such use would also represent genuine use for these goods after applying the guidelines to such issues set out by the ECJ⁵.

32. In terms of the nature of the reputation, whilst it strikes me as a reasonably strong reputation in terms of public awareness, there is nothing in the evidence to suggest that it has a reputation associated with luxury or the provision of high quality or sought after goods. *Beko* claims a reputation for a sporting image – I will return to this aspect later in the decision.

Comparison of the marks

33. The respective marks must be identical or similar.

<i>Beko's mark(s)</i>	<i>Socks Worlds mark</i>
BEKO	BEKO Sport

34. It is fair to apply the case-law normally reserved for section 5(2) issues (to the extent that the case-law deals with mark similarity) to the question here. For example, the comparison should be made with reference to the visual, aural and conceptual similarities between the respective marks bearing in mind their distinctive and dominant components (*Sabel BV v. Puma AG*, para 23).

⁵ *Ansul BV v Ajax Brandbeveiliging BV* [2003] RPC 40 and *Laboratoire de la Mer Trade Mark* [2006] FSR.

35. When approached in this manner, the marks are, self evidently, similar. The dominant and distinctive element in *Socks World's* mark is the word BEKO given that the word SPORT is a purely descriptive (as Mr Spencer stated in his evidence) reference. This dominant element is virtually identical to the totality of *Beko's* mark (the stylisation in *Socks World's* mark does virtually nothing to reduce similarity). All of this, inevitably, creates a visual, aural and conceptual similarity. **The matter can be shortly stated, the marks are similar to a very high degree.**

The “link”

36. Before considering whether the various heads of damage come into play, I must be satisfied that a link will be made between the respective marks (and their goods). In *Adidas-Salomon*, when answering a question as to whether a finding under article 5(2) of the Directive (equivalent to section 5(3) was conditional upon the existence of a likelihood of confusion, the ECJ stated:

“The infringements referred to in Article 5(2) of the Directive, where they occur, are the consequence of a certain degree of similarity between the mark and the sign, by virtue of which the relevant section of the public makes a connection between the sign and the mark, that is to say, establishes a link between them even though it does not confuse them (see, to that effect, Case C-375/97 *General Motors* [1999] ECR I-5421, paragraph 23).

The existence of such a link must, just like a likelihood of confusion in the context of Article 5(1)(b) of the Directive, be appreciated globally, taking into account all factors relevant to the circumstances of the case (see, in respect of the likelihood of confusion, *SABEL*, paragraph 22, and *Marca Mode*, paragraph 40).”

37. In *Intel*, the ECJ provided further guidance on the factors to consider. It stated:

“41 The existence of such a link must be assessed globally, taking into account all factors relevant to the circumstances of the case (see, in respect of Article 5(2) of the Directive, *Adidas-Salomon and Adidas Benelux*, paragraph 30, and *adidas and adidas Benelux*, paragraph 42).

42 Those factors include:

- the degree of similarity between the conflicting marks;
- the nature of the goods or services for which the conflicting marks were registered, including the degree of closeness or dissimilarity

between those goods or services, and the relevant section of the public;

- the strength of the earlier mark’s reputation;
- the degree of the earlier mark’s distinctive character, whether inherent or acquired through use;
- the existence of the likelihood of confusion on the part of the public”

38. I have already given my views in relation to some of the factors highlighted by the ECJ. I have found the marks to be highly similar and the reputation to be reasonably strong in terms of consumer knowledge. In relation to the other factors, my views are:

The nature of the goods and services

The nature of the respective goods are quite different. On the one hand are various white goods such as refrigerators and, on the other, are articles of clothing. The nature, intended purposes and methods of use (some of the key characteristic comparisons suggested by the ECJ in *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* [1999] R.P.C. 117) are quite different. However, it must, nevertheless, be borne in mind that both sets of goods will, typically, be sold to the same consumer, namely, the general public.

The distinctive character of the earlier mark

As far as I am aware, the word BEKO has no meaning. Nothing has been highlighted in evidence to suggest otherwise. According to *Beko’s* evidence, it is a term coined by the combination of the first two letters of the surnames of two of its principals. The mark(s) will, therefore, be seen as an invented word. Such words are normally regarded as being high in inherent distinctive character. In relation to enhanced distinctiveness, I have already found that *Beko’s* earlier marks have a reputation as a known brand. Given all this, I must conclude that the distinctive character is very high.

The existence of a likelihood of confusion

A likelihood of confusion is a legal concept (under section 5(2)(a) and (b) of the Act which, as a pre-requisite, requires a similarity between the goods. This cannot, therefore, be present. Nevertheless, even if I considered, on a notional basis, whether confusion as to economic origin existed in circumstances where the goods are not similar, my view would be that no confusion is likely. Whilst I must balance all the respective factors, the goods are so distant that the average consumer would not assume that an economic connection exists between the respective companies making use of the respective marks for their particular goods.

However, this does not rule out (as the ECJ has stated) the existence of a link being made.

39. Returning to the question of a link, it is clear that both sets of goods are targeted at the general public and, therefore, there will be an overlap of knowledge of brand names regardless of field of activity. Furthermore, *Beko's* mark is highly distinctive and will be known, fairly broadly, by the general public. No evidence has been filed to suggest that the word BEKO is used by any other trader in any other field. Taking all these factors into account, my view is that *Beko's* marks will be brought to mind when *Socks World's* mark is encountered. In *Intel*, the ECJ stated:

“The fact that for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark calls the earlier mark with a reputation to mind is tantamount to the existence of such a link, within the meaning of *Adidas-Salomon and Adidas Benelux*, between the conflicting marks.”

40. On the basis of all this, a link, in the sense described by the ECJ in *Intel* and in *Adidas-Salomon* exists.

The heads of damage

41. In its statement of case, *Beko* identified the potential heads of damage thus:

“Registration of the mark applied for would blur the earlier mark and it would gain an unfair advantage from the existing reputation, and especially sports sponsorship of the earlier mark”

42. During the hearing, Mr Buerhlen dropped his claim to blurring (often referred to as dilution) in view of the judgment of the ECJ in *Intel*. However, he made submissions on, effectively, two fronts. I will deal with them in turn.

First head of damage

43. In his skeleton argument, Mr Buerhlen stated:

“16. It is submitted that in effect enabling the Applicant to be in a position to prevent use of the Opponent's mark by the Opponent in respect of its existing sponsorship programs would be a significant detriment to the distinctive character of the earlier mark because the earlier mark could no longer be used effectively to promote the Opponent's goods in the manner in which the Opponent has used it in sports sponsorship.

17. Furthermore, this would be a detriment to the repute of the trade mark because the trade mark would no longer be able to communicate as

effectively to the public in the absence of sponsorship being featured on the garments of football players and other sports persons such as to benefit from the viewing figures explained in **Exhibit EJR4**.”

44. This claim is based on the circumstance that, if *Socks World's* application were registered, this would mean that *Beko's* use of its trade mark on football shirts (as part of its football sponsorship) is likely to constitute an infringement of *Socks World's* registration (reference is made to *Arsenal Football Club PLC V Matthew Reed* (Case C-206/01) and *Adam Opel* (Case C-48/05)).

45. There are a number of problems with this argument. Firstly, the claim does not fall within the pleaded case which relates to blurring (now dropped) or unfair advantage (pursued below). Secondly, even if it was pleaded and I could take it into account, the ECJ stated in *Intel* that detriment to distinctive character (on which the claim is, in part, based) consists of:

“As regards, in particular, detriment to the distinctive character of the earlier mark, also referred to as ‘dilution’, ‘whittling away’ or ‘blurring’, such detriment is caused when that mark’s ability to identify the goods or services for which it is registered and used as coming from the proprietor of that mark is weakened, since use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark. That is notably the case when the earlier mark, which used to arouse immediate association with the goods and services for which it is registered, is no longer capable of doing so”

46. Mr Buerhlen suggested that *Intel* was concerned with dilution and that his claim was simply a different species of detriment. I find this a difficult argument to accept. The characterisation of detriment to distinctive character and repute has been consistently defined in the case-law. For example:

In the *Typhoon* case

“Observations of the German Federal Supreme Court in another case, Quick [1959] G.R.U.R. 182, are relevant to the other type of case, namely where use of the sign "is detrimental to" a well established mark: [T]he owner of ... a distinctive mark has a legitimate interest in continuing to maintain the position of exclusivity he acquired through large expenditures of time and money and that everything which could impair the originality and distinctive character of his distinctive mark, as well as the advertising effectiveness derived from its uniqueness, is to be avoided ... Its basic purpose is not to prevent any form of confusion but to protect an acquired asset against impairment.

This sort of detriment has been generically described as "dilution", and has also been said to occur normally in one of two ways, namely by "blurring" or by "tarnishing".

In the *Merc* case

“Detriment can take the form either of making the mark less attractive (tarnishing, to use Neuberger J.'s word) or less distinctive (blurring). On this analysis, VISA is of course a case of tarnishing.”

In the judgment of the CFI⁶ in *Sigla SA v OHIM* (Case T-215/03)

“37. So far as concerns, first, detriment to the distinctive character of the earlier mark by the use without due cause of the mark applied for, that detriment can occur where the earlier mark is no longer capable of arousing immediate association with the goods for which it is registered and used (*SPA-FINDERS*, paragraph 34 above, paragraph 43). That risk thus refers to the ‘dilution’ or ‘gradual whittling away’ of the earlier mark through the dispersion of its identity and its hold upon the public mind (Opinion of Advocate General Jacobs in *Adidas-Salomon and Adidas-Benelux*, paragraph 36 above, point 37).”

and

“39. As regards, secondly, detriment to the repute of the earlier mark by the use without due cause of the mark applied for, it must be pointed out that such detriment is made out where the goods or services covered by the mark applied for may appeal to the public’s senses in such a way that the earlier mark’s power of attraction is diminished (*SPA-FINDERS*, paragraph 34 above, paragraph 46). The risk of that detriment can, inter alia, occur where those goods or services have a characteristic or a quality which may have a negative influence on the image of an earlier mark with a reputation on account of its being identical or similar to the mark applied for.”

47. In the absence of a claim for blurring/dilution or a claim to tarnishing (one has never been pleaded or argued) I do not see how the claim on the basis of detriment can be maintained. If I am wrong on this, there are, in any event, further problems. Firstly, section 5(3) refers to detriment (be it to distinctive character or repute) being caused by the use of the later mark. The circumstances described by Mr Buerhlen are not caused by the use of *Socks World’s* mark but, instead, as a mere consequence of its registration as a trade mark. Whilst use may, of course, stem from registration, the fact remains that it is not the use that is causing the alleged detriment and it is not the use that will have an economic effect on the average consumer of *Beko’s* goods. Furthermore, the line of reasoning strikes me as a fairly tortured one. It is not a matter for me to determine whether *Beko’s* use on football shirts would be an infringing act, although, I should say that I have reservations on the correctness of Mr Buerhlen’s position (in view of the *Adam Opel* case). All of this strikes me

⁶ The Court of First Instance of the European Communities

as a theoretical or hypothetical potential damage rather than a serious risk of one. **Beko fails under this head of damage.**

Second head of damage

48. The second head of damage relates to the (pleaded) claim of unfair advantage. Mr Buehrlen's claim is placed firmly within the context of the decision of the First Board of Appeal (dated 7 October 2004) in case R364/2003-1 ("TDK"), a decision which was upheld on appeal by the CFI⁷ (Case T-477/04) and by the ECJ (Case C-197/07 P). Mr Buerhlen also referred to the opinion of Advocate General Mengozzi in *L'Oreal SA v Bellure NV* (Case C-487/07) where he stated:

"103. In order to find that advantage has been taken of the reputation of a mark within the meaning of Article 5(2) of Directive 89/104, it should be sufficient, in my view, to demonstrate that the sign used by the third party has a particular attraction for the consumer due to the fact that that sign is associated with positive qualities of the well-known mark (78) in such a way as to induce the consumer to buy the products under that sign.

104. Where such a case can be demonstrated to exist, should it perhaps be concluded that such an advantage is of itself unfair?

105. In that connection, it seems to me that it is helpful to point out first of all that Article 5(2) of Directive 89/104, unlike Article 3a(1)(g) of Directive 84/450, contains, in addition to the 'unfair' element, a reference to the use of a sign 'without due cause'. (79) As regards situations involving free-riding behaviour envisaged by the former provision, the difficulty therefore arises of determining the respective roles played by each of those two elements, the juxtaposition of which may, at first sight, appear to serve no useful purpose. In fact, the question that arises is how an advantage may be taken of the reputation of a mark *that is not unfair* where use is made of a sign that is identical with or similar to that mark *without due cause*.

106. In order to resolve that difficulty, it seems to me that it must be concluded that the adjective 'unfair' comes into play only where due cause for the use of such a sign is relied on and demonstrated."

49. Similar explanation was given by the CFI in judgment T-21/07 *L'Oréal v OHMI - Spa Monopole* when it was stated:

"19 It follows from established case-law that the concept of the unfair advantage which would be taken of the repute of the earlier mark by the use without due cause of the mark applied for consists in the fact that the image of the mark with a reputation or the characteristics which it projects

⁷ The Court of First Instance of the European Communities

are transferred to the goods covered by the mark applied for, with the result that the marketing of those goods is made easier by that association with the earlier mark with a reputation (VIPS, cited in paragraph 16 above, paragraph 40; and MINERAL SPA, cited in paragraph 16 above, paragraph 40).”

50. The question, therefore, centres on image or characteristic transference to the applied for mark so giving its proprietor an unfair advantage in the marketing of its goods. I have already found that there is nothing in the evidence to suggest that *Beko's* goods have any reputation for high quality or that they are sought after or desirable. However, *Beko's* claim is based not on this but on its positive sporting image that has resulted from its sports related initiatives. In the *TDK* case the Board of Appeal referred to

“this kind of advertising is not product linked, but on the contrary promote the trade mark TDK as such trying to create a special image for it by attaching to it the attractive powers of the sponsored activity”

and

“...would give the applicant a possibility to get unfair advantage of the distinctiveness of the earlier marks and unacceptably benefit from the remarkable marketing investments of the opponents.”

51. In the CFI's judgment on appeal it was stated:

“67 In those circumstances, the Court finds that the Board of Appeal was entitled to take the view, based on the sponsorship activities of the intervener, particularly in the sporting field, that were the mark applied for to be used by the applicant on sports clothing – a possibility which cannot be ruled out – such use would lead to the perception that that clothing was manufactured by, or under licence from, the intervener. That in itself is sufficient to constitute prima facie evidence of a future risk, which is not hypothetical, of the taking of unfair advantage by the applicant of the reputation of the earlier marks, a reputation which is the result of the activities, efforts and investments undertaken by the intervener for more than 20 years.”

52. To complete the picture, it is worth noting that the ECJ dismissed the subsequent appeal on the basis that (in relation to reputation) there had been no error in law and (in relation to unfair advantage) because:

“21 In this case, even assuming that there is a difference in legal meaning between ‘reputation’ and ‘repute’, in English, referred to in Article 8(5) of Regulation No 40/94, it need merely be stated that, as is clear from paragraphs 62 to 67 of the judgment under appeal, the Court of First Instance correctly established the existence of an unfair

advantage within the meaning of that provision by relying, in any event, on a certain image of the earlier marks in question, resulting from the intervener's event sponsorship activities, in particular sponsorship of sport events.

.....

23 In the present case, it is clear that the Court of First Instance, in paragraph 67 of the judgment under appeal, properly established the existence of an unfair advantage within the meaning of Article 8(5) of Regulation No 40/94 in correctly considering that it had available to it evidence enabling it to conclude *prima facie* that there was a risk, which was not hypothetical, of unfair advantage in the future.”

53. Mr Buerhlen attempted to draw direct comparisons between the nature of *TDK's* reputation (and its methods of promotion) and that of *Beko*. It is clear that *Beko* has promoted its mark in a sporting environment. There is evidence of perimeter advertising at football matches and other sporting events (some of which are high profile) and that they have also advertised in football programmes. However, I struggle to see how this will be regarded by those who have been exposed to such advertising as anything more than simple advertising of goods i.e. it is simply the chosen media to get (or keep) the brand name into the public domain. In other words, whilst the advertising may exist in a sporting environment, this does not, in itself, create any particular sporting image with which the brand will be associated.

54. There is, however, further evidence to consider. The evidence shows that *Beko* sponsored Millwall football club for one season. Whilst this, again, may have been a successful venture for *Beko*, and whilst some small parts of the relevant public (particularly those that support Millwall football club or directly competing teams) may know of this, I doubt that I could extend this to the notional average consumer. Whilst the *BEKO* name may have featured in press articles and even in national newspapers, it strikes me that little focus is going to be placed by the reader of such material on the sponsor's name. Greater exposure may have been received by TV broadcasts of football matches, however, the Millwall viewing figures are not set out in evidence. For these reasons, I doubt whether the Millwall sponsorship will be recognized and known by the average consumer. Even if I am wrong on that, the sponsorship of one football team, for one season (before the material date) is unlikely, in my view, to have had a significant impact on the image of *Beko*. All of this, in my view, can be contrasted with the type of evidence in the *TDK* case. *TDK* sponsored high profile football clubs and sponsored (as opposed to advertised at) world famous sporting (and other) events. Its activities had significant range and depth (see paragraphs 53 & 54 of the CFI's judgment) This resulted in the “special image” created by the “remarkable marketing investments” as referred to in the Board of Appeal decision and supported on appeal. In my view, *Beko's* activities in this regard do

not create a special image nor can they be regarded as remarkable marketing initiatives.

55. Taking the above into account, I do not believe that *Socks World* will gain any form of unfair advantage. It will not borrow any particular image or characteristic, be it sporting or otherwise, such that its job of marketing its goods is made easier. Nor do I consider that the average consumer of *Socks World's* goods, even if those goods were sports related, would believe that they were manufactured by or used under license from *Beko*.

56. This head of damage and, therefore, the ground under section 5(3), fails.

The section 3(6) ground of opposition

57. Section 3(6) of the Act reads:

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

58. The standard underpinning bad faith was set out in *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] R.P.C. 367. It includes dishonesty but also includes dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. This is often referred to as the “objective assessment”. There is, however, another matter, namely that the objective assessment can only be made upon the basis of what it (*Socks World*) knew about *Beko's* business at the time it made its application (the “subjective assessment”). A useful summary of all this was given by Ms. Anna Carboni (sitting as the Appointed Person) in *OTO*, BL O/157/08 when she stated:

“120. To summarise the guidance given by the English courts and United Kingdom Appointed Persons, one must ask what the Applicant knew when it applied to register the Marks (the subjective element) and whether, in the light of that knowledge, its decision to apply for registration would be regarded as in bad faith by persons adopting proper standards (the objective element). The applicable standard for the objective element of the test is acceptable commercial behaviour in the eyes of a reasonable and experienced person standing in the shoes of the Applicant. My job is to try to be that person.”

59. *Beko's* claim in its statement of case reads:

“The mark applied for is intended to trade off the opponent's reputation and sponsorship of sport. This falls below accepted standards or

behaviour expected within the applicant's trade. Permission for such use was not requested."

60. I have already found that *Socks World's* use does not trade off *Beko's* reputation and sponsorship of sport. It is, therefore difficult to see how the ground under section 3(6) can be pursued. A similar conclusion was drawn in the *VISA* case where the proposition was stated thus:

"In the present case the objection under section 3(6) is based on the pleaded allegation that application No. 2012498 was filed "with the deliberate intention of exploiting the reputation enjoyed by [Visa International] in [the trade mark VISA]". That is an allegation which could just as easily have been made if the United Kingdom had not opted to provide for objections to registration in the terms of section 3(6). It serves to reinforce the objections under section 5(3) and section 5(4)(a). I doubt that the alleged intention would be sufficient to sustain an objection under section 3(6) if it was insufficient to sustain an objection under section 5(3) or section 5(4)(a) in a case such as the present. I say that because the present case is one in which freedom from objection under section 5(3) and section 5(4)(a) would imply that the application actually lacked the capacity to give effect to the alleged intention."

61. On the basis of the above, and on the basis of my findings in relation to section 5(3), the case as pleaded under section 3(6) is dismissed. If *Beko* had no special sporting image or other reputation from which to take an advantage, the application could not have been filed in order to take advantage because of its non-existence.

62. However, Mr Buerhlen also suggested that even if I found against him in relation to unfair advantage, that was not the end of the matter. He argued that taking another's trade mark, and, crucially in this case, taking the mark in the exact same (or very similar) font, was, itself, an act of bad faith. This is not within the pleaded case which relates to an intention to trade off *Beko's* reputation. As the case-law suggests, bad faith is a serious allegation and one which, in my view, must be clearly pleaded up-front. I do not consider it appropriate to consider any revised allegation raised at such a late stage in the proceedings.

63. In any event, the sharing of trade marks by different undertakings in disparate fields of activity (sometimes even in the same or similar fields) is common place. The bad faith provisions deal with issues of integrity and honesty. Absent any indication that *Socks World* were intending to trade off *Beko's* reputation or that there was some other form of advantage for it (such as baiting *Beko* into agreeing terms with it⁸) or that there is some other form of mischief, I find it difficult to say that the application, in the circumstances, has been made in

⁸ See the decision of Mr Hobbs QC (sitting as the Appointed Person) in *FIANNA FAIL/ FINE GAEL* (BL O-043-08)

bad faith. This is so even though the applied for trade mark has the same (or very similar) font. **The ground of opposition fails under section 3(6)**

Costs

64. *Socks World* has been successful in relation to both grounds of opposition and is entitled to a contribution towards its costs. I hereby order Beko Plc to pay Socks World International Ltd the sum of £1500. This sum is calculated as follows:

Considering notice of opposition	£200
Filing counterstatement	£300
Considering <i>Beko's</i> evidence	£200
Filing evidence	£400
Preparation for, and attendance at, the hearing	£400
Total	£1500

65. The above sum should 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 18th day of May 2009

**Oliver Morris
For the Registrar
The Comptroller-General**