

**O-806-18**

**TRADE MARKS ACT 1994**

**IN THE MATTER OF:**

**THE UK DESIGNATION OF INTERNATIONAL REGISTRATION 1331235**

**IN THE NAME OF  
HYUNDAI MOTOR COMPANY  
OF THE TRADE MARK:**

**Kona**

**AND**

**OPPOSITION THERETO (UNDER No 410100)  
BY KONA USA, INC.**

## **Background and pleadings**

1. The relevant details of the International registration (“IR”) the subject of these proceedings are as follows:

Mark:	<b>Kona</b>
IR registration date:	6 December 2016
UK designation date:	6 December 2016
Priority date (from the Republic of Korea)	31 August 2016
UK publication date:	26 May 2017
Holder:	Hyundai Motor Company
Specification:	Class 12: Automobiles

2. Registration of the mark is opposed by Kona USA, Inc (“the opponent”). Its grounds of opposition are based on sections 5(2)(a) and 5(3) of the Trade Marks Act 1994 (“the Act”). The opponent relies on two earlier marks, as follows:

- UK trade mark registration 1379481 for the mark **KONA** which was filed on 7 April 1989 and registered on 6 July 1990. The mark is registered in respect of bicycles in class 12<sup>1</sup>.
- EU trade mark registration 311449 for the mark **KONA** which was filed on 29 July 1996 and registered on 25 May 1998. The mark is registered in respect of bicycles and parts thereof, also in class 12<sup>2</sup>.

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<sup>1</sup> This mark is relied upon in respect of both grounds of opposition.

<sup>2</sup> This mark is relied upon under section 5(2)(a) only.

3. The primary claims under section 5(2)(a) are that the marks are identical and the goods are similar, with the consequence that there exists likelihood of confusion. Under section 5(3), the opponent claims a reputation (in respect of bicycles) arising from its use since 1990 and that the use of the designated mark would take unfair advantage of the opponent's reputation and its mark's distinctiveness would be diluted/blurred.

4. Both of the opponent's marks were filed before the Holder's date of UK designation (and priority), so meaning that they qualify as earlier marks in accordance with section 6 of the Act. Both marks had been registered for more than five years at the point when the Holder's mark was published for opposition purposes in the UK, so meaning that the use conditions set out in section 6A of the Act apply. To this extent, the opponent made a statement of use corresponding to the goods for which the marks are registered.

5. The Holder filed a counterstatement denying the grounds of opposition. It states that the goods are not similar and that there would be no likelihood of confusion. It denies the existence of a reputation and denies that unfair advantage/dilution/blurring would be taken, or would arise. It put the opponent to proof of use in respect of the use conditions.

6. Both sides filed evidence. A hearing then took place before me at which the Holder was represented by Ms Charlotte Blythe, of counsel, instructed by Wildbore & Gibbons LLP. The opponent was represented by Ms Victoria Jones, also of counsel, instructed by Barker Brettell LLP.

### **The evidence**

7. Rather than provide a standalone evidence summary, I will, instead, refer to the pertinent parts of the evidence when it is necessary to do so. However, for the record, those who have given evidence (and about what) are as follows.

*For the opponent - a witness statement from Mr Daniel Gerhard, the opponent's President, which relates to the use and reputation of the opponent's marks, together with some evidence which goes to the issue of goods similarity.*

*For the Holder - a witness statement of Mr Wonhong Cho, the Holder's Vice President, which relates to the issue of goods similarity and why there will be no confusion.*

*For the opponent in reply – a further witness statement from Mr Gerhard which, again, goes to the goods similarity point. He also gives evidence about the Holder's desire to use Kona bicycles (on top of the Holder's Kona car) as part of a trade show it was to take part in.*

### **Preliminary observations**

8. It is worth at this stage highlighting two points which are conceded by the Holder. First, it accepts<sup>3</sup>, having seen the opponent's evidence, that the use conditions have been met. Therefore, I will make no formal assessment in relation to whether genuine use has been shown of the marks. The marks may, consequently, be relied upon in relation to the goods for which they are registered.

9. The second point is that the Holder accepts<sup>4</sup> that the marks are identical. This is a sensible concession because whilst the Holder's mark is in upper and lower case, whereas the opponent's mark is in upper case only, use of either mark would notionally include upper and lower case, and upper case.

10. I begin this decision with the grounds of opposition under section 5(2)(a) of the Act.

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<sup>3</sup> See paragraph 5 of its skeleton argument

<sup>4</sup> See paragraph 9 of its skeleton argument

## **Section 5(2)(a)**

11. Section 5(2)(a) of the Act states that:

“5.-(2) A trade mark shall not be registered if because – ..

(a) it is identical to an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected,

(b) ....

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

12. The following principles are gleaned from the judgments 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:

(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) 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;

(e) 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;

(f) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(g) 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;

(h) 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.

### **Comparison of goods**

13. This is one of the primary areas of dispute between the parties. The question is whether automobiles (the applied for specification) are similar to bicycles (and their parts) (the earlier marks' goods).

14. All relevant factors relating to the goods should be taken into account when making the comparison. In *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* the Court of Justice of the European Union ("the CJEU") stated at paragraph 23 of its judgment:

"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."

15. Guidance on this issue has also come from Jacob J where, in *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281, the following factors were highlighted as being relevant:

- “(a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) 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;
- (f) 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.”

16. In terms of being complementary (one of the factors referred to in *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer*), this relates to close connections or relationships that are important or indispensable for the use of the other. In *Boston Scientific Ltd v OHIM* Case T- 325/06, it was stated:

“It is true that goods are complementary if 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 (see, to that effect, Case T-169/03 Sergio Rossi v OHIM – Sissi Rossi (SISSI ROSSI) [2005] ECR II-685, paragraph 60, upheld on appeal in Case C-214/05 P Rossi v OHIM [2006] ECR I-7057; Case T-364/05 Saint-Gobain Pam v OHIM – Propamsa (PAM PLUVIAL) [2007] ECR II-

757, paragraph 94; and Case T-443/05 El Corte Inglés v OHIM – Bolaños Sabri (PiraÑAM diseño original Juan Bolaños) [2007] ECR I-0000, paragraph 48).”

17. It is at this point I turn to some of the evidence filed in relation to goods similarity. Mr Gerhard’s witness statement includes a section headed “Automobile Company Cross-Marketing Campaigns”. He begins by explaining that bicycle, motorcycle and automobiles “have a long historical relationship”. He adds that automobile and motorcycle companies such as “Bianchi, Humber, Morris, Peugeot, Puch, Triumph and Rover all produced bicycles before producing automobiles, and that many produced them simultaneously during their history”. Exhibit DG21 is said to show bicycles sold in Europe and the UK under automobile brands. The exhibit shows:

- Extracts from the website of BMW.com showing BMW bicycles for sale, priced in Euro.
- References to BMW bicycles, including an e-bike, on the UK version of the BMW website.
- Extracts from what appears to be the Spanish version of the Audi website showing bicycles for sale, in Euro.
- Extracts from the website autofacil.es depicting a MINI bicycle. This appears to be an article about the bicycle (in Spanish) as opposed to a website offering the goods for sale.
- Extracts from what appear to be the Spanish version of the Peugeot website depicting various bicycles, including what appear to be e-bikes (they are headed “electricas”).
- Extracts from the website Renault.com.ar showing Renault bicycles. The information has not been translated. Indeed, it is not even clear what country the website pages are targeted at. The bicycles have prices in dollars, but what countries dollars is not clear.
- Extracts from the website la.mercedes-benz.com showing bicycles branded as Mercedes-Benz. It is not clear what country this web page is directed at, it is not in English.
- Extracts from the website store.volkswagon.es showing a branded Volkswagen bicycle for sale, priced in Euro.



- Extracts from the website [schauff.de](http://schauff.de) showing a branded Volvo bicycle.
- Extracts from the website [shop2.porsche.com](http://shop2.porsche.com) showing Porsche branded bikes for sale in pounds.
- Extracts from the website [store.ferrari.com](http://store.ferrari.com) showing a Ferrari bicycle priced in Euro.
- A print from [amazon.com](http://amazon.com) showing a Ferrari bicycle.
- A print from a website called [downhill247.com](http://downhill247.com) depicting a Honda branded bicycle.
- Print from the website [bike-trend.com](http://bike-trend.com) showing a Hummer, Lexus and Range Rover bicycle.
- A print from [xataka](http://xataka.com) dated 24 June 2015 showing what appears to be a Ford bicycle, the text is in Spanish.
- A print from the website [noticias.autocosmos.com](http://noticias.autocosmos.com) dated 29 November 2016 showing a Subaru bicycle, the text, again, seems to be in Spanish; the bicycle is also depicted in a print from [cdnmos-bikeradar.global](http://cdnmos-bikeradar.global)
- A print from the website [Chevrolet.com.ec](http://Chevrolet.com.ec) showing a Chevrolet bicycle – this, again, is not in English.
- A print from a business called Ciclosfera depicting a Fiat bicycle from sometime in 2015, again not in English.
- A print from the website [comunicacion.skoda.es](http://comunicacion.skoda.es) depicting Skoda bicycles, again not in English.
- A print from a business called ELECTRIC BIKE dated 24 June 2012 relating to 10 automobile makers who have manufactured e-bikes including: Porche, Ford, Lexus, Honda, Toyota, VW, Audi, BMW and Mercedes. This appears to be a US business given information provided by the writer towards the end of the article.
- A print from the website [motorbit.com](http://motorbit.com) about bicycles made by various automobile manufacturers (BMW, Toyota and Ferrari), the article is not in English.
- A print (in Exhibit DG22) which shows a Hyundai bicycle

18. Mr Gerhard also highlights that the opponent partnered with Ford Motor Company to introduce a special edition Ford Focus (Ford Focus Kona) to the US market in 2000

and that it had previously introduced the model in Europe (after coming to a co-existence agreement with Focus bikes). Kona designed certain aspects of the car. Exhibit DG23 contains material relating to this partnership. Reference is also made to Kona Ford Focus being a partnered mountain bike racing team between 2000 and 2004 (Exhibit DG24 refers) and, also, that between 2006 and 2011 Kona partnered with Nissan to present the Kona-Nissan mountain bike racing team, which also led to the sale of special Nissan Edition KONA bikes, some in the EU (but no figures for the UK are provided).

19. In his witness statement Mr Cho makes a few points regarding the similarity of goods, including that Hyundai has never sold cars and bicycles through the same trade channels and he is not aware of any other car dealerships doing so. He adds that there are various precedents which have found the goods to be dissimilar including:

- Page 38 of the EUIPO Guidelines which gives cars and bicycles as an example of dissimilarity (between goods) because even though they share the same purpose, this does not make them similar.
- An EUIPO opposition decision (B2415654) which held the goods to be dissimilar due to a fundamental difference in construction, that they do not compete, do not have the same methods of use or target consumers and are manufactured and marketed via different channels – it was held that the fact that they are both vehicles does not make them similar.
- A decision of the Higher Court in Stuttgart from 2006 said to be a finding that vehicles and bicycles are not similar. The translation is not clear in terms of that express finding, although reference is made to any similarity between the goods being remote.
- A decision of the Hamburg court from 2017 which found that the different energy drives being used means that the goods were “not able to substantiate a risk of confusion”.

- A decision of the Paris Court of First instance where the competing marks were held not to be attributable to a common origin.
- That in the Philippines, the applicant's KONA mark was initially refused registration, but that this was waived because the registering office was then convinced that the goods were in fact not similar.
- In a decision of the Korean IPO, the goods were held to be dissimilar because there is was no close business relationship which would make consumers to misunderstand the origin of the compared goods.

20. In reply, Mr Gerhard states that he is in fact aware of car dealerships selling bicycles, in the UK and elsewhere. He gives BMW as an example. Exhibit DG1 contains an article published in 2011 on bikebiz.com about a dealership in south East England opening a bike store within it. Exhibit DG2 contains an article about BMW expanding its bike range which is referred to as "the latest in a long line of product tie-ins from luxury manufactures" and states "whether they're sold directly by car dealers or badge-engineered, all these bikes have had one thing in common so far; they are offering middling performance at a premium price tag".

21. Mr Gerhard also refers to the applicant using (and requesting) the opponent's own KONA bikes as part of a trade display for its new car. I will come back to this evidence when I deal with the section 5(3) claim.

22. Both automobiles (a term which equates to cars) and bicycles are forms of vehicle. They both therefore provide a mechanism for the user to get from A to B - a form of transport. However, the more specific purpose of a car is to do so more quickly and over further distances, compared to a bicycle and, furthermore, a car may also be used to transport multiple people (such as a family) when required. Whilst both have wheels and tyres, the overall nature of the competing vehicles is quite different bearing in mind the different methods of propulsion (engines versus pedal power) and the overall more complex construction with regard to transmissions, steering etc and that the body construction normally includes a shell in which the user sits to drive. I bear in mind that the term bicycles would, today, include e-bikes. Even though such things

may not have existed when the earlier mark was filed, it is still necessary to countenance them<sup>5</sup>. However, whilst e-bikes may have a form of electronic motor built into the bicycle, such motors are still very different from car engines, so in reality this does little to bring the goods materially closer together.

23. In terms of methods of use, they are very different. Bicycles are pedalled using the energy of the rider, cars are driven by an engine with the driver using an accelerator. I can see no reason for concluding that the goods are complementary in the sense described by the case-law. Nor do I see that the goods materially compete. Whilst a person may, for reasons personal to them, make a choice between a method of commuting to work, it does not follow that they are making a competitive choice between a car and a bicycle. Many people who commute by bicycle will also have a car and many people who commute by car will also have a bicycle.

24. I have considered the evidence in relation to the commonality of manufacturers and trade channels. Put simply, it is not strong evidence. The evidence relating to common manufacturers is predominantly from outside the UK. However, even bearing in mind that car/bike manufacturing may be a more global business, there is no evidence which suggests to me that it is a characteristic of the UK market that bikes and cars are offered through the same or similar trade channels. There is only one real example of a shared outlet and I agree with Ms Blythe that the evidence paints a picture that this is the exception rather than the rule. The Ford and Nissan evidence takes matters little further forward given its impact in the UK is not particularly clear.

25. Overall, I come to the view that the goods are not similar when all of the above factors are taken into account. Any aspects of similarity are simply too superficial to conclude that the goods are similar, even to a low degree.

26. Given that the goods are not similar, this means that the ground under section 5(2)(a) must fail. Some similarity is required. The ground is dismissed.

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<sup>5</sup> See, *Reed Executive plc and Reed Solutions plc v Reed Business Information Ltd and Reed Elsevier (UK) Ltd, totaljobs.com Ltd* [2004] ETMR 56

## **Section 5(3)**

27. Section 5(3) states:

“5(3) A trade mark which (a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of 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.”

28. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel*, [2009] ETMR 13, Case C-408/01, *Addidas-Salomon*, [2004] ETMR 10 and C-487/07, *L’Oreal v Bellure* [2009] ETMR 55 and Case C-323/09, *Marks and Spencer v Interflora*.

29. 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

30. In *General Motors*, Case C-375/97, the CJEU held that:

“25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.

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

27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.

28. Territorially, the condition is fulfilled when, in the terms of Article 5(2) of the Directive, the trade mark has a reputation 'in the Member State'. In the absence of any definition of the Community provision in this respect, a trade mark cannot be required to have a reputation 'throughout' the territory of the Member State. It is sufficient for it to exist in a substantial part of it.”

31. The opponent relies only on its UK mark. This means that the reputation must be in the UK.

32. Although the applicant has accepted that the opponent's mark has been genuinely used, it does not accept that the knowledge threshold under section 5(3) has been met. It is important, therefore, that I turn to some of the opponent's evidence. This comes from Mr Gerhart, and I particularly note the following:

- The opponent was incorporated in the US in 1989 and first began selling its bicycles in the UK in 1990.
- Sales were initially made via distributors, but it later (after 2009) sold directly to UK retailers (such as Halfords, Chain Reaction and Wiggle) via its European distribution company Kona Europe.
- Exhibit DG6 contains examples of KONA brochures (the exhibit depicts the covers) said to have been issued in the UK, up to and including 2017. No information is provided as to the number of brochures that were circulated.
- Exhibit DG7 contains a study written by Alasdair McAlley relating to the establishing and development of Kona up until 2000 in UK mountain bike magazines. In summary, he reports of a high reputation.
- Kona has an online presence since 1996 via its website [konaworld.com](http://konaworld.com). Exhibit DG9 contains website extracts (from the date of the witness statement, so after the relevant date) depicting bikes, both road and mountain. Apparently, over 34 million visits to the website have been made since 1999, with just under 8% originating from the UK. Exhibit DG10 contains a document setting out website visits from 2009 to date, which lists the UK at over 2.75 million visits. There was also a distributor and Kona Europe specific website between 2002 and 2013.
- The opponent also uses social media and provides Facebook (over 100k followers), Instagram (97k followers, 8% in the UK) and its own blog (2000 stories with over 4million views) extracts to demonstrate this.
- UK sales figures between 2004 and 2017 are provided. They were just under £11.5 million in 2004, rising to a highpoint of £18.8 million in 2006, but have since declined to £2.7 million in 2012 with a slight recovery to just under £5 million in 2016. Promotional spend peaked at £282k in 2006, falling to £73k in 2013, rising again to £101k in 2016.
- Various other promotional and sponsorship activities have taken place including:



- Being sponsor of the New World Disorder Mountain Biking video series between 2000 and 2010, which was distributed around the world including the UK.
  - In connection with the above, the opponent co-produced 6 films distributed on platforms such as YouTube. There have been around 500k views with a claimed large (but unspecified) number of views from the UK.
  - Over 100 other videos have been produced since 2008, with 1.5 million views worldwide, 145k from the UK.
  - The partnerships with Nissan and Ford mentioned earlier.
  - Articles in the UK cycling press – representative examples are provided in Exhibit DG27 from 2001, 2009, 2013 & 2014.
  - Sponsored athletes have won a number of world and European championships.
  - In 2002 Halfords produced a Colin McRae (a rally driver) special edition Kona bike.
- Witness statements/”to whom it may concern” letters<sup>6</sup> are also provided from people within the biking industry. Who they are and what, very briefly, they say are as follows:
    - William Chippendale is the founder and editor of mountain bike magazine. He gives a very nostalgic view of Kona dating back to him encountering the brand in the 1990s. He refers to the Kona Cinder Cone in particular. He refers to competition riders in the 1990s and 2000s.

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<sup>6</sup> I am prepared to give these some weight even though they are not in evidential form.

- Carlton Reid, another journalist. He has been aware of Kona since the 1990s and says their popularity increased once the bikes were stocked by Halfords (although the date of this is not given). He also refers to competition rider sponsorship.
- Andrew Mitchell, a retailer. He again remembers Kona from the 90s and refers to competition events. He also refers to the tie-ins with Ford and Nissan.
- Mark James, another retailer. His company has sold the bikes since the 90s. He also refers to the events and competitions and the Kona Ford Focus Race Team. He states that Kona is a household symbol understood as a young, fun and adventurous bike brand.
- Christ Hertz, another retailer. He again has stocked Kona since the 90s. He is clearly impressed with the way they do business. He refers to the riders with whom they are associated.
- Claire Webb, another retailer. Her business (GO OUTDOORS) has stocked Kona for 2 years. She refers to its iconic brand image as one of the reasons they started to stock Kona. She refers to Hyundai's use of Kona as having caused some "brand image confusion".

33. The applicant's submissions in relation to (lack of) reputation were focused on a number of issues, including, declining sales, that much of the evidence was from well before the relevant date (suggesting its heyday was in the 90s) and that some of the evidence was from outside of the UK.

34. Whilst I agree that one has to consider the evidence carefully and cautiously in view of the points made by the applicant, I am satisfied that the opponent clearly possesses the requisite reputation. Whilst I accept that there is an obvious decline in sales, and that the opponent's heyday may well have been in the mid to late 90s, this does not mean that they did not still possess a qualifying reputation at the relevant date (the date on which the contested UK designation was made). It was still making significant sales of bicycles up until then. This will have kept their reputation strong and alive. Therefore, whilst I accept that its reputation may have been stronger in days

gone by, it would still have had a strong reputation at the relevant date in December 2016.

35. The opponent's reputation falls squarely in the field of mountain bikes. This is seen not just from the brochures and other materials, but from the riders they have sponsored in competition.

### **The link**

36. In assessing whether a link will be made, a number of factors need to be considered 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. A number of these factors clearly go in the opponent's favour. The marks are identical. The earlier mark is inherently highly distinctive given that it consists of an invented word, with no (from what I can see) allusive characteristics. I also consider the mark's distinctiveness to have been enhanced through use and, further, that it has a strong reputation. I have, though, found the goods to be dissimilar. However, the goods are still forms of transport and the difference between the goods is therefore not as stark as some other wholly unrelated products. The relevant public will also overlap; people wishing to purchase bikes are very often also purchasers of cars, and vice versa.

37. Given all of this, and despite the applicant's submissions to the contrary, I come to the very clear view that a link will be made in the mind of the relevant public.

### **Unfair advantage**

38. The opponent's primary submissions relating to the heads of damage under this ground of opposition focused strongly on unfair advantage. In *Jack Wills Limited v House of Fraser (Stores) Limited* [2014] EWHC 110 (Ch) Arnold J. considered the earlier case law and concluded that:

“80. The arguments in the present case give rise to two questions with regard to taking unfair advantage. The first concerns the relevance of the defendant's intention. It is clear both from the wording of Article 5(2) of the Directive and Article 9(1)(c) of the Regulation and from the case law of the Court of Justice interpreting these provisions that this aspect of the legislation is directed at a particular form of unfair competition. It is also clear from the case law both of the Court of Justice and of the Court of Appeal that the defendant's conduct is most likely to be regarded as unfair where he intends to benefit from the reputation and goodwill of the trade mark. In my judgment, however, there is nothing in the case law to preclude the court from concluding in an appropriate case that the use of a sign the objective effect of which is to enable the defendant to benefit from the reputation and goodwill of the trade mark amounts to unfair advantage even if it is not proved that the defendant subjectively intended to exploit that reputation and goodwill.”

39. The opponent submits that there is evidence showing that the applicant has sought to take advantage of its reputation. I touched on this evidence earlier. In December 2017 a Belgium Hyundai dealer contacted a Belgian Kona dealer asking if Kona could provide some red Kona bicycles to be displayed on top Hyundai's Kona cars at a trade fair that was to take place in January 2018. The Hyundai dealer noted that “several dealers have already done this example”. The request was declined, as was a further request from a Hyundai manager in Canada in early 2018; when declining the request the Kona representative noted that this “could cause confusion about a connection between the two companies”. The applicant provided no evidence to explain the intention behind such approaches.

40. At the hearing, the applicant submitted that the evidence does not establish an intention to take advantage of the opponent's reputation and, at most, the opponent must have seen a symmetry in using a bicycle with the same name. Of course, the applicant has given no evidence to this effect, however, what at the very least this evidence does show is that there is an obvious symmetry between bicycles such as those produced by the opponent and cars such as adventure or off-road vehicles. They complement each's spirit of adventure. Given this, I regard it as a likely objective

effect in the case before me that the use of KONA as a brand name for cars will provide the applicant with a benefit it would not have otherwise have gained.

41. My primary reasons for coming to the above conclusion is that even though there is no likelihood of confusion under section 5(2) given my finding in relation to the goods, I nevertheless still consider it likely that the relevant public will believe that there has been some form of tie-in between the bicycle manufacturer and the car manufacturer, with the latter wishing to associate itself with the mountain bike adventurousness of the former. This is in a similar way to the partnerships with Nissan and Ford (although I do not rely on that evidence in terms of UK public knowledge). Even wondering about the existence of such a relationship will also likely provide a benefit because the relevant public will in their own mind make that connection with the opponent's reputation. I consider such a benefit to be an unfair advantage gained by the applicant, whether it was intentional or not. The ground of opposition under section 5(3) succeeds.

42. Given the above, I do not consider it necessary to comment on the claims in relation to dilution or tarnishing.

### **Conclusion**

43. The opposition has succeeded. As such, the application for registration is to be refused.

### **Costs**

44. I have determined these proceedings in favour of the opponent. It is, therefore, entitled to an award of costs. I award the opponent the sum of £2300 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

Considering the statement of case and filing a counterstatement: £300

Considering and filing evidence: £1200

Preparing for an attending the hearing: £800

45. I therefore order Hyundai Motor Company to pay Kona, USA Inc. the sum of £2300. The above sum should be paid within 28 days of the expiry of the appeal period or, if there is an appeal, within 28 days of the conclusion of the appeal proceedings.

**Dated this 14<sup>th</sup> day of December 2018**

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