

O/582/18

TRADE MARKS ACT 1994

TRADE MARK APPLICATION No. 3215511

BY CORNERSTONE ELECTRONICS LIMITED

AND

OPPOSITION No. 409368

BY FILA LUXEMBOURG S.A.R.L

Background and pleadings

1. This is an opposition by FILA Luxembourg S.a.r.l (“the opponent”) to an application filed on 28th February 2017 by Cornerstone Electronics Limited (“the applicant”) to register the trade mark shown below.

The image shows the FILA trade mark logo in a grey, bold, sans-serif font. The letters are slightly slanted to the right.

2. The applicant seeks to register the trade mark in relation to the following goods in class 32:

“Beer; non-alcoholic fruit juice beverages; fruit juices; waters [beverages]; soda water; mineral water [beverages]; non-alcoholic beverages; aerated water; cocktails, non-alcoholic; lemonades; vegetable juices [beverages]; grape must, unfermented; preparations for making beverages; essences for making beverages; syrups for beverages; preparations for making aerated water; preparations for making mineral water; syrups for lemonade; preparations for making liqueurs.”

3. The application was published for opposition purposes on 10th March 2017.

4. The opponent is the proprietor of earlier trade mark UK2113497, which looks like this:

The image shows the FILA trade mark logo in a black, bold, sans-serif font. The letters are slightly slanted to the right.

5. It is also the proprietor of earlier trade marks UK2169591, which consists of the word FILA in standard characters, and EU57042, which is the same as UK2169591. The UK marks are registered in relation to clothing, footwear and headgear in class

25. The EU mark is registered for the same goods and *bags and wallets* in class 18. All three marks were registered between 1996 and 1998. The opponent claims that:

- (i) It is one the world's largest sportswear and leisurewear manufacturers;
- (ii) The FILA mark has been in use for over 100 years and is globally renowned;
- (iii) The typeface used for the letters making up the contested mark is very similar to the typeface in which the earlier marks are registered and/or used;
- (iv) Use of the contested mark would immediately foster a link between that mark and the earlier marks;
- (v) This would give the contested mark an unfair advantage because it would allow it to ride on the coattails of the reputation and distinctive character of the earlier marks;
- (vi) Use of the contested mark would be detrimental to the distinctive character of the earlier marks because it would erode their distinctiveness and exclusivity;
- (vii) The earlier marks have been used in the UK since 1979 in relation to the goods for which they are registered (as above) and water bottles;
- (viii) The opponent has acquired a valuable goodwill under the marks;
- (ix) Use of the contested mark would deceive the opponent's existing and potential customers into believing that the goods sold under the mark are those of the opponent, or are licensed by it;
- (x) This would constitute a misrepresentation to the public and cause damage to the opponent's goodwill through loss of control of its reputation, and through lost sales;
- (xi) Use of the contested mark would constitute passing off;
- (xii) The applicant must have been aware of the reputation of the opponent's marks when the application was filed;
- (xiii) Further, the applicant appears to be an electronics company with no interest in drinks and therefore no intention of using the trade mark;
- (xiv) The application was therefore filed in bad faith;

- (xv) The opponent is the owner of the copyright in the FILA logo (as per UK trade mark 2113497) which was created for it in the course of employment;
- (xvi) The contested mark has been copied from that work;
- (xvii) Use of the contested mark without the opponent's consent would be contrary to the law of copyright.

6. The opponent therefore requests that the application should be refused because registration of the contested mark would be contrary to sections 5(3), 5(4)(a), 3(6) and 5(4)(b) of the Trade Marks Act 1994 ("the Act").

7. The applicant filed a counterstatement and denied the grounds of opposition. I note the following points:

- (i) The applicant is a company organised under the laws of Hong Kong and that its main business is in the beverages industry;
- (ii) The word FILA is from the Italian language meaning "row, line or queue";
- (iii) The mark implies that the goods sold under the contested mark are so delicious and refreshing that people do not mind queuing to buy them;
- (iv) The contested mark has already been registered as an EU trade mark under No.15407001;
- (v) The UK application was filed because the applicant feared that Brexit would mean that its EU mark would no longer be protected in the UK;
- (vi) There is no connection between beverages and clothes and no likelihood of confusion.

I also note that the applicant put the opponent to proof of use of the earlier marks.

Representation

8. The opponent is represented by Burges Salmon LLP, solicitors. The applicant is represented by Bayer & Norton Business Consultants Limited. Neither side asked to

be heard. Therefore, this decision is based on the pleadings, evidence and written submissions filed.

The evidence

9. Only the opponent filed evidence. This consists of a witness statement by Ms Laetitia Bragard, who is the opponent's Finance Director. Ms Bragard has been employed by the opponent since 2005. She says that some of her evidence comes from her own knowledge, but other parts come from documents, or from what she has been told by other officers of the company. However, Ms Bragard does not specify which parts of her evidence come from which of these sources.

10. Ms Bragard says that the Fila was founded by the Fila brothers in 1911 in a small town in Italy. The logo form of the mark was created by Sergio Privitera, an Italian national and designer who subsequently assigned the design to Fila. Ms Bragard does not say when the work was created, but she claims that it was "*strongly inspired by the pop art era of the 1960s.*"

11. Fila began as a textiles manufacturer. It appears to have become much better known in the 1970s when some of its coloured sportswear was worn by professionals, including Adriano Panatto, Paolo Bertolucci and Bjorn Borg, during tennis competitions. Fila also sells sports-inspired streetwear.

12. The opponent is a member of the Fila group of companies with responsibility for the ownership, management and protection of its intellectual property.

13. In the UK, the opponent's goods are sold under licence by the retailer JD Sports Fashion plc. There is also a sub-licence in favour of BB(UK) Limited, which distributes the goods to other UK retailers including Shopdirect, JDWilliams, Next, Topshop, Selfridges and Harrods.

14. Examples of the mark in use in lookbooks (aimed at stockists), on screenshots of FILA goods offered to the public by UK retailers, and on packaging, swing-tags and

labels are in evidence.¹ I note that the logo form of the mark is often applied prominently to the goods themselves, e.g. across the chest of garments such as t-shirts and other tops. The goods shown include hats, bags, sandals, wallets, trainers, scarves, socks, underwear, T-shirts, polo shorts, jumpers, jackets, coats, trousers, shorts, swimwear and dresses.

15. According to Ms Bragard, the FILA brand has seen as a resurgence in popularity due, in part, to the '90s revival' in fashion trends and high-profile collaborations, including one with Pepsi. I note that this included the production of a small range of clothing bearing the colours schemes and marks used by the parties.²

16. Articles and blogs naming or showing the FILA brand on the websites of prominent retailers Asos.com, UrbanOutfitters.com and FashionBean.com are in evidence.³ Ms Bragard points out that according to Quantcast Analytics, the latter website received 47m 'hits' from the UK in year preceding her statement, i.e. the year ending November 2017.⁴

17. The FILA brand has also been promoted in the period 2012 to 2017 on posters at the Oxford Street station of the London Underground (2016), in television advertisements, on bus stops and billboards.⁵

18. The UK and EU sales figures for goods sold under the earlier marks are the subject of a confidentiality order. It is sufficient to record that annual UK sales exceed £10m. The opponent's global market is far larger. Worldwide sales in 2014 were over \$2bn. Asia (where the applicant is based) is one of the opponent's largest markets.⁶

¹ See exhibits JE5 and JE6 to Ms Bragard's witness statement

² See exhibit JE7 to Ms Bragard's statement

³ See exhibit JE8

⁴ See exhibit JE9

⁵ See exhibit JE10. I have noted that some of this material postdates the relevant date.

⁶ See exhibit JE2

19. Fila also engages in sponsorship activities. For example, Fila sponsored the South Korean team at the 2012 London Olympics. Screenshots of the athletes wearing sportswear bearing the FILA logo are in evidence.⁷

Proof of use

20. I find that the opponent's evidence is clearly sufficient to establish genuine use of the earlier marks in the UK and EU during the relevant period for the purposes of s.6A of the Act, i.e. between 11th March 2012 and 10th March 2017.

21. The use of the marks was in relation to a range of clothing, footwear and headgear, as well as bags and wallets. The earlier marks are therefore entitled to protection in relation to these goods.

The section 5(3) ground of opposition

22. Section 5(3) states:

“(3) A trade mark which is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a European Union trade mark or international trade mark (EC), in the European Union) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

23. I find that it is only necessary to consider the opponent's earlier UK trade mark 2113497. This mark is registered in relation to *articles of clothing, footwear, headgear, in particular for sports*.

24. The relevant case law can be found in the following judgments of the Court of Justice of the European Union (“CJEU”): Case C-375/97, *General Motors*, Case 252/07, *Intel*, Case C-408/01, *Addidas-Salomon*, Case C-487/07, *L’Oreal v Bellure*

⁷ See exhibit JE12

and Case C-323/09, *Marks and Spencer v Interflora*. The law appears to be as follows.

- a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors, paragraph 24*.
- (b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors, paragraph 26*.
- (c) It is necessary for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind; *Adidas Saloman, paragraph 29* and *Intel, paragraph 63*.
- (d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks and between the goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark's reputation and distinctiveness; *Intel, paragraph 42*
- (e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the future; *Intel, paragraph 68*; whether this is the case must also be assessed globally, taking account of all relevant factors; *Intel, paragraph 79*.
- (f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious risk that this will happen in future; *Intel, paragraphs 76 and 77*.

(g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel, paragraph 74*.

(h) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality which is liable to have a negative impact of the earlier mark; *L'Oreal v Bellure NV, paragraph 40*.

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (*Marks and Spencer v Interflora, paragraph 74 and the court's answer to question 1 in L'Oreal v Bellure*).

Reputation

25. I am satisfied that the earlier mark has a reputation in relation to the goods for which it is registered.

Link?

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

The degree of similarity between the conflicting marks

27. The respective marks are not strictly identical. However, they are extremely similar. Both marks are immediately recognisable as the word FILA. Further, although there are differences in presentation, particularly to the stylisation of the letters F and A, the typeface used appears to be the same. I do not accept that the difference between the marks is so insignificant that it may go unnoticed by an average consumer when both marks are in view. Consequently, they are not identical in law.⁸ However, the overall visual impression created by the marks is extremely similar. After allowing for consumers seeing the marks at different times and making some allowance for imperfect recollection, I find that it would be very easy for average consumers to mistake one mark for the other. Further, although it matters less in the context of figurative marks used in relation to goods selected mainly by eye (as here), the marks are aurally identical. The applicant points out that FILA has a meaning in Italian. However, that meaning would not be apparent to UK consumers. Therefore, there is no conceptual similarity or dissimilarity. Overall, the marks are extremely similar.

The nature of the goods or services for which the conflicting marks are registered, or proposed to be registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public

28. The goods for which the earlier mark has a reputation are not similar to the goods covered by the contested mark. However, they are both consumer goods bought by the general public. The public will pay an average degree of attention when selecting these goods.

⁸ See *LTJ Diffusion SA v Sadas Vertbaudet SA*, Case C-291/00, CJEU

The strength of the earlier mark's reputation

29. Given the length and scale of use of the earlier mark and its exposure at high-profile events, such as the Wimbledon tennis competition and the 2012 Olympics, I find that the mark had a strong reputation in the UK at the relevant date.

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

30. The earlier mark is not descriptive of the goods at issue. To most UK consumers FILA would be regarded as a made-up word. Factoring in the extensive use of the mark, I find that it was highly distinctive at the relevant date.

Whether there is a likelihood of confusion

31. The lack of similarity between the respective goods would normally be sufficient to exclude the likelihood of confusion. However, given the reputation of the earlier mark, the extensive overlap between the respective users of the goods, and, particularly, the highly distinctive nature of the marks, the likelihood of confusion cannot be ruled out.

32. The collaboration between the opponent and Pepsi shows that it is possible for a trade mark for soft drinks to be commercially connected to a trade mark for sports type clothing. However, I note that the effect of the collaboration was that clothing was co-branded with the FILA and Pepsi marks (and colours). This shows that there is potential to promote a trade mark for soft drinks on clothing. It does not necessarily follow that there is potential to market a trade mark for clothing by applying (almost) the same mark to beverages. And there is no evidence that the opponent has so far licensed its mark in relation to such goods.

33. In my judgment, the public are only likely to believe that the opponent has consented to the use of the earlier mark in relation to beverages where there is some logical connection between the reputation of the earlier mark and the goods at issue. For example, the use of water and isotonic drinks by sportsmen and sportswomen,

and the association between these goods and a healthy lifestyle, could lead consumers to believe that the use of the contested mark in relation to water and isotonic drinks is as a brand extension (or a spin-off product) for a trade mark with a reputation for sportswear. On the other hand, it seems much less likely that the public would expect a trade mark used in relation to (say) *beers* or *lemonade* to be economically connected with a brand associated with sports clothing. I therefore find that there is a risk of indirect confusion if the contested mark is used in relation to some of the goods covered by the application, but not others.

34. Where there is a likelihood of confusion it follows that the required mental ‘link’ between the marks is established. However, although relevant, it is not necessary to show that there is a likelihood of confusion to establish that the relevant public will make a link between the marks. The CJEU made this clear in *Intra-Press SAS v OHIM*⁹ where the court stated (at paragraph 72 of its judgment) that:

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

Although this case concerned an EU trade mark and was decided under the EU Trade Mark Regulation, the relevant law in the EU is harmonised. Section 5(3) of the

⁹ Joined cases C-581/13P & C-582/13P

Act is identical (in substance) to Article 8(5) of the Regulation and must be applied in the same way.

35. Considering all the relevant factors, I have no doubt that use of contested mark in relation to any of the goods covered by the contested mark would cause the average consumer to call to mind the earlier trade mark. I find that this is the case whether or not the consumer would be confused into believing that the users of the marks are economically connected.

Unfair advantage

36. In my view, the opponent's claim that the contested mark will gain a real commercial advantage by free-riding on the reputation and distinctive character of the earlier mark is well founded. This is because, whether or not the public believe that the users of the marks are connected, the continued extensive use and prominent exposure of the earlier mark on and in relation to sports clothing will also advertise the contested mark in relation to beverages. Therefore, by promoting its own mark on a substantial scale the opponent will, in effect, be contributing to the promotion and exposure of the contested mark and the beverages offered under it. On the face of things, this is an unfair advantage.

37. Evidence that the applicant intended to take advantage of the earlier mark is not essential, but it is relevant.¹⁰ In this connection, I note that the applicant has filed no evidence explaining its reasons for adopting the mark. I find the explanation included in its counterstatement - that the word FILA is an Italian word which alludes to the desirability of beverages – highly unsatisfactory. This is because (a) the target market for a UK trade mark is the average UK consumer, who cannot be expected to understand Italian, (b) even if the actual target market is the EU, Italian is spoken in only a relatively small part of the EU, (c) the applicant is not Italian, but the opponent's mark has its origins in Italy, (d) the suggested allusion to the desirability of the goods appears oblique and contrived, and (e) no explanation has been offered for choosing the same typeface as the opponent's FILA mark. Indeed, other than the

¹⁰ See *Jack Wills Limited v House of Fraser (Stores) Limited* [2014] EWHC 110 (Ch)

bare assertion in the counterstatement, there is no evidence that Cornerstone Electronics Limited is a manufacturer of beverages, still less that this is its main business. I therefore reject the opponent's explanation for adopting the contested mark. I find that the applicant intended to take advantage of the earlier mark. Therefore, the advantage sought is unfair for that reason too.

38. It follows from what I have said that the applicant has not shown that it has due cause to use the contested mark. This means that the s.5(3) ground of opposition succeeds.

39. In the light of this finding there is no need to determine whether use of the contested mark would also be detrimental to the distinctive character of the earlier mark.

Other grounds of opposition

40. Having reached a clear finding in favour of the opponent under s.5(3) of the Act, there is no need to determine the other grounds of opposition under sections 5(4)(a), 5(4)(b) and 3(6) of the Act.

41. However, I will make these observations on the opponent's s.5(4)(b) copyright case. I find the presentation of the case unsatisfactory. This is because (a) the pleaded case in the notice of opposition is that the copyright work was created "*in the course of employment*". However, Ms Bragard's evidence appears to be that it was created by an independent designer called Sergio Privitera and later assigned to Fila, (b) no application has been made to amend the pleaded case, and (c) there is no evidence when the work was created, or whether Mr Privitera is still alive or, if not, when he died.

42. About the last point, I have noted Ms Bragard's evidence that the creation of the copyright work was influenced by the pop art of the 1960s. However, this is plainly hearsay because Ms Bragard was not involved in the opponent's business at that time. Further, there is no clear or specific indication in her evidence as to how she obtained that information. I cannot therefore accept her evidence about that matter.

The omission is important in relation to a brand said to have been created over 100 years ago. It means that, even leaving aside the pleading point, there is insufficient evidence to establish whether the work was still in copyright at the relevant date (assuming it once was). This defect would have presented obvious difficulties for the opponent's s.5(4)(b) case.

Outcome

43. The opposition succeeds under s.5(3). The application will be refused.

Costs

44. The opponent has been successful and is entitled to a contribution towards its costs. I assess these as follows:

£200 official fee for filing the notice of opposition

£400 for filing the notice and considering the applicant's counterstatement;

£1000 for filing evidence;

£200 for written submissions in lieu of a hearing.

45. I therefore order Cornerstone Electronics Limited to pay FILA Luxembourg S.a.r.l the sum of £1800. This sum should be paid within 21 days of the expiry of the appeal period or, if there is an appeal, within 21 days of the final determination of the appeal proceedings (subject to any order of the appellate tribunal).

Dated the 20th day of September 2018

**Allan James
For the Registrar**