

O-006-17

TRADE MARKS ACT 1994

TRADE MARK APPLICATION No. 3134673

BY COLD BLACK LABEL LTD

TO REGISTER A TRADE MARK IN CLASS 32

AND

OPPOSITION No. 406006

BY MOLSON COORS BREWING COMPANY (UK) LTD

Background and pleadings

1. This is an opposition by Molson Coors Brewing (UK) Ltd (“the opponent”) to an application by Cold Black Label Ltd (“the applicant”) to register the mark shown below in respect of “beers”.



2. The opponent claims that it has unregistered common law rights in marks consisting of the words BLACK LABEL, CARLING BLACK LABEL, as well as the appearance of black coloured ‘labels’ used as part of the get-up for nine different versions of its cans of its lagers. These particular designs were used between 1989 and the date of filing the opposition in February 2016. The use of the words CARLING BLACK LABEL (and therefore also BLACK LABEL) goes back to 1959. However, use of the words BLACK LABEL ceased in 1998. The opponent claims that the use of the words CARLING (and up to 1998, BLACK LABEL) in white letters on a black background between red coloured ‘tramlines’ was a consistent feature of the get-up used by the opponent for its cans of lager.

3. The opponent claims that lagers sold under the marks described above have been the bestselling lagers in the UK for decades. Consequently, the opponent has a substantial goodwill in this business. The opponent says that even though it has not used the words BLACK LABEL on its products since 1998, the words continue to be distinctive of its lagers. Further, the appearance of those words in white or silver letters on a black background (resembling a label) between red ‘tramlines’, is particularly distinctive of its lager. Use of the contested mark would therefore constitute a misrepresentation to the public, which would damage the opponent’s goodwill. Therefore, use of the mark would be contrary to the law of passing off, and registration would be contrary to s.5(4)(a) of the Trade Marks Act 1994 (“the Act”).

4. The opponent further claims that the application was filed in bad faith. In this connection, I note the following claims.

- The applicant knew about the opponent's reputation in the CARLING BLACK LABEL product at the date of filing the opposed application.
- There is a settlement agreement between the parties dated May 2014 as a result of the applicant's earlier use of a similar mark to the contested mark.
- Use of the contested mark would breach several clauses of that agreement.

5. The opponent therefore claims that the application should be refused under s.3(6) of the Act.

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

- Denied that the contested mark was similar to the marks used for any Molson Coors products or that there was any likelihood of confusion;
- Claimed that the colours red, black and white are commonly used in the beer industry, citing Stella Artois, Red Stripe, Kingfisher, Budweiser, Heineken, Camden Lager, Amstell, Miller, Curious Brew and London Pride;
- Explained that the application had been filed in class 32 because the applicant produces lagers and real ales.

The evidence

7. The opponent filed evidence in support of its opposition. The applicant did not file evidence in response.

8. The opponent's evidence consists of a witness statement by Mr Martin Coyle, who is the opponent's Marketing Director. Mr Coyle says that CARLING BLACK LABEL was first launched in 1952. Initially, it was sold through a network of 200 public houses. In 1976, sales of CARLING BLACK LABEL exceeded 1m barrels. In 1977 it became available for sale in cans. In 1983, the opponent launched its TV and media

advertising campaign featuring the strapline *"I bet he drinks CARLING BLACK LABEL"*. 41 such advertisements were published/aired over the following 10 years. Examples of the opponent's TV advertising in the period 1978 – 2009 are in evidence.¹ There are also examples of advertising in national newspapers, such as The Sun and The News of the World.²

9. Between 1983 and 1995, CARLING BLACK LABEL had a 14% share of the 'standard' lager market in the UK. In 1993, CARLING BLACK LABEL became the title sponsor for the football Premier League and remained so for 8 seasons. By 1996 the market share enjoyed by CARLING BLACK LABEL had grown to over 20%. In 1997, the mark's market share was 40% larger than its nearest rival, FOSTERS. CARLING remains the market leader, with over 29% of the identified market in 2015.

10. Mr Coyle says that although the words BLACK LABEL were dropped from the branding in 1998, customers continue to refer to the product as CARLING BLACK LABEL.

11. After the words were dropped from the branding, the opponent continued to spend millions of pounds per annum promoting CARLING lager using get-up and branding which included a black label on which the word CARLING appeared. As well as use of such branding on cans and in advertisements, the branding was also used on dispensing fonts and T-Bars in pubs, on beer mats and on merchandising items.³ The opponent spent £14m on advertising campaigns in 2006/7, and again in 2007/8.

12. In 2014, the opponent collaborated with Abbey Road Studios and others to bring together some emerging musical talent in a project called the CARLING BLACK LABEL PROJECT. Some limited edition bottles and glasses were produced for this event which featured the mark. Examples are in evidence.⁴

¹ See exhibit MC4

² See MC6

³ See MC3

⁴ See MC17

13. Mr Coyle says that there has been actual confusion amongst the opponent's customers in the past after they bought the applicant's COLD BLACK LABEL lager in 2013. He exhibits extracts from records of 7 communications received by the opponent's Helpdesk at that time. Four of these are from customers claiming to have picked up 'cold black label' or 'cold black' after mistaking it for CARLING. All blamed the similar appearance of the cans. A fifth customer was deceived when the shop owner told him that Cold Black Label was an extra cold version of CARLING. All of these customers were disappointed with the quality or taste of Cold Black Label. The sixth customer does not say that he was deceived. The purpose of his enquiry was to find out if Cold Black Label was a CARLING product. The Helpdesk also received an email from the Editor of Marketing Week asking the same question.

14. The opponent warned the applicant that it intended to launch proceedings for passing off. A settlement was reached. A copy of the Settlement Agreement dated May 2014 is in evidence.⁵ The agreement helpfully identifies the marks used by the opponent as follows.



⁵ See exhibit MC20

15. Although it is not easy to make out, the words BLACK LABEL appear on the first 6 cans shown from left to right on the top line of the above picture. The words are in relatively small letters on the last 2 cans, no doubt reflecting the opponent's policy of placing more emphasis on the word CARLING.

16. The applicant's mark was recorded in an annex to the agreement as being this mark.

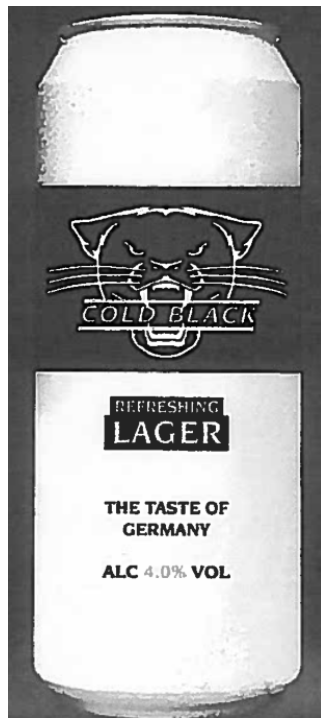


17. As can be seen, the words COLD BLACK (top) and COLD BLACK LABEL (bottom) appear on the can.

18. The applicant undertook not to make, have made, import, sell or supply beer in cans of this appearance, or in cans confusingly similar to it, or in cans confusingly similar to the Carling get-up (i.e. the marks shown in paragraph 14 above), or otherwise pass off its beer as Molson Coors or Carling lager. It also agreed to withdraw an application it had made to register the mark shown below.



However, the agreement states that the applicant would be entitled to use the following mark.



19. I note that the words BLACK LABEL do not appear on this can design.

The hearing

20. A hearing took place on 21st December 2016 at which Mr Simon Malynicz QC appeared as counsel for the opponent, instructed by Groom Wilkes & Wright LLP. Mr Rochie Bedesha and Mr Ian Jessop represented the applicant. I understand that they are officers of the applicant company.

The passing off right claim

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

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b) [.....]

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark.”

22. The necessary requirements to establish a passing off right are well established. They are, essentially, (1) goodwill in a business identified by a sign, (2) a misrepresentation by the defendant by the use of a sign similar enough to the claimant’s sign to deceive (intentionally or otherwise) a substantial number of the claimant’s customers or potential customers into believing that the defendant’s goods or services are those of the claimant, and (3) damage to the claimant’s goodwill caused by the defendant’s misrepresentation.

23. There is no evidence that the contested mark was in use prior to the date of the trade mark on 4th November 2015. Consequently, that is [the only] relevant date for assessing the passing-off right claim.

24. Mr Malynicz submitted that the opponent had a residual goodwill in the words BLACK LABEL as a result of the extensive use of those words up until 1998. He relied on the opponent's continued use of a black coloured 'label' device on, inter alia, cans for its lagers as a factor likely to have helped to preserve the goodwill associated with the words BLACK LABEL. In this connection, he reminded me of Mr Coyle's unchallenged evidence that the opponent's customers continue to refer to its lagers as CARLING BLACK LABEL. However, Mr Malynicz realistically accepted that this reputation is likely to be most prevalent amongst customers over 40 years of age.

25. So far as the law is concerned, Mr Malynicz relied on Kerly's Law of Trade Marks and Trade Names, 15th edn, which summarises the principles relating to extinction and abandonment of goodwill at paragraph 18-060 as follows (omitting footnotes):

"If a business ceases or suspends trading temporarily, there remains a residual goodwill which the claimant might wish to sell or use in a reopened business. If, once the business is definitively abandoned, however, so that the claimant no longer owns goodwill, there can be no passing off. Where no positive decision is made to abandon goodwill but trade under the mark has nonetheless ceased with no concrete plans for restarting operations, the question of whether any goodwill survives, and for how long, is a question of fact in each case."

26. As to the length of time that residual goodwill can survive the cessation of the use of a trade mark, Mr Malynicz reminded me that in *Minimax GmbH & Co Kg v Chubb Fire Ltd*⁶, Floyd J. (as he then was) said at [15]:

"It is difficult to define any minimum threshold. It will all depend on the facts. How big was the reputation when use stopped? How lasting in the public eye are the goods or services to which the mark is applied? How, if at all, has the person asserting the existence of the goodwill acted in order to keep the

⁶ [2008] EWHC 1960 (Pat)

reputation in the public eye? The greater each of these elements is, the longer, it seems to me, it will take for any goodwill to dissipate.

27. Mr Malynicz also reminded me that in *Maslyukov v Diageo Distilling Ltd & Anor* [2010] EWHC 443 (Ch), Arnold J. found that the goodwill in the name of a closed distillery of Scotch whisky had survived for many years, partly on the basis of a continued trade in old bottles of whisky from the distillery. He likened this to the facts in the present case where the reputation in the words BLACK LABEL had been sustained partly by the continued use of a black coloured label device on the cans of the opponent's beers.

28. It is well established that goodwill subsists in the business rather than in the trade marks of the business. The opponent's UK business in lagers has not ceased. Indeed, it has grown even larger since the opponent stopped using the words Black Label in 1998. Therefore, strictly speaking, it might not be correct to evaluate the opponent's claim as one based on residual goodwill in a ceased business. On this view of the matter, the real question is whether the words BLACK LABEL and/or the various get-ups previously used for the opponent's beers, which included those words and/or a black coloured label device, remained distinctive of the opponent's business at the relevant date.

29. I understood the applicant to accept that the words BLACK LABEL would probably still be associated with CARLING to many beer drinkers aged 40 or over. In my view, this was a necessary and sensible concession given (a) the strength of the opponent's reputation under CARLING BLACK LABEL up until 1998 (including the use of those words in the iconic TV advertising campaign featuring the strapline "*I bet he drinks CARLING BLACK LABEL*"), and (b) the opponent's continued use of a black coloured label device on cans of the opponent's bestselling lagers up until 2011.⁷ If I misunderstood the applicant and this point was not conceded, then I find that the words CARLING BLACK LABEL were distinctive of the opponent's business at the relevant date, at least to a significant proportion of the opponent's customers aged 40+. This would have been particularly the case where the words appeared

⁷ I have difficulty recognising a 'label' as such on the can design used since 2011.

between red tramlines on a black coloured label, reflecting the opponent's consistent get-up for its cans between the 1990s and 2011.

30. The applicant submitted that the opponent's reputation under the name CARLING BLACK LABEL was irrelevant because its customers were generally young drinkers, not over 40s. However, as Mr Malynicz pointed out, the evidence does not show any such limitation to the opponent's customer base. Further, given the opponent's exceptionally large share of the market for lagers, it would be surprising if its goodwill did not extend to a large numbers of customers aged over 40.

31. Turning to the question of misrepresentation, I remind myself that it is sufficient for the opponent's case if a substantial number of persons would be deceived into believing that the beers sold under the contested mark were those of the opponent, or were sold under the authorisation of the opponent.⁸ It is not therefore necessary for everyone, or even most people, to be deceived.

32. Mr Malynicz relied on Mr Coyle's evidence of complaints from at least 4 customers who had been deceived by a previous version of the applicant's mark. He submitted that it was unusual to find such evidence of actual confusion. This is because customers who are completely deceived are not usually in a position to complain about it, and customers who realise their mistake, but are satisfied with the product, often can't be bothered to make a complaint. Therefore, evidence of actual deception is usually just the tip of the iceberg. I accept the general proposition.

33. There was some dispute at the hearing about which mark the applicant used in 2013. However, in my view, it does not matter whether it was the mark shown at paragraph 16 above, or the mark shown in paragraph 55 of Mr Coyle's statement (which appears to show the words on the 'label' written in (or on) red⁹ between white or grey tramlines). In my view, neither of these marks is as similar to the signs I have found to be distinctive of the opponent's goodwill as the contested mark. This is

⁸ Per Morrill L.J. in *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC 473

⁹ It is hard to make out the words themselves in the mark shown in the statement.

because the contested mark shows the words BLACK LABEL in white/silver letters between red tramlines on a black background, i.e. in a way that closely reflects the signage used by the opponent. I do not think that this finding is undermined by the fact that the words BLACK LABEL and the get-up described above were used during different (but overlapping) periods. Mr Bedesha submitted that the contested mark was less similar to the opponent's marks than the mark(s) used previously by the applicant. I understood him to say that this was because the contested mark does not show the 'label' device at a sloping angle, as in the get-up of most of the opponent's cans. However, this depends on how the mark is applied to the goods. In any event, the angle of the 'label' device will have less impact on consumers than the colours used for it. In the contested mark, the colours used are more reminiscent of the opponent's get-up than in the earlier version(s) of the applicant's mark(s).

34. According to Mr Malynicz, the evidence of actual confusion simply confirmed what one would expect from just looking at the contested mark against the background of the opponent's extensive use of the words CARLING BLACK LABEL and a black label-type device with words appearing between red tram lines. Although the contested mark does not include the word CARLING, the combination of the words BLACK LABEL between red tramlines on a black rectangular 'label' type device was inherently likely to cause a significant proportion of the opponent's customers, or potential customers, to believe that the contested mark identified the opponent's lagers. The opponent's case is that the inclusion in the contested mark of a cat device and the word COLD are insufficient to point away, or counter, this message of a connection with the opponent. This is because the cat device is said to be subordinate to the words in the mark. Further, the opponent itself used a lion device as a background to its black label get-up for a number of years. Additionally, the word COLD is said to be lacking in distinctiveness because it is a selling point for lagers. It therefore lacks the capacity to distinguish the products of different undertakings.

35. I accept the opponent's submissions. In my judgment, use of the contested mark in relation to beers, including lagers, would amount to a misrepresentation to the public. This is because it would be likely to deceive a substantial number of the opponent's customers, particularly those in the 40+ age group, into believing that the

goods sold under the contested mark are those of the opponent. That would plainly damage the opponent's goodwill through diversion of sales. It could also damage its reputation, if customers are dissatisfied with the quality of the applicant's goods and blame the opponent.

36. The applicant has not sought to maintain any inherent distinction between the goods specified in the application – beers – and the goods sold under the opponent's marks – lagers. Indeed just before the current application was filed the applicant applied to register the mark shown below in relation to 'beers.'



So the applicant clearly saw lager as a type of beer. That is also my view of the matter.

37. At the hearing, one of the applicant's officers sought to make a different distinction. He submitted that the contested mark would not cause deception because it would not be used as a trade mark for a particular product, but rather as a house mark for a range of beers and ciders sold under different product names and marks. He showed me some labels illustrating such use of the contested mark.

38. There is no evidence from the applicant, so this point was made simply as a submission. I find the submission surprising given that the applicant also applied to register the version of the mark shown in paragraph 36 above. This appears to be very clearly a product mark. I note that the application to register this version of the mark was withdrawn shortly before the hearing, which might indicate a change in the applicant's intended use of the mark. However, none of this makes any difference because the specific nature of the applicant's intended use of the contested mark is irrelevant as a matter of law. This is because the trade mark application envisages use of the contested mark in relation to 'beers'. Whatever, the applicant's current

intentions may be, such use includes use of the mark as a product mark for a particular beer, as well as use as a house mark for a range of beers. The applicant's intentions can change (and indeed appear to have changed) over time. Further, once registered, the mark could be assigned to another owner who may decide to make different use of the mark. I am therefore required to consider the effect of all normal and fair uses of the applied for mark in relation to beers, which includes use of the contested mark as the mark for a particular lager product. For the reasons given above, I am satisfied that such use of the contested mark could have been restrained at the relevant date under the law of passing off. The opposition under s.5(4)(a) therefore succeeds.

The bad faith ground

39. Section 3(6) of the Act states:

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

40. The law in relation to section 3(6) of the Act (“bad faith”) was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited*¹⁰ as follows:

“130. A number of general principles concerning bad faith for the purposes of section 3(6) of the 1994 Act/Article 3(2)(d) of the Directive/Article 52(1)(b) of the Regulation are now fairly well established. (For a helpful discussion of many of these points, see N.M. Dawson, "Bad faith in European trade mark law" [2011] IPQ 229.)

131. First, the relevant date for assessing whether an application to register a trade mark was made in bad faith is the application date: see Case C- 529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35].

¹⁰ [2012] EWHC 1929 (Ch)

132. Secondly, although the relevant date is the application date, later evidence is relevant if it casts light backwards on the position as at the application date: see *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch), [2009] RPC 9 at [167] and cf. Case C-259/02 *La Mer Technology Inc v Laboratoires Goemar SA* [2004] ECR I-1159 at [31] and Case C-192/03 *Alcon Inc v OHIM* [2004] ECR I-8993 at [41].

133. Thirdly, a person is presumed to have acted in good faith unless the contrary is proved. An allegation of bad faith is a serious allegation which must be distinctly proved. The standard of proof is on the balance of probabilities but cogent evidence is required due to the seriousness of the allegation. It is not enough to prove facts which are also consistent with good faith: see *BRUTT Trade Marks* [2007] RPC 19 at [29], *von Rossum v Heinrich Mack Nachf. GmbH & Co KG* (Case R 336/207-2, OHIM Second Board of Appeal, 13 November 2007) at [22] and *Funke Kunststoffe GmbH v Astral Property Pty Ltd* (Case R 1621/2006-4, OHIM Fourth Board of Appeal, 21 December 2009) at [22].

134. Fourthly, bad faith includes not only dishonesty, but also "some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined": see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367 at 379 and *DAAWAT Trade Mark* (Case C000659037/1, OHIM Cancellation Division, 28 June 2004) at [8].

135. Fifthly, section 3(6) of the 1994 Act, Article 3(2)(d) of the Directive and Article 52(1)(b) of the Regulation are intended to prevent abuse of the trade mark system: see *Melly's Trade Mark Application* [2008] RPC 20 at [51] and *CHOOSI Trade Mark* (Case R 633/2007-2, OHIM Second Board of Appeal, 29 February 2008) at [21]. As the case law makes clear, there are two main classes of abuse. The first concerns abuse vis-à-vis the relevant office, for example where the applicant knowingly supplies untrue or misleading

information in support of his application; and the second concerns abuse vis-à-vis third parties: see *Cipriani* at [185].

136. Sixthly, in order to determine whether the applicant acted in bad faith, the tribunal must make an overall assessment, taking into account all the factors relevant to the particular case: see *Lindt v Hauswirth* at [37].

137. Seventhly, the tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of acceptable commercial behaviour) judged by ordinary standards of honest people. The applicant's own standards of honesty (or acceptable commercial behaviour) are irrelevant to the enquiry: see *AJIT WEEKLY Trade Mark* [2006] RPC 25 at [35]-[41], *GERSON Trade Mark* (Case R 916/2004-1, OHIM First Board of Appeal, 4 June 2009) at [53] and *Campbell v Hughes* [2011] RPC 21 at [36].

138. Eighthly, consideration must be given to the applicant's intention.”

41. The opponent's complaint in this case is that the application to register the contested mark was contrary to the settlement agreement between the parties made in 2014, or at least contrary to the intention of that agreement.

42. The contested mark is plainly confusingly similar to the mark shown in paragraph 16 above. Therefore, use of the contested mark would be contrary to clause 2.1.1(a) and (b) of the settlement agreement. However, the agreement covers use, not registration. The only trade mark application covered by the agreement is the application to register the first mark shown in paragraph 18 above. That application was withdrawn as agreed. Consequently, I find that the current application to register the contested mark is not contrary to the terms of the agreement.

43. However, it is plainly contrary to the spirit of that agreement. Further, applying to register a trade mark that you have agreed not to use is itself capable of constituting an act of bad faith vis-à-vis the other party to the agreement. This is because such

behaviour would “*fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined.*”

44. It is not decisive that the applicant may not have realised that use of the contested mark would be contrary to the agreement. The plain fact is that the degree of resemblance between the mark covered by the settlement agreement and the contested mark is so strong that the applicant should have realised that use of the contested mark would be contrary to the agreement. The net effect of the differences between the marks was to make the contested mark more similar to the marks used by the opponent. Only a person determined to see things differently so as to suit his own commercial purposes would think otherwise.

45. The applicant’s stated intention to use the contested mark only as a house mark is irrelevant to the bad faith issue for the same reason that it is irrelevant to the passing off right claim, i.e. because the registration sought is not limited to such use.

46. At the hearing, the applicant’s officers pointed out to me that the words in the trade mark are also the applicant’s corporate name. However, without any evidence as to why these words were chosen as the applicant’s corporate name, this cannot justify the applicant’s proposed use and registration of the contested mark. In any event, it cannot explain why the contested mark shows the words COLD BLACK LABEL between red tramlines on a black coloured label, resembling various signage distinctive of the opponent.

47. I am left with the impression that the current application is the latest in a series of attempts by the applicant to exploit the opponent’s goodwill to its own benefit. The change in the applicant’s trade mark appears to be a poorly advised attempt to side-step the terms of the settlement agreement between the parties.

48. In all the circumstances, I find that the application was filed in bad faith. The s.3(6) ground therefore also succeeds.

Outcome

49. The opposition succeeds. Subject to appeal, the application will be refused.

Costs

50. The opposition having succeeded the opponent is entitled to a contribution towards its costs. I order Cold Black Label Ltd to pay Molson Coors Brewing (UK) Ltd the sum of £2350.

This is made up of:

£200 official fee for notice of opposition

£400 for preparing the notice of opposition and considering the applicant's counterstatement

£850 for filing evidence

£900 for attending the hearing and filing a skeleton argument

51. The above sum should be paid within 14 days of the end of the period allowed for appeal or, if there is an appeal, within 14 days of the conclusion of the appeal proceedings.

Dated this 10TH Day of January 2017



**Allan James
For the Registrar**