

O-196-16

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO. 3073319
BY BROWN-FORMAN CORPORATION**

TO REGISTER:

BEAUTIFUL CHAOS

AS A TRADE MARK IN CLASS 33

AND

**IN THE MATTER OF OPPOSITION THERETO
UNDER NO. 403664 BY MONSTER ENERGY COMPANY**

BACKGROUND & PLEADINGS

1. On 19 September 2014, Brown-Forman Corporation (“the applicant”) applied to register **BEAUTIFUL CHAOS** as a trade mark for: “Alcoholic beverages, including distilled spirits” in class 33. The application was published for opposition purposes on 24 October 2014.

2. The application is opposed by Monster Energy Company (“the opponent”). The opposition, which is based upon section 5(2)(b) of the Trade Marks Act 1994 (“the Act”), is directed against all of the goods in the application. The opponent relies upon the goods (shown below) in the following European Union Trade Mark (“EUTM”) registrations:

No: 6401111 for the trade mark: **KHAOS** which was applied for on 29 October 2007 and which was entered in the register on 25 September 2008:

Class 5 - Nutritional supplements.

Class 32 - Non alcoholic beverages.

No: 8774903 for the trade mark: **M MONSTER KHAOS ENERGY + JUICE** which was applied for on 22 December 2009 and which was entered in the register on 21 May 2010:

Class 5 - Nutritional supplements.

Class 32 - Carbonated soft drinks; carbonated drinks enhanced with vitamins, minerals, nutrients, amino acids and/or herbs; carbonated energy or sports drinks.

3. The applicant filed a counterstatement in which it denies the basis of the opposition and puts the opponent to proof of use of trade mark No. 6401111.

4. Both parties filed evidence and written submissions during the course of the evidence rounds. Whilst neither party asked to be heard, the opponent filed written submissions in lieu of attendance at a hearing. I will bear all of these submissions in mind and refer to them, as necessary, below.

EVIDENCE

The opponent’s evidence

5. This consists of two witness statements. The first statement is from Rodney Sacks, the Chairman and Chief Executive Officer of Monster Beverage Corporation and its subsidiaries which includes the opponent in these proceedings. It consist of 31 pages and 98 numbered paragraphs and is accompanied by 42 exhibits amounting to 364 pages. I note in passing that despite the guidance provided in Tribunal Practice Notice

(“TPN”) 1 of 2015, which came into effect before it filed its evidence, the opponent did not seek directions from the Tribunal prior to filing this evidence.

The main points arising from Mr Sacks’ statement are as follows:

- In 2005, the opponent started selling its “MONSTER KHAOS energy drink” “in many countries around the world”. The can in which the drink was sold looks like this:



- The opponent has used its KHAOS trade mark extensively on cans of MONSTER energy drinks sold in Europe, including in the United Kingdom, Austria, Benelux, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Ireland, Italy, Latvia, Lithuania, Malta, Monaco, Norway, Portugal, Slovakia, Spain and Sweden during the relevant period (I shall return to the relevant period below);
- The opponent launched its MONSTER energy beverage line in at least one of the European Union member countries in January 2008. Later in 2008, it entered into distribution agreements with Coca-Cola Enterprises, Inc. for distribution of MONSTER energy drinks in the United Kingdom, France, Belgium, the Netherlands, Luxembourg and Monaco. Exhibit RCS1, which consists of pages taken from the opponent’s Annual Reports lodged with the United States Securities and Exchange Commission, refers;
- The opponent first launched “sales of MONSTER KHAOS” in at least one of the European Union member countries in February 2010. Millions of cans of MONSTER energy drink bearing the KHAOS trade mark have been sold in the European Union each month during “much of the relevant time period”;

- The opponent launched its MONSTER ENERGY website (www.MonsterEnergy.com) on 19 August 2003. The website receives approximately 650,000 visitors per month, the majority of which are unique visitors. Exhibit RCS2, consists of pages downloaded from www.monsterenergy.com/gb/en/ in 2015 one page of which (page 129) contains the following:



To the right of the words “The Juice is Loose” there appears text which includes: “Its Alive...Monster Khaos, an insane Juice-monster hybrid...”On page 130 of this exhibit there appears, inter alia, the word “KHAOS” presented in upper case;

- Exhibit RCS3 consists of copies of reports from Google Analytics which indicate that in the period 1 March 2011 to 1 April 2011, the MONSTER ENERGY website had 23,549 visits from the United Kingdom, 17,805 visits from Germany, 15,360 visits from France, 8,553 visits from Spain, 6,234 visits from Italy, 4,753 visits from the Czech Republic, 4,458 visits from the Netherlands, 3,860 visits from Sweden and 2,971 visits from Belgium. Mr Sacks states that between September 2010 and December 2014, the MONSTER website received over 15.7 million page views from the European Union;
- Mr Sacks explains that the MONSTER website allows visitors to select a localised version for a large number of European Union member nations, adding that users based in many European Union member nations are automatically directed to their country-specific version of the website, for example, monsterenergy.com/gb/en/home. He further explains that each country specific version displays content in the local language and features, inter alia, MONSTER energy drinks being distributed in that country.

Having provided the background information mentioned above, Mr Sacks turns his attention to the opponent’s use in a number of jurisdictions, the details of which are, as follows:

The United Kingdom

- Mr Sacks explains that the opponent launched sales of its MONSTER KHAOS beverages in the United Kingdom in February 2010, adding that the opponent has continuously sold MONSTER KHAOS beverages in the United Kingdom from that time through to 23 October 2014. Exhibit RCS4, consists of photographs of cans produced for sale in the United Kingdom bearing the KHAOS trade mark, the front views of which are the same as the first image shown above. Also included are images of the rear and the base of the various cans, the latter of which bear a date code, the relevance of which Mr Sacks explains. On the back of some of the cans, it is, just, possible to discern the following: “Monster Khaos...” (pages 138, 143 and 147);
- Mr Sacks states that the opponent’s sales of MONSTER energy drinks in the United Kingdom bearing the KHAOS trade mark were as follows:

Year	No of can sold (millions)
2010	More than 3.7
2011	More than 5.1
2012	More than 5.2
2013	More than 6.0
To September 2014:	More than 3.6

- Exhibit RCS5, consists of an invoice dated 12 May 2010 issued by Monster Energy Limited of Lucan, Ireland to Coca-Cola Enterprises Ltd in Uxbridge. I note that two of the entries contain a reference to “Khaos”;
- Exhibit RCS6, consists of pages taken from a marketing report in relation to a joint promotion which took place in 2010 between the opponent and the video game “Call of Duty – Black Ops”. Mr Sacks points to page 152 which contains a photograph taken at a Londis convenience store in the United Kingdom and in which the opponent’s MONSTER KHAOS beverage (in the form shown in the first image above) can be seen;
- Exhibit RCS7, consists of a form filed by the opponent with the United States Securities and Exchange Commission in relation to the period ending January 7 2014. Page 159 contains a photograph of the opponent’s energy drinks on sale at the Tesco Express store in Birmingham, United Kingdom. Mr Sacks points to information from Nielsen, which indicates that “Tesco is GB’s no.1 Energy Drink retailer selling 18% of the total Energy Drink sales in GB” and to an entry which reads “Monster’s market share is 10.9% for the last 13 weeks”;
- Exhibit RCS8, consists of an earlier form filed by the opponent with the United States Securities and Exchange Commission in relation to the period ending December 11 2012. Page 167 contains a photograph of the opponent’s energy drinks on sale at a Tesco store in the United Kingdom. Mr Sacks points to

information from Nielsen, which indicates that for the thirteen week period ending 6 October 2012, Monster held an 8.8% share of the energy drink market in Great Britain and a 10% share for the four week period ending on the same date;

- Exhibit RCS9, consists of screenshots obtained using the Internet Archive waybackmachine from the United Kingdom version of the opponent’s website and which date from February 2011, June 2012, August 2013 and September 2014. Images of the can in the forms shown above appear on these pages;
- Exhibit RCS10, consists of what Mr Sacks states are “pages from a marketing report”. Pages 195 to 221 of the exhibit consist of what Mr Sacks describes as “photographs taken between March 2010 and October 2014 at various convenience and grocery stores located in the United Kingdom”. Although the quality of the images provided varies, cans of the type shown above can be seen in all of the photographs.

France

- Mr Sacks states that the opponent launched sales of MONSTER energy beverages bearing the KHAOS trade mark in France in February 2010;
- Exhibit RCS11, consists of photographs taken in stores in France in 2012 and 2013. Mr Sacks states that the photographs show MONSTER energy drinks bearing the KHAOS trade mark;
- Mr Sacks states that the opponent sold the following quantity of energy drinks In France bearing the KHAOS trade mark:

Year	No of cans (more than)
2010	850,000
2011	1.0m
2012	856,000
2013	695,000
To September 2014:	345,000

- Exhibit RCS12, consists of copies of invoices from March 2010 and March and July 2014 issued by Monster Energy Limited in Lucan, Ireland to Coca-Cola Enterprises S.A.S in France in relation to goods identified by, inter alia, the words “Khaos” and “MONSTER KHAOS”;
- Page 153 of exhibit RCS6, consists of a photograph “taken at a grocery store located in France” in 2010. The opponent’s energy drinks can be seen in the photograph;
- Page 160 of exhibit RCS7, consists of a photograph of the opponent’s energy drinks in a store in Leclerc, France. The information provided by Nielsen,

indicates that for the thirteen week period ending 6 October 2013 “Monster is the #2 energy brand in France with a 17.5% market share...”;

- Page 168 of exhibit RCS8, consists of a photograph taken at “an independent store located in Paris, France” in which the opponent’s energy drinks can be seen. Mr Sacks points to data from Nielsen which indicates that in the thirteen week period ending 7 October 2012, the opponent’s energy drinks held a 14.9% share of the energy drink market in France and a 16.2% share of the energy drink market in France for the four week period ending on the same date;
- Exhibit RCS13, consists of screenshots obtained using the Internet Archive waybackmachine from the French version of the opponent’s website and which date from April 2011, March 2012, July 2013 and July 2014. Images of the can in the forms shown above appear on these pages;
- Pages 176 to 194 of exhibit RCS10, consists of “photographs taken between September 2010 and March 2014 at several grocery and convenience stores located in France”. Although the quality of the images provided varies, cans of the type shown above can be seen in many of the photographs;
- Exhibit RCS14, consists of copies of several presentations dated between 2011 and 2013 which contain, inter alia, further photographs of the opponent’s energy drinks on sale in stores in France.

Germany

- Mr Sacks states that the opponent launched sales of MONSTER energy beverages bearing the KHAOS trade mark in Germany in August 2011;
- Exhibit RCS15, consists of photographs of cans produced for sale in Germany bearing the KHAOS trade mark, the front views of which are the same as the first image shown above. Also included are images of the rear (which contains text in German) and the base of the various cans, the latter of which bear date codes, the relevance of which Mr Sacks, once again, explains. On the back of the can it is, once again, just, possible to discern the following: “Monster Khaos...” (pages 263 and 266);
- Mr Sacks states that the opponent sold the following quantity of MONSTER energy drinks in Germany bearing the KHAOS trade mark;

Year	No of cans (more than)
2011	1.0m
2012	3.2m
2013	2.1
To September 2014:	1.5

- Page 161 of exhibit RCS7 consists of photographs of the opponent’s goods in stores in Germany. The information provided by Nielsen, indicates that for the thirteen week period 31 October 2013 “Monster’s market share is 8.4% in the latest 13 weeks and 8.6% in the last four weeks”;
- Page 169 of exhibit RCS8 consists of a photograph taken at an “Edeka” store in Germany in which the opponent’s energy drinks can be seen. Mr Sacks points to data from Nielsen which indicates that in the thirteen week period ending September 2012, the opponent’s energy drinks held a 8.1% share of the energy drink market in Germany and an 8.4% share of the total energy drink market in Germany for the four week period ending on the same date;
- Exhibit RCS16, consists of screenshots obtained using the Internet Archive waybackmachine from the German version of the opponent’s website and which date from January 2012, February 2013 and September 2014. Images of the can in the form shown above appear on these pages;
- Pages 222 to 225 of exhibit RCS10 consists of “photographs taken from 2012 to 2013 at several gas stations located in Germany”. Although the quality of the images provided varies, cans of the type shown above can be seen in all of the photographs.

The remainder of Mr Sacks’ statement provides similar information to that above but in relation to the opponent’s use in the following territories:

- **The Baltic Nations (Estonia, Latvia and Lithuania)** in which the opponent launched its MONSTER energy drinks bearing the KHAOS trade mark in October 2012, October 2012 and June 2012 respectively. Mr Sacks states that the opponent sold the following quantity of energy drinks bearing the KHAOS trade mark in the countries indicated:

Year/Country	No of cans
2013 – Estonia	72,000
To September 2014:	24,480

Year/Country	No of cans
2013 - Latvia	106,560
To September 2014:	71,616

Year/Country	No of cans
2012 – Lithuania	269,592
2013	175,680
To September 2014:	110,880

- **The Benelux** - the opponent launched its MONSTER energy drinks bearing the KHAOS trade mark in Belgium and the Netherlands in April 2010 and September 2011 respectively. Mr Sacks states that the opponent sold the following quantity of energy drinks bearing the KHAOS trade mark in the countries indicated:

Year/Country	No of cans
2010 – Belgium	733,440
2011	More than 1m
2012	More than 1.3m
2013	More than 1.0m
To September 2014:	413,160

Year/Country	No of cans
2011 – Netherlands	230,080
2012	More than 1.2m
2013	707,464
To September 2014:	16,488

- **Italy** - the opponent launched its MONSTER energy drinks bearing the KHAOS trade mark in March 2012. Mr Sacks states that opponent sold the following quantity of energy drinks bearing the KHAOS trade mark in Italy:

Year	No of cans
2012	238,040
2013	599,592
To September 2014:	214,272

- **Czech Republic** - the opponent launched its MONSTER energy drinks bearing the KHAOS trade mark in June 2011. Mr Sacks states that the opponent sold the following quantity of energy drinks bearing the KHAOS trade mark in the Czech Republic:

Year	No of cans
2011	863,448
2012	800,592
2013	555,408
To September 2014:	312,480

- **Denmark** - the opponent launched its MONSTER energy drinks bearing the KHAOS trade mark in March 2011. Mr Sacks states that the opponent sold the following quantity of energy drinks bearing the KHAOS trade mark in Denmark:

Year	No of cans
2011	28,728
2012	604,800
2013	465, 696
To September 2014:	152,712

- **Finland** - the opponent launched its MONSTER energy drinks bearing the KHAOS trade mark in April 2011. Mr Sacks states that the opponent sold the following quantity of energy drinks bearing the KHAOS trade mark in Finland:

Year	No of cans
2011	110,640
2012	57,456
2013	65,016
To September 2014:	30,240

Sales have also taken place in Bulgaria (from September 2012), Norway (also from September 2012) and Portugal (it appears from 2013), but no sales figures for these jurisdictions have been provided.

6. The second statement is from Cristina Garrigues Martinez, a Legal Director at Bird & Bird LLP, the opponent’s professional representatives. Ms Martinez explains that on 2 July 2015, she conducted a search of google.co.uk for “cocktails using Monster Energy products as a mixer”. Exhibit CXG1, consists of the first page of the results of that search, with exhibit CX2 consisting of pages obtained from www.drinkswap.com which contains a number of entries under the heading “monster mixer Recipes”. These show Monster energy drink being mixed with rum, “Hypnotiq” liqueur, Jagermeister, Bacardi, vodka and schnapps. Exhibit CXG3, consists of a number of named recipes also from www.drinkswap.com i.e. “Jack Sparrow Recipe” (which specifically mentions “Monster Khaos”) and “Apollo Recipe” which mentions “Monster energy drink” and “orange monster”.

The applicant’s evidence

7. This also consists of two witness statements, the first of which is from David Gooder, the Chief Trademark Counsel to the applicant. Mr Gooder explains that the applicant’s mark was devised in May 2014 for use as a strap line in relation to a marketing and promotional campaign on social media for tequila sold under the applicant’s EL JIMADOR trade mark. It was, he states, first used in the United Kingdom in this way in July 2014 with use continuing until November 2014. Exhibit 1 consists of pages from

Facebook obtained on 26 August 2015 showing the applicant's mark in use. Mr Gooder states the mark was "coined as a reference to many aspects of Mexico". Exhibit 2 consists of a range of extracts from various websites and which contain the following:

- "This is a city for the bold, for those who love art, architecture and adventure and are open to its beautiful chaos" (from www.latimes.com on 14 February 2015);
- "...and Mexico City's beautiful chaos all channel into one defined sound..." (from www.austin360.com on 14 March 2012);
- "Daniel Hernandez navigates the beautiful chaos of Mexico City..." (from www.amazon.co.uk, date uncertain);
- "...I have lived all my life in Mexico City, so I'm used to its beautiful chaos" (from www.couchsurfing.com, date uncertain).

Exhibit 3 consists of an article entitled "Insider's Guide to Mexico City" which appeared in the Wall Street Journal on 30 October 2010 and which contained the following:

"..you will discover that Mexico City is one of the most dynamic and mysterious and beautifully chaotic places on the planet."

8. The second statement is from Hugh Christian Finn, a Director of Trade Marks at Murgitroyd & Company, the applicant's professional representative. Mr Finn explains that on 28 August 2015, he searched the website of the United Kingdom Intellectual Property Office ("IPO") "to ascertain the criteria used by the [IPO] to determine whether or not non-alcoholic beverages in class 32 should be considered to be the same as, or similar, to alcoholic beverages in class 33 (and vice versa), and if so, in what circumstances" (exhibit HCF1 refers). Exhibits HCF2 and HCF3 consist of pages from the IPO's website relating to the "cross-searching" of classes 5, 32 and 33. Mr Finn makes a number of comments upon the results of his investigations, comments I shall return to below.

9. That concludes my review of the evidence filed, to the extent that I consider it necessary.

DECISION

10. The opposition is based upon section 5(2)(b) of the Act which reads 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.”

11. An earlier trade mark is defined in section 6 of the Act, the relevant parts of which state:

“6.-(1) In this Act an “earlier trade mark” means -

(a) a registered trade mark, international trade mark (UK) or Community trade mark or international trade mark (EC) which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks,

(2) References in this Act to an earlier trade mark include a trade mark in respect of which an application for registration has been made and which, if registered, would be an earlier trade mark by virtue of subsection (1)(a) or (b), subject to its being so registered.”

12. In these proceedings, the opponent is relying upon the two trade marks shown in paragraph 2 above, both of which qualify as earlier trade marks under the above provisions. As trade mark No. 6401111 completed its registration process more than 5 years before the publication date of the application in suit, it is subject to proof of use, as per section 6A of the Act. In its Notice of Opposition, the opponent indicated that it has used its trade mark upon all of the goods for which it is registered and upon which it relies, and, in its counterstatement, the applicant asked the opponent to make good this claim. The other trade mark upon which the opponent relies i.e. No. 8774903 completed its registration process less than 5 years before the publication date of the application in suit, as a consequence, it is not subject to proof of use and the opponent is entitled to rely upon all of the goods it has identified.

The opponent’s best case

13. In its written submissions, the applicant stated:

“Insofar as the second mark upon which the opposition is based is concerned, namely M MONSTER KHAOS ENERGY + JUICE, that mark is quite obviously visually, conceptually and aurally so far removed from the mark BEAUTIFUL CHAOS that the chances of the two marks being confused with one another are remote...”

14. Given the additional elements present in No. 8774903, it is, in my view, No. 6401111 for the trade mark KHAOS which offers the opponent the best prospect of success in these proceedings. If the opponent does not succeed in relation to this trade mark it will, in my view, be in no better position in relation to No. 8774903. As I mentioned above, however, No. 6401111 is subject to the proof of use provisions, the relevant sections of the Act in relation to which read as follows:

“6A Raising of relative grounds in opposition proceedings in case of non-use

(1) This section applies where –

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

(b) there is an earlier trade mark 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 Community trade mark, any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Community.

(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.

(7) Nothing in this section affects –

(a) the refusal of registration on the grounds mentioned in section 3 (absolute grounds for refusal) or section 5(4) (relative grounds of refusal on the basis of an earlier right), or

(b) the making of an application for a declaration of invalidity under section 47(2) (application on relative grounds where no consent to registration).”

Section 100 of the Act is also relevant and reads:

“If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

Proof of use

15. In reaching a conclusion, I must apply the same factors as I would if I were determining an application for revocation of a trade mark registration based on grounds of non-use; the relevant period for present purposes is the five year period ending with the date of the publication of the application for registration i.e. 25 October 2009 to 24 October 2014. In *The London Taxi Corporation Limited v Frazer-Nash Research Limited & Ecotive Limited*, [2016] EWHC 52, Arnold J. summarised the case law on genuine use of trade marks. He said:

“I would now summarise the principles for the assessment of whether there has been genuine use of a trade mark established by the case law of the Court of Justice, which also includes *Case C-442/07 Verein Radetsky-Order v Bundervsvereinigung Kamaradschaft 'Feldmarschall Radetsky'* [2008] ECR I-9223 and *Case C-609/11 Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR 7, as follows:

(1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: *Ansul* at [35] and [37].

(2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Centrotherm* at [71]; *Leno* at [29].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Centrotherm* at [71]; *Leno* at [29].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure

customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71].

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: *Ansul* at [38] and [39]; *La Mer* at [22]-[23]; *Sunrider* at [70]-[71], [76]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34]; *Leno* at [29]-[30], [56].

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no *de minimis* rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72]; *Leno* at [55].

(8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].”

16. As the opponent's earlier trade mark is a EUTM, the comments of the Court of Justice of the European Union (“CJEU”) in *Leno Merken BV v Hagelkruis Beheer BV*, Case C-149/11 are relevant, where it noted that:

“36.It should, however, be observed that..... the territorial scope of the use is not a separate condition for genuine use but one of the factors determining genuine use, which must be included in the overall analysis and examined at the same time as other such factors. In that regard, the phrase ‘in the Community’ is

intended to define the geographical market serving as the reference point for all consideration of whether a Community trade mark has been put to genuine use.”

And

“50. Whilst there is admittedly some justification for thinking that a Community trade mark should – because it enjoys more extensive territorial protection than a national trade mark – be used in a larger area than the territory of a single Member State in order for the use to be regarded as ‘genuine use’, it cannot be ruled out that, in certain circumstances, the market for the goods or services for which a Community trade mark has been registered is in fact restricted to the territory of a single Member State. In such a case, use of the Community trade mark on that territory might satisfy the conditions both for genuine use of a Community trade mark and for genuine use of a national trade mark.”

And

“55. Since the assessment of whether the use of the trade mark is genuine is carried out by reference to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark serves to create or maintain market shares for the goods or services for which it was registered, it is impossible to determine a priori, and in the abstract, what territorial scope should be chosen in order to determine whether the use of the mark is genuine or not. A *de minimis* rule, which would not allow the national court to appraise all the circumstances of the dispute before it, cannot therefore be laid down (see, by analogy, the order in *La Mer Technology*, paragraphs 25 and 27, and the judgment in *Sunrider v OHIM*, paragraphs 72 and 77).”

The court held that:

“Article 15(1) of Regulation No 207/2009 of 26 February 2009 on the Community trade mark must be interpreted as meaning that the territorial borders of the Member States should be disregarded in the assessment of whether a trade mark has been put to ‘genuine use in the Community’ within the meaning of that provision.

A Community trade mark is put to ‘genuine use’ within the meaning of Article 15(1) of Regulation No 207/2009 when it is used in accordance with its essential function and for the purpose of maintaining or creating market share within the European Community for the goods or services covered by it. It is for the referring court to assess whether the conditions are met in the main proceedings, taking account of all the relevant facts and circumstances, including the characteristics of the market concerned, the nature of the goods or services protected by the trade mark and the territorial extent and the scale of the use as well as its frequency and regularity.”

17. In *The London Taxi Corporation Limited* case mentioned above, Arnold J. reviewed the case law since the *Leno* case and concluded as follows:

“228. Since the decision of the Court of Justice in *Leno* there have been a number of decisions of OHIM Boards of Appeal, the General Court and national courts with respect to the question of the geographical extent of the use required for genuine use in the Community. It does not seem to me that a clear picture has yet emerged as to how the broad principles laid down in *Leno* are to be applied. It is sufficient for present purposes to refer by way of illustration to two cases which I am aware have attracted comment.

229. In Case T-278/13 *Now Wireless Ltd v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* the General Court upheld at [47] the finding of the Board of Appeal that there had been genuine use of the contested mark in relation to the services in issues in London and the Thames Valley. On that basis, the General Court dismissed the applicant's challenge to the Board of Appeal's conclusion that there had been genuine use of the mark in the Community. At first blush, this appears to be a decision to the effect that use in rather less than the whole of one Member State is sufficient to constitute genuine use in the Community. On closer examination, however, it appears that the applicant's argument was not that use within London and the Thames Valley was not sufficient to constitute genuine use in the Community, but rather that the Board of Appeal was wrong to find that the mark had been used in those areas, and that it should have found that the mark had only been used in parts of London: see [42] and [54]-[58]. This stance may have been due to the fact that the applicant was based in Guildford, and thus a finding which still left open the possibility of conversion of the Community trade mark to a national trade mark may not have sufficed for its purposes.

230. In *The Sofa Workshop Ltd v Sofaworks Ltd* [2015] EWHC 1773 (IPEC), [2015] ETMR 37 at [25] His Honour Judge Hacon interpreted *Leno* as establishing that "genuine use in the Community will in general require use in more than one Member State" but "an exception to that general requirement arises where the market for the relevant goods or services is restricted to the territory of a single Member State". On this basis, he went on to hold at [33]-[40] that extensive use of the trade mark in the UK, and one sale in Denmark, was not sufficient to amount to genuine use in the Community. As I understand it, this decision is presently under appeal and it would therefore be inappropriate for me to comment on the merits of the decision. All I will say is that, while I find the thrust of Judge Hacon's analysis of *Leno* persuasive, I would not myself express the applicable principles in terms of a general rule and an exception to that general rule. Rather, I would prefer to say that the assessment is a multi-factorial one which includes the geographical extent of the use.”

18. The General Court (“GC”) restated its interpretation of *Leno Marken* in Case T-398/13, *TVR Automotive Ltd v OHIM* (see paragraph 57 of the judgment). This case

concerned national (rather than local) use of a EUTM. Consequently, in trade mark opposition and cancellation proceedings it continues to entertain the possibility that use of a EUTM in an area of the European Union corresponding to the territory of one Member State may be sufficient to constitute genuine use of a EUTM. This applies even where there are no special factors, such as the market for the goods/services being limited to that area of the European Union. Whether the use shown is sufficient for this purpose will depend on whether there has been real commercial exploitation of the EUTM, in the course of trade, sufficient to create or maintain a market for the goods/services at issue in the European Union during the relevant 5 year period. In making the required assessment I am required to consider all relevant factors, including:

- i) The scale and frequency of the use shown
- ii) The nature of the use shown
- iii) The goods and services for which use has been shown
- iv) The nature of those goods/services and the market(s) for them
- v) The geographical extent of the use shown

19. In its written submissions, the applicant comments upon the opponent's evidence in the following terms:

“The proof of use provided by the opponent demonstrates that the mark KHAOS is never used as a “stand alone” mark, but is always used as a subsidiary mark to the word MONSTER and a stylised “M” device, often combined with the word “ENERGY”. Thus the proof of use confirms that consumers are more likely to purchase the opponent's products by reference to the word MONSTER and/or the “M” device than they are to the sub-brand KHAOS which would be seen simply as a name for one particular formulation or flavour of the opponent's (non-alcoholic) energy drink.

It is submitted that the word KHAOS is not in fact used at all from the evidence and the mark as used is that which appears under UK registration (sic) No. 8774903 M MONSTER KHAOS ENERGY + JUICE. While use in a form not altering the distinctive character of a registered mark may support a registration, it is submitted that the use shown by the opponent is such that it alters the distinctive character, given the stylisation of the O to be a target and the addition of colour.

The evidence also demonstrates that the opponent's product is generally, if not commonly, sold as a chilled product (i.e. from a chiller cabinet in a supermarket, store or bar), which emphasises that its main purpose is to quench thirst or provide energy....”

In response to these comments, the opponent states:

“16...the opponent maintains that the evidence of use filed provides genuine use of [the EUTM in question]...”

17. In any case, any minor stylisation of the mark shown in the evidence does not affect the dominant element of the mark which is the word KHAOS.”

20. As one can see, the applicant’s submissions focus on the trade mark that has been used by the opponent (a point to which I shall return below). That, in my view, reflects a realistic acceptance on the applicant’s part that genuine commercial use has taken place in the European Union during the relevant period. Although the opponent has provided evidence of use in a range of jurisdictions in the European Union, the correctness of the applicant’s position can be tested adequately if one considers only, for example, the opponent’s use in the United Kingdom, France (where use began in February 2010) and Germany (where use began in August 2011); I will return to consider upon which goods use has taken place shortly. In the period 2010 to the end of September 2014 (all of which is within the relevant period), the opponent sold in excess of 35 million cans of a beverage bearing what it describes as its “KHAOS” trade mark in these jurisdictions alone. That use is, in my view, more than sufficient to constitute genuine use within the relevant period. Were there any doubts, factoring in the use that has also taken place in the Baltic Nations, the Benelux, Italy, the Czech Republic, Denmark and Finland puts the matter beyond any doubt.

21. Returning to the trade mark that has been used by the opponent, the evidence shows that the use to which the average consumer would most readily be exposed i.e. that on the front of the can, is as shown above i.e. in which the word KHAOS appears at the bottom of the can below a stylised letter “M” presented in colour and the stylised word “MONSTER”, also presented in colour and above the words and symbol “ENERGY + JUICE” which are also presented in colour. The word “KHAOS” is presented in upper case in colour and the letter “O” includes within it what the applicant describes as a target, but which I would describe as a viewfinder (of the sort found, for example, on a rifle). There are, however, other uses shown in the evidence, for example, on the rear of the can and on the opponent’s websites there appears the words “Monster Khaos”. In *Colloseum Holdings AG v Levi Strauss & Co.*, Case C-12/12, which concerned the use of one mark with, or as part of, another mark, the CJEU found that:

“31. It is true that the ‘use’ through which a sign acquires a distinctive character under Article 7(3) of Regulation No 40/94 relates to the period before its registration as a trade mark, whereas ‘genuine use’, within the meaning of Article 15(1) of that regulation, relates to a five-year period following registration and, accordingly, ‘use’ within the meaning of Article 7(3) for the purpose of registration may not be relied on as such to establish ‘use’ within the meaning of Article 15(1) for the purpose of preserving the rights of the proprietor of the registered trade mark.

32. Nevertheless, as is apparent from paragraphs 27 to 30 of the judgment in *Nestlé*, the ‘use’ of a mark, in its literal sense, generally encompasses both its independent use and its use as part of another mark taken as a whole or in conjunction with that other mark.

33. As the German and United Kingdom Governments pointed out at the hearing before the Court, the criterion of use, which continues to be fundamental, cannot be assessed in the light of different considerations according to whether the issue to be decided is whether use is capable of giving rise to rights relating to a mark or of ensuring that such rights are preserved. If it is possible to acquire trade mark protection for a sign through a specific use made of the sign, that same form of use must also be capable of ensuring that such protection is preserved.

34. Therefore, the requirements that apply to verification of the genuine use of a mark, within the meaning of Article 15(1) of Regulation No 40/94, are analogous to those concerning the acquisition by a sign of distinctive character through use for the purpose of its registration, within the meaning of Article 7(3) of the regulation.

35 Nevertheless, as pointed out by the German Government, the United Kingdom Government and the European Commission, a registered trade mark that is used only as part of a composite mark or in conjunction with another mark must continue to be perceived as indicative of the origin of the product at issue for that use to be covered by the term 'genuine use' within the meaning of Article 15(1)". (emphasis added)

22. It would not, in my view, be wholly unreasonable for one to conclude (as whether the use of the word "KHAOS" has been made in upper and lower case is not a material consideration), that use of "Khaos" as part of the composite trade mark "Monster Khaos" on both the rear of the can and on the opponent's websites does constitute use of the registered trade mark in line with the *Colloseum* criteria mentioned above.

23. In case I am found to be wrong in this, I go on to consider the evidence in further detail. I begin by reminding myself of the comments of Mr Richard Arnold Q.C. (as he then was) as the Appointed Person in *Nirvana Trade Mark*, BL O/262/06, in which he summarised the test under section 46(2) of the Act (the equivalent provision to section 6A4(a) of the proof of use provisions) as follows:

"33. The first question [in a case of this kind] is what sign was presented as the trade mark on the goods and in the marketing materials during the relevant period...

34. The second question is whether that sign differs from the registered trade mark in elements which do not alter the latter's distinctive character. As can be seen from the discussion above, this second question breaks down in the sub-questions, (a) what is the distinctive character of the registered trade mark, (b) what are the differences between the mark used and the registered trade mark and (c) do the differences identified in (b) alter the distinctive character identified in (a)? An affirmative answer to the second question does not depend upon the average consumer not registering the differences at all."

24. I am also guided by the approach adopted by the GC in Case T-690/14, *Sony Computer Entertainment Europe Limited v EUIPO* (the “vieta” case), in which the court stated:

“41 First, a comparison must be made between the mark in the form in which it was registered, and the intervener’s VIETA figurative mark (also represented in grey.....

42 In that regard, it must be held, as the applicant correctly submits, that the registered form, on the one hand, and the form used, on the other hand, present certain figurative differences (see the description of the contested mark, in the form in which it was registered, in paragraph 37 above). On the other hand, both forms of the mark have the word element ‘vieta’ in common.

43 It is necessary therefore to examine whether, as the applicant submits, the figurative differences between the contested mark in the form thus used and the form in which it was registered are capable of altering the distinctive character of that mark.

44 In order to determine whether there is an alteration in the distinctive character of the mark, it is necessary to assess the distinctiveness and dominance of the elements omitted in the form of the earlier mark used on the basis of the intrinsic qualities of each of those elements and the relative position of the different elements in the arrangement of the mark in the form that it was registered (see judgment of 10 June 2010 in *Atlas Transport v OHIM — Hartmann (ATLAS TRANSPORT)*, T-482/08, EU:T:2010:229, paragraph 31 and the case-law cited, and judgment of 5 December 2013 in *Olive Line International v OHIM — Carapelli Firenze (Maestro de Oliva)*, T-4/12, EU:T:2013:628, paragraph 24).

45 According to the case law, where a mark is constituted or composed of a number of elements and one or more of them is not distinctive, the alteration of those elements or their omission is not capable of altering the distinctive character of that trade mark as a whole (judgment of 29 September 2011 in *New Yorker SHK Jeans v OHIM — Vallis K.-Vallis A. (FISHBONE)*, T-415/09, EU:T:2011:550, paragraph 61; see also, to that effect, judgment of 24 November 2005 in *GfK v OHIM — BUS (Online Bus)*, T-135/04, ECR, EU:T:2005:419, paragraphs 35 to 41).

46 Therefore, it must be determined whether the figurative elements of the contested mark, as it was registered, constitute a distinctive element thereof.

47 In that regard, it must be held that, in fact, as the Cancellation Division and the Board of Appeal correctly found, the distinctive character of the contested mark is essentially derived, not from its figurative elements, but from its word element ‘vieta’ (see paragraphs 36 and 37 of the contested decision).

48 That word element has a high level of distinctive character and occupies an important position in the overall impression created by the contested mark, as registered, whilst the figurative elements have only weak distinctive character and occupy merely an ancillary position in that overall impression. Those figurative elements, including the typeface used, have a relatively marginal visual impact. The rectangular border does not present any originality in relation to usual commercial use. As regards the figurative elements made up of, on the one hand, grey rectangles separating the letters of the word 'vieta' and, on the other hand, white rectangles appearing in the middle of the sides of the rectangular border, they are very small in size, are not striking and do not present any originality.

49 Furthermore, it must be recalled that when a mark is composed of word elements and figurative elements, the former are, as a rule, more distinctive than the latter, since the average consumer will more easily refer to the goods in question by citing the name rather than describing the figurative element of the mark (see judgment of 2 February 2011 in *Oyster Cosmetics v OHIM — Kadabell (Oyster cosmetics)*, T-437/09, EU:T:2011:23, paragraph 36 and the case-law cited).

50 In addition, the assessment by the Board of Appeal that the font and the colour (black or grey) of the representations of the term 'vieta' in the form of the contested mark used, namely in the form of the VIETA figurative mark, are not so original or unusual that they alter the distinctive character that the mark derives from that term (see paragraph 37 of the contested decision). The form used does not contain any figurative element that is dominant to the same extent as the term 'vieta' and has no inherent distinctive character whatsoever that would prevent the visual recognition of the contested mark, as registered. It is necessary to add, as OHIM correctly stated in its written submissions, that there is a 'panoramic effect' created both by the registered form and by the form in question used, even if that effect is more harmonious and more pronounced in the case of the form used.

51 Second, as regards the comparison of the contested mark, in the form registered, and the term 'vieta', which is reproduced in several of the pieces of evidence produced by the intervener during the administrative proceedings, it must be held, for the same reasons as those set out in paragraphs 46 to 49 above in relation to the VIETA figurative mark, that the use of that term constitutes an acceptable variation of the contested mark, for the purposes of point (a) of the second subparagraph of Article 15(1) of Regulation No 207/2009.

52 In the third place, it must be held that it follows from the considerations set out in paragraphs 47, 48 and 50 above that the allegation made by the applicant that the Board of Appeal did not compare the distinctive character of the contested mark as it was registered and that of the mark as it was used, asking itself

whether the distinctive character of the first mark was altered, is entirely unfounded on the facts.

53 In the fourth place, it must be held that the applicant cannot complain that the Board of Appeal applied in this case, in paragraph 37 of the contested decision, a criterion of 'overall impression'. According to the case-law, it is relevant to examine whether the differences between the mark used and the mark as registered are capable or not of changing the overall impression created by that mark (see, to that effect, judgments of 10 June 2010 in *Atlas Transport v OHIM — Hartmann (ATLAS TRANSPORT)*, T-482/08, EU:T:2010:229, paragraph 42 and of 24 May 2012 in *TMS Trademark-Schutzrechtsverwertungsgesellschaft v OHIM — Comercial Jacinto Parera (MAD)*, T-152/11, EU:T:2012:263, paragraph 41).

54 It follows from all the foregoing considerations that the Board of Appeal was fully entitled to hold that the contested mark had been used in a form that did not alter its distinctive character..."

25. The distinctive character of the opponent's trade mark is, as in the "vieta" case mentioned above, "essentially derived" from the word "KHAOS", a word which has at least a normal degree of inherent distinctive character and which "occupies an important position in the overall impression created" by the opponent's trade mark. As to the figurative element (which appears in the letter "O"), in my view, it occupies "merely an ancillary position in the overall impression" and has "a relatively marginal visual impact." Insofar as the colours in which the word "KHAOS" is presented, once again, as in the "vieta" case, they are "not so original or unusual that they alter the distinctive character". Bearing all of those conclusions in mind, I am satisfied that the opponent's use of the word "KHAOS" in the format described above, is use in a form which does not alter its distinctive character and is use upon which the opponent is entitled to rely.

26. Having concluded that the opponent's use has been genuine and that the form in which its trade mark has been used does not alter its distinctive character all that remains at this point is for me to determine upon which goods the trade mark has been used and what constitutes a fair specification. The opponent's trade mark is registered for:

Class 5 - Nutritional supplements.

Class 32 - Non alcoholic beverages.

27. In *Roger Maier and Another v ASOS*, [2015] EWCA Civ 220, Kitchen L.J. (with whom Underhill L.J. agreed) set out the correct approach for devising a fair specification where the mark has not been used for all the goods/services for which it is registered. He stated:

“63. The task of the court is to arrive, in the end, at a fair specification and this in turn involves ascertaining how the average consumer would describe the goods or services in relation to which the mark has been used, and considering the purpose and intended use of those goods or services. This I understand to be the approach adopted by this court in the earlier cases of Thomson Holidays Ltd v Norwegian Cruise Lines Ltd [2002] EWCA Civ 1828, [2003] RPC 32; and in West v Fuller Smith & Turner plc [2003] EWCA Civ 48, [2003] FSR 44. To my mind a very helpful exposition was provided by Jacob J (as he then was) in ANIMAL Trade Mark [2003] EWHC 1589 (Ch); [2004] FSR 19. He said at paragraph [20]:

“... I do not think there is anything technical about this: the consumer is not expected to think in a pernicky way because the average consumer does not do so. In coming to a fair description the notional average consumer must, I think, be taken to know the purpose of the description. Otherwise they might choose something too narrow or too wide. ... Thus the "fair description" is one which would be given in the context of trade mark protection. So one must assume that the average consumer is told that the mark will get absolute protection ("the umbra") for use of the identical mark for any goods coming within his description and protection depending on confusability for a similar mark or the same mark on similar goods ("the penumbra"). A lot depends on the nature of the goods – are they specialist or of a more general, everyday nature? Has there been use for just one specific item or for a range of goods? Are the goods on the High Street? And so on. The whole exercise consists in the end of forming a value judgment as to the appropriate specification having regard to the use which has been made.”

64. Importantly, Jacob J there explained and I would respectfully agree that the court must form a value judgment as to the appropriate specification having regard to the use which has been made. But I would add that, in doing so, regard must also be had to the guidance given by the General Court in the later cases to which I have referred. Accordingly I believe the approach to be adopted is, in essence, a relatively simple one. The court must identify the goods or services in relation to which the mark has been used in the relevant period and consider how the average consumer would fairly describe them. In carrying out that exercise the court must have regard to the categories of goods or services for which the mark is registered and the extent to which those categories are described in general terms. If those categories are described in terms which are sufficiently broad so as to allow the identification within them of various sub-categories which are capable of being viewed independently then proof of use in relation to only one or more of those sub-categories will not constitute use of the mark in relation to all the other sub-categories.

65. It follows that protection must not be cut down to those precise goods or services in relation to which the mark has been used. This would be to strip the proprietor of protection for all goods or services which the average consumer would consider belong to the same group or category as those for which the mark has been used and which are not in substance different from them. But conversely, if the average consumer would consider that the goods or services for which the mark has been used form a series of coherent categories or sub-categories then the registration must be limited accordingly. In my judgment it also follows that a proprietor cannot derive any real assistance from the, at times, broad terminology of the Nice Classification or from the fact that he may have secured a registration for a wide range of goods or services which are described in general terms. To the contrary, the purpose of the provision is to ensure that protection is only afforded to marks which have actually been used or, put another way, that marks are actually used for the goods or services for which they are registered.”

28. In his evidence, Mr Sacks consistently refers to the opponent’s KHAOS beverage as an “energy drink”, and in its submissions, the applicant refers to the opponent’s KHAOS product by the same term. I note that collinsdictionary.com defines “energy drink” as “a soft drink containing ingredients designed to boost the drinker's energy, esp after exercise”; this accords with my own understanding of the term. As to the opponent’s goods in class 5, it is, in my view, most unlikely that the average consumer would describe the opponent’s KHAOS beverage as a “nutritional supplement”. However, even if he did, and even if the opponent was entitled to rely upon such goods for the purposes of this opposition, it would not improve its case, as such goods are self-evidently less similar to the applicant’s goods in class 33 than are the opponent’s goods in class 32. Returning to the opponent’s specification in class 32, the phrase “non-alcoholic beverages” is very broad, encompassing a wide range of goods. However, as the opponent’s evidence demonstrates, it is a not insignificant player in what Nielsen describes as the “energy drink” market. That, in my view, is a more accurate reflection of the market in which the opponent’s KHAOS beverage competes and would accord with how the average consumer would describe the opponent’s KHAOS beverage. “Energy drinks” are, in my view, “a coherent sub-category” of “non-alcoholic beverages” and it is that term which, in my view, represents a fair specification upon which the opponent is entitled to rely in these proceedings.

Section 5(2)(b) – case law

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

The principles:

- (a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;
- (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;
- (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;
- (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;
- (f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;
- (g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;
- (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;
- (i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;
- (j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;
- (k) if the association between the marks creates a risk that the public will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

The average consumer and the nature of the purchasing act

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

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

31. The average consumer of energy drinks in class 32 is a member of the public at large, whereas the average consumer of the goods in class 33 is a member of the adult general public. The goods at issue are sold through a range of channels, including retail premises such as supermarkets and off-licences (where they are normally displayed on shelves and obtained by self-selection) and in bars, public houses and restaurants (where they will be displayed on, for example, shelves behind the bar and where the trade marks will appear on drinks lists, menus etc.). When the goods are sold in bars, public houses and restaurants, there will be an oral component to the selection process. However, there is nothing to suggest that the goods are sold in such a manner as to preclude a visual inspection. Consequently, while the goods may be ordered orally in bars, public houses and restaurants, it is likely to be in the context of, for example, a visual inspection of the can/bottle or drinks list/menu prior to the order being placed. Considered overall, the selection process will, in my view, be a predominantly visual one, although aural considerations will play their part. As to the level of attention that will be paid, the cost of the goods typically, is likely to be relatively low. However, as the average consumer will wish to ensure they are selecting the correct type, flavour and size of beverage, they are likely, in my view, to pay an average degree of attention to their selection (i.e. no higher or lower than the norm).

Comparison of goods

32. Following the proof of use assessment, the comparison to be made is as follows:

Opponent's goods	Applicant's goods
Class 32 - Energy drinks	Class 33 - Alcoholic beverages, including distilled spirits.

33. In the judgment of the CJEU in *Canon*, Case C-39/97, the Court stated at paragraph 23 of its judgment that:

“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”.

34. The relevant factors identified by Jacob J. (as he then was) in the *Treat* case, [1996] R.P.C. 281, for assessing similarity were:

- a) The respective users of the respective goods or services;
- b) The physical nature of the goods or acts of services;
- c) The respective trade channels through which the goods or services reach the market;
- d) In the case of self serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- e) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

35. In *Kurt Hesse v OHIM*, Case C-50/15 P, the CJEU stated that complementarity is an autonomous criteria capable of being the sole basis for the existence of similarity between goods. In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, Case T-325/06, the GC stated that “complementary” means:

“...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”.

36. A brief review of the parties’ competing submissions in relation to the goods at issue (which while filed prior to the proof of use assessment are still of assistance), can be seen from the following exchanges. In its Notice of Opposition, the opponent stated:

“22. The opponent submits that the applicant’s goods in class 33 are similar to the opponent’s goods in class 32. Although their production processes are different, these goods all belong to the same category of drinks intended for the general public. They can all be served in restaurants in bars and are on sale in supermarkets and grocery stores. These drinks can be found in the same area of

supermarkets, even though some distinction can be made, for example, according to their respective subcategory.

23. Furthermore, the essence of fruit can be used as a flavouring ingredient by the manufacturers of beverages. Carbonated soft drinks are used in small quantities to mix with alcoholic beverages in order to prepare cocktails. Albeit they differ in nature, there is a certain proximity between the goods covered by the opposed mark and the earlier goods. They may coincide in producers (some spirit producers also manufacture essences/extracts) they can target the same public (when used for cocktails) and share the same distribution channels (convenience shops/supermarkets).”

In its submissions accompanying its evidence, the opponent argued:

“10 [the goods at issue] are often sold side by side in both shops, bars and on drink menus. These goods target the same public and they may be sold in competition.

11. The goods are made of the same natural ingredients, such as apples, grapes, cherries etc...The share some common features with regard to the raw materials of the types of beverages (natural fruits and/or water) and their function. The goods have a similar nature and can all quench thirst.

12. The goods are often consumed together. The opponent’s goods are mixed together with different types of spirits to create alcoholic cocktails...”

In its counterstatement, the applicant stated:

“Furthermore, as regards the goods of the respective marks, the only thing that can be said to be in common is that they are beverages; otherwise, the applicant’s goods are neither the same as, nor similar to, the opponent’s. [The opponent’s goods] are not usually drunk with, mixed with or sold for use with alcoholic beverages in the nature of wines, spirits or liqueurs, either in bars, pubs or restaurants or in supermarkets or grocery stores. In the latter, the applicant’s and the opponent’s goods would be found in quite separate sections.”

The following arguments emerge from the applicant’s submissions accompanying its evidence:

“2. One only need be a purchaser in stores to know that alcoholic beverages, because of their regulated sale are typically not sold side by side with non-alcoholic beverages...;

3...Even if there is side by side sale, this does not mean that they are the same or similar goods, even though they target the same public. The applicant would also dispute that alcoholic beverages are sold in competition with non-alcoholic

beverages per se – they are simply alternatives, and consumers will purchase them for different purposes...;

...that alcoholic beverages are not bought primarily with a view to quenching thirst and...consumers will most definitely give serious consideration as to whether or not they are purchasing an alcoholic or non-alcoholic beverage and will most definitely choose one over the other deliberately...

The fact that alcoholic and non-alcoholic beverages may be made from the same natural ingredients is irrelevant; any product intended for consumption by human beings fulfils this criteria;

Likewise, that fact that the opponent's goods may be mixed with alcoholic beverages by consumers does not mean that alcoholic beverages are therefore the same as or similar to non-alcoholic beverages; if anything, it demonstrates that they are, in fact, different, in that consumers of the opponent's non-alcoholic sports drink who want to feel the effects of alcohol whilst drinking the product must take the active step of adding an alcoholic drink to it..."

Finally, by reference to the evidence of Mr Finn in relation to the [IPO's] guide to cross searching mentioned above, the applicant states:

"...according to that listing, non-alcoholic beverages in class 32 in the nature of those listed in the specification for both of the opponent's marks are not considered the same as alcoholic beverages in class 33 as are covered by the applicant's mark..."

37. Many of the above submissions were deployed and dealt with by the GC in its decision in Case T-278/10 *Wesergold Getränkeindustrie GmbH & Co KG v EUIPO*. Although in that case the Court was considering, inter alia, the degree of similarity between an application for "Spirits, in particular whisky" (rather than alcoholic beverages at large) and (broadly speaking) non-alcoholic beverages, its conclusions are nonetheless of assistance. It stated:

"30 As regards that comparison, the applicant claims, first, that the fact that certain consumers are mindful of the difference between alcoholic beverages and non-alcoholic beverages does not mean that the other similarities between the goods in question can be overlooked. It submits that, for the great majority of consumers, the fact that a beverage contains, or does not contain, alcohol does not make a difference: rather, they make a spontaneous, impulsive choice from a selection of beverages proposed to them, in particular, on the menu of a bar or restaurant. The applicant disputes the aptness of invoking, in that context, Case T 175/06 *Coca-Cola v OHIM– San Polo (MEZZOPANE)* [2008] ECR II 1055, since that decision concerned wine, and not spirits.

31 In that respect, it should be observed that the Board of Appeal was correct in considering that the very nature of goods is different in light of the presence or absence of alcohol in their composition. The presence, or absence, of alcohol in a beverage is perceived by the relevant public as a significant difference as regards the nature of the beverages at issue. Contrary to the assertions made by the applicant, members of the general public of the European Union are observant, and differentiate between alcoholic and non-alcoholic beverages even when they choose a beverage on impulse. Accordingly, the Board of Appeal was correct to find in the contested decision, taking as its point of reference the MEZZOPANE case (paragraph 30 above, paragraphs 80 to 82), that the average consumer makes that distinction when comparing the spirits of the mark applied for with the non-alcoholic beverages of the earlier marks.

32 Secondly, the applicant claims that there is a significant overlap between the intended purpose or method of use of the goods covered by the signs at issue, on the ground that spirits are often mixed with non-alcoholic beverages. Accordingly, those drinks are sometimes pre prepared in a mixed form, such as 'alcopops', or even drunk together in the form of cocktails or long drinks.

33 In that respect, it should be pointed out that the Board of Appeal did not err in finding that the goods at issue overlapped partially as regards their intended purpose or method of use. The fact that spirits are often mixed with non-alcoholic drinks, whether in a pre-packaged form or in the form of cocktails and long drinks, does not call into question the fact that spirits – and whisky, in particular – are also often packaged and consumed unmixed.

34 Thirdly, the applicant contests the Board of Appeal's finding that, because of the particular process for producing spirits, which is completely different from the process used for non-alcoholic beverages, the relevant public does not assume that spirits and non-alcoholic beverages are produced by the same undertaking. The applicant claims that this finding does not correspond to reality and, in support of its argument, puts forward examples of producers of both fruit juices and fruit-based eaux de vie, and internet sites.

35 In that respect, it should be noted first of all that the applicant has produced the abovementioned evidence for the first time before the General Court. However, the purpose of actions before the Court is to secure review of the legality of decisions of the Boards of Appeal of OHIM for the purposes of Article 65 of Regulation No 207/2009 and, accordingly, the role of the Court is not to re-evaluate the facts in the light of documents produced for the first time before it. The abovementioned documents must therefore be disregarded, there being no need to assess their probative value (see, to that effect, Case T 346/04 Sadas v OHIM – LTJ Diffusion (ARTHUR ET FELICIE) [2005] ECR II-4891, paragraph 19 and the case-law cited). Moreover, the fact that, in a certain number of cases, producers of eaux de vie or other spirits also produce non-alcoholic beverages does not call into question the finding that the average consumer does not

assume that spirits and non-alcoholic beverages are produced by the same undertaking. Given the entirely different methods of production, the Board of Appeal was entitled to find that the relevant public does not usually believe that alcoholic and non-alcoholic beverages come from the same undertaking.

36 The applicant also submits that the similarity of the goods does not depend on whether or not the goods at issue have been manufactured on the same production sites, but rather on whether the relevant public may believe that they come from the same undertaking or from connected undertakings. In the present case, the difference, relied upon by the Board of Appeal, between the production processes for spirits and those for non-alcoholic beverages supports the inference that the relevant public will not believe that the two types of product come from the same undertaking or from connected undertakings.

37 Fourthly, the applicant contests the Board of Appeal's finding that spirits are beverages consumed for pleasure whereas non-alcoholic beverages are beverages consumed to quench thirst. The applicant submits that, because of their high sugar content, many non-alcoholic beverages are not consumed to quench thirst, but are deliberately consumed for their taste and for pleasure.

38 In that respect, it should be observed that the relevant public will not perceive spirits as beverages intended to quench thirst. Furthermore, even if it is true that many non-alcoholic beverages with high sugar content are not thirst-quenching, the relevant public will nevertheless perceive them as such, especially when they are served chilled. Given the effects of alcohol on health as well as on physical and intellectual performance, the average consumer will only occasionally consume spirits, for pleasure and for their taste. In contrast, non-alcoholic beverages are generally consumed to quench thirst, despite the fact that the average consumer may choose them according to their taste. In any event, the Board of Appeal was correct to find that, for the relevant public, the presence or absence of alcohol and the differences in taste between spirits and the non-alcoholic beverages designated by the earlier trade marks were more significant than their common intended purpose and method of use.

39 Fifthly, the applicant claims that the goods at issue are complementary, in that spirits are consumed in many forms and mainly in a mixed form.

40 In that respect, it should be noted that complementary goods are goods which are closely connected in the sense that the purchase of one is indispensable or important for the use of the other (see, to that effect, *MEZZOPANE*, paragraph 30 above, paragraph 67). However, the purchase of non-alcoholic beverages cannot be considered indispensable for the purchase of spirits, or vice versa. While there is admittedly a link between those two types of product, it is limited to the case of mixed beverages. It is only in those circumstances that a purchaser of one of those products would be led to purchase the other or vice versa.

However, as was noted in paragraph 33 above, spirits and non alcoholic beverages are often consumed unmixed.

41 In view of all the above, the Board of Appeal did not make an error of assessment in finding that there is only a low degree of similarity between the spirits covered by the mark applied for and the non-alcoholic beverages covered by the earlier marks.”

38. Turning first to the applicant’s evidence and submissions regarding the guidance contained in the IPO’s “cross-search list”, as the applicant accepts, this is a general guide intended to be used by Trade Mark Examiners during the ex officio phase of an application for registration. Once an application has been opposed, the proceedings are inter partes ones and a decision on whether goods are similar is made on the basis of any evidence and submissions provided by the parties taking into account the above case law.

39. Turning to the goods themselves, the users are the same, at least to the extent that users of the applicant’s alcoholic beverages i.e. the adult general public may also be users of the opponent’s energy drinks. The nature of the competing goods is also the same, at least insofar as both are liquids; both parties’ goods are also beverages. However, that level of generality tells one little and, as a consequence, it is necessary to dig deeper.

40. The goods differ in that the applicant’s goods are alcoholic and the opponents are not. As the GC noted, this is a “significant difference as regards the nature of the beverages at issue”. As to how the goods are manufactured, I note that the opponent accepts that the “production processes are different.” Turning to the intended purpose and method of use of the goods at issue, the opponent’s energy drinks are, in my view, primarily intended to quench the thirst, whereas the applicant’s goods are primarily intended to provide a pleasurable taste and drinking experience. Whilst the goods at issue will (most often) be packaged and consumed in an unmixed form, as the opponent’s evidence demonstrates, its goods may be mixed with various alcoholic beverages to create an alcoholic cocktail, which in turn results in a degree of similarity in the intended purpose/method of use. However, the fact that there is a link to that limited extent, does not, in my view, lead to the conclusion that the goods are complementary within the parameters set out in the case law i.e. “that one is indispensable or important for the use of the other...”, because, as I mentioned above, the goods at issue are most often packaged and consumed unmixed.

41. In relation to trade channels, my own experience (experience which will, in my view, accord with that of the average consumer) tells me that in retail outlets such as supermarkets (whether in the physical or virtual world) the goods will be found in either different areas of the store or in different areas of a website; I accept that in smaller outlets with limited space, their proximity may be somewhat closer. Insofar as channels such as bars, pubs and restaurants are concerned, the goods will, in my experience, be on display in different parts of the bar and will appear on different parts of, for example,

drinks lists/menus. Finally, given my comments above in relation to the important distinction between alcoholic and non-alcoholic beverages and the differing purposes for which they are consumed, I am unable to detect any realistic element of competition between the goods at issue.

42. Weighing up all the above factors, there is, in my view, a low degree of similarity between the opponent's "energy drinks" and the applicant's "alcoholic beverages, including distilled spirits."

Comparison of trade marks

43. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a trade mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the trade marks must be assessed by reference to the overall impressions created by the trade marks, bearing in mind their distinctive and dominant components. The CJEU stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

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

44. It would be wrong, therefore, artificially to dissect the trade marks, although, it is necessary to take into account the distinctive and dominant components of the trade marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the trade marks. Although both parties made a range of submissions in respect of this aspect of the proceedings, I do not intend to repeat all of these submissions here. Suffice to say I have borne of all these submissions in mind in reaching the conclusions which follow. The trade marks to be compared are as follows:

Opponent's trade mark	Applicant's trade mark
KHAOS	BEAUTIFUL CHAOS

45. As the opponent's trade mark consists of a single word presented in upper case, no part of which is highlighted or emphasised in any way, that is the overall impression it will convey and where its distinctiveness lies.

46. Turning to the applicant's trade mark, this consists of two English language words i.e. "BEAUTIFUL" and "CHAOS" presented in upper case; the meaning of both of these words will be well-known to the average consumer. In its submissions, the opponent argues that:

“17...the dominant and most distinctive element of the opposed mark is the CHAOS element, BEAUTIFUL just being an adjective qualifying the dominant element CHAOS.”

In its submissions, the applicant states that its trade mark:

“must be considered as the sum of both words.”

47. I see no reason why an average consumer in the United Kingdom (who is accustomed to reading from left to right) would regard the word “CHAOS” as the dominant element of the applicant’s trade mark. In my view, both elements of the applicant’s trade mark will make an equal contribution to the overall impression it conveys and will contribute equally to its distinctiveness.

Visual comparison

48. The competing trade marks consist of one and two words respectively. Although the opponent’s trade mark begins with a letter “K” and the second word of the applicant’s trade mark begins with a letter “C”, they share the letters “H-A-O-S” which constitute the second to fifth letters of both the opponent’s five letter trade mark and the second five letter word in the applicant’s trade mark. The word “BEAUTIFUL” which appears as the first word in the applicant’s trade mark is, however, completely alien to the opponent’s trade mark. Considering the similarities and differences mentioned, results, in my view, at best, in a medium degree of visual similarity between the competing trade marks.

Aural similarity

49. Consisting as it does of two well-known dictionary words, the pronunciation of the applicant’s trade mark is entirely predictable i.e. as the three and two syllable words BEAU-TI-FUL CHA-OS. As to the opponent’s trade mark, this will, in my view, despite its differing first letter, be pronounced in an identical fashion to the word “CHAOS” appearing in the applicant’s trade mark, resulting in a medium degree of aural similarity between them.

Conceptual similarity

50. I have already concluded that the opponent’s trade mark will be articulated in an identical fashion to the well-known word “CHAOS”. As the letter “K” which appears at the beginning of the opponent’ trade mark will not, in my view, affect the conceptual meaning conveyed by it i.e. it will be interpreted as the word “CHAOS”, it follows that the concept conveyed by the opponent’s trade mark and the second word in the applicant’s trade mark is identical. In its submissions the applicant stated:

“The phrase BEAUTIFUL CHAOS is, in itself, highly unusual, being a distinctive oxymoron...The combination of the noun “chaos”, which is generally understood

to have a negative connotation, and as something to be avoided, with the adjective “beautiful”, which has a generally positive connotation, conveys an unnerving overall meaning to persons hearing the phrase, implying that chaos is something that could be viewed as beautiful.”

51. I accept that the juxtaposition of “BEAUTIFUL” and “CHAOS” is somewhat unusual and that the word “BEAUTIFUL” in the applicant’s trade mark qualifies the word “CHAOS”. However, notwithstanding Mr Gooder’s evidence, I am not satisfied that the average consumer in the United Kingdom would be aware that the phrase “beautiful chaos” was a reference to Mexico or in particular Mexico City and, as a consequence, I am not satisfied that the words “hang together” to create a unified whole. As the word BEAUTIFUL does nothing to alter the meaning of the word CHAOS in the applicant’s trade mark and as the meaning of the word KHAOS/CHAOS permeates both trade marks, it results in them being conceptually similar to a fairly high degree.

Distinctive character of the earlier trade mark

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

53. The word “KHAOS” (or for that matter the word “CHAOS” spelt correctly) does not, as far as I am aware (and there is no evidence or submissions to the contrary) have any descriptive or non-distinctive qualities in relation to energy drinks. It has, as a consequence, an above average degree of inherent distinctive character in relation to such goods. However, having also factored in the use the opponent has made of its KHAOS trade mark in the United Kingdom between February 2010 and the date of the application for registration, I have no hesitation in concluding that in relation to energy drinks, it is a trade mark possessed of a high degree of distinctive character.

Likelihood of confusion

54. In determining whether there is a likelihood of confusion, a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and vice versa. As I mentioned above, it is also necessary for me to keep in mind the distinctive character of the opponent’s trade mark as the more distinctive this trade mark is, the greater the likelihood of confusion. I must also keep in mind the average consumer for the goods, the nature of the purchasing process and the fact that the average consumer rarely has the opportunity to make

direct comparisons between trade marks and must instead rely upon the imperfect picture of them he has retained in his mind. Earlier in this decision I concluded that:

- the opponent's best prospect of success lies in its word only registration of the word KHAOS;
- the opponent has made genuine use of this trade mark in the European Union within the relevant period and the average consumer would describe this use as being in relation to "energy drinks";
- the average consumer of the opponent's goods is the public at large whereas the average consumer of the applicant's goods is the adult general public;
- while visual considerations will dominate the selection process, aural considerations will also play their part;
- when selecting the goods at issue the average consumer's level of attention will typically be no higher or lower than normal;
- the goods at issue are similar to a low degree;
- the competing trade marks are visually similar to at best a medium degree, aurally similar to a medium degree and conceptually similar to a fairly high degree;
- the opponent's trade mark has, by virtue of the use that has been made of it in the United Kingdom, a high degree of distinctive character in relation to energy drinks.

55. In my view, the presence of the word BEAUTIFUL in the applicant's trade mark and the somewhat unusual use of the letter "K" as the first letter of the opponent's trade mark (which will not go unnoticed by the average consumer) are sufficient from both a visual and aural perspective to militate against direct confusion i.e. where one trade mark is mistaken for the other. That being the case, I now need to decide whether there will be indirect confusion. The difference between direct and indirect confusion was considered by Mr Iain Purvis Q.C. as the Appointed Person in *L.A. Sugar Limited v By Back Beat Inc*, Case BL-O/375/10, in which he noted that:

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

the following lines: “The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark.

17. Instances where one may expect the average consumer to reach such a conclusion tend to fall into one or more of three categories:

(a) where the common element is so strikingly distinctive (either inherently or through use) that the average consumer would assume that no-one else but the brand owner would be using it in a trade mark at all. This may apply even where the other elements of the later mark are quite distinctive in their own right (“26 RED TESCO” would no doubt be such a case).

(b) where the later mark simply adds a non-distinctive element to the earlier mark, of the kind which one would expect to find in a sub-brand or brand extension (terms such as “LITE”, “EXPRESS”, “WORLDWIDE”, “MINI” etc.).

(c) where the earlier mark comprises a number of elements, and a change of one element appears entirely logical and consistent with a brand extension (“FAT FACE” to “BRAT FACE” for example).”

56. I remind myself that I have concluded that there is a medium degree of visual and aural similarity between the competing trade marks and the word KHAOS/CHAOS will send an identical conceptual message, a message which the presence of the adjective BEAUTIFUL in the applicant’s trade mark will qualify but not alter. I have also found that the use the opponent has made of its KHAOS trade mark in the United Kingdom in relation to energy drinks has rendered it distinctive to a high degree. Applying those conclusions to the matter at hand, I find that notwithstanding that the combination of “BEAUTIFUL” and “CHAOS” is somewhat unusual, it is the word “CHAOS” in the applicant’s trade mark that is likely to fix itself in the average consumer’s mind and in so doing will act as an important hook in prompting his recall of the competing trade marks. Notwithstanding what I have concluded is the low degree of similarity in the competing goods, this identical and unusual hook is, in my view, likely to lead the average consumer to assume that the goods at issue come from the same undertaking or undertakings which are economically linked i.e. there will be indirect confusion. As a consequence of that conclusion, the opposition to the application succeeds.

The applicant’s fall-back specification

57. In the event that the tribunal was minded to refuse its application, the applicant, in a letter dated 10 February 2016, offered a fall-back specification. It indicated that it was prepared to limit its specification to “tequila” (which Mr Gooder’s evidence indicates is the actual goods of interest to the applicant). However, as one of my principal findings in relation to the similarity in the competing goods stems from the similarity in the intended purpose/method of use resulting from the use of the opponent’s goods as a mixer with spirits, this fall-back specification does not assist the applicant.

Conclusion

58. The opposition to the application has succeed in relation to both the specification as filed and the fall-back specification. Subject to any successful appeal, the application will be refused.

Costs

59. As the opponent has been successful it is entitled to a contribution towards its costs. Awards of costs are governed by Annex A of Tribunal Practice Notice 4 of 2007. Using that TPN as a guide, I award costs to the opponent on the following basis

Preparing a statement and considering the other side's statement:	£300
Preparing evidence and considering and commenting on the other side's evidence:	£800
Written submissions:	£300
Official fee:	£100
Total:	£1500

60. I order Brown-Forman Corporation to pay to Monster Energy Company the sum of **£1500**. This sum is to be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 19th day of April 2016

C J BOWEN
For the Registrar
The Comptroller-General