

# What's your poison? A selection of recent trade mark decisions concerning the drinks industry

By [Nicole Bollard](#)

3PB Barristers

---

## *Sazerac Brands LLC and others v Liverpool Gin Distillery Limited and others* [2020] EWHC 2424

1. The Sazerac group is responsible for a wide variety of well-known spirits, including Southern Comfort. This case concerned one its bourbon brands, Eagle Rare. Sazerac had a UK and EU registered trade mark for 'EAGLE RARE' in respect of class 33.
2. The Defendants registered the mark 'AMERICAN EAGLE' in the UK in respect of class 33 and launched a bourbon brand under the mark.
3. Sazerac brought a claim seeking a declaration of invalidity of 'AMERICAN EAGLE' mark on the basis of its prior rights and the alleged infringement. The Defendants sought revocation of Sazerac's mark on the basis of non-use.
4. Sazerac alleged trade mark infringement on two grounds:
  - (1) 'AMERICAN EAGLE' is a sign similar to 'EAGLE RARE' and is used in relation to identical goods, namely bourbon whiskey, and there is consequently a likelihood of confusion on the part of the UK and EU public (s.10(2) Trade Mark Act 1994 ("TMA 1994") and art.9(2)(b) of Regulation (EU) 2017/1001 (the "Regulation"); and
  - (2) 'AMERICAN EAGLE' is similar to the 'EAGLE RARE' trade marks, which have a reputation in the UK and EU, and the use of 'AMERICAN EAGLE' takes unfair advantage of the distinctive character or reputation of the trade marks and/ or is detrimental to their distinctive character (s.10(3) TMA 1994 and art.9(2)(c) of the Regulation).
5. The average consumer: the parties agreed that for the purposes of assessing a likelihood of confusion, the average consumer was a consumer of bourbon whiskey in the UK and EU. However, the parties did not agree as to the degree of attention of the average

bourbon consumer. The Defendants argued that the average consumer will pay a high degree of attention to what they are buying and therefore be less likely to be confused about similar names. In particular, the Defendants argued that the average consumers of bourbon are more than averagely knowledgeable about bourbon, when compared with average consumers of other spirits, and are more attentive.

6. Both parties relied on expert evidence as to the bourbon industry. The court rejected the Defendants' contention that the average consumer would have a high degree of attention, and was not satisfied that the Defendants' expert's evidence went as far as that in any event. The court concluded that bourbon has a large mass market and is not just a connoisseur's drink. However, the judge was satisfied that there was a significant degree of brand loyalty and that consumers would generally stick to their own preferred brand.
7. The judgment explores the need to consider the different categories of consumer – from those drinking mid-level bourbon in bars to those purchasing rare, high end bourbons online. Fancourt J observes that the fact that there is a high level of attentiveness at the high end of the market, does not in itself raise the level of the average consumer as a whole to a high level of attentiveness.
8. Likelihood of confusion: The court proceeded to assess the likelihood of confusion. The court was satisfied that given the brand loyalty and/ or the more developed interest in bourbon the average consumer would have, there was little likelihood of any direct confusion.
9. Accordingly, the key issue for the court was whether there was any indirect confusion. The court reminded itself of the appropriate approach to take and that, in particular: indirect confusion required more than mere association between the brands; it was not intended to be a consolation prize when direct confusion could not be established; and it required evidence of actual confusion or a proper evidential basis on which a risk of confusion can be established.
10. The court found that it was common and well-known in the UK and the EU for bourbon producers to have different expressions of brands and to release different products with different names, which may or may not allude to another brand. Fancourt J concluded that in light of the distinctive character of the 'EAGLE RARE' trade mark and the novel use of 'EAGLE', there is a likelihood of indirect confusion. Namely, that a significant proportion of the relevant public would be likely to think that the brands were related. Accordingly,

Sazerac succeeded in its claim for infringement pursuant to s.10(2)] TMA 1994/ art. 9(2)(b) of the Regulation.

11. Did 'EAGLE RARE' have the requisite reputation in the UK and EU? Notwithstanding his conclusion in respect of the first ground of infringement, Fancourt J proceeded to give judgment on the second ground and began by addressing whether 'EAGLE RARE' had a reputation in the UK and EU.
12. As the court observed, a claimant relying on this ground does not have a high hurdle to cross to establish reputation. Nonetheless, the Defendants argued that given Sazerac's very limited sales of 'EAGLE RARE' in the UK and the EU, it did not have a reputation.
13. The fact of Sazerac's low sales figures was (broadly speaking) not in dispute and Sazerac's market share of the bourbon market was very limited. The Defendants argued that the correct market for the purposes of assessing the mark's reputation was the whiskey market generally. However, Fancourt J concluded that when considering reputation, it was necessary to consider the actual use made of the mark and therefore the appropriate market was the bourbon market.
14. The court considered the evidence of reputation of the 'EAGLE RARE' brand in the UK and EU and took into account the publicity of the same in the mainstream press, its various awards and accolades and the fact that it was stocked by Waitrose, Ocado and Majestic Wine. In essence the court was satisfied that it was a question of quality, rather than quantity. Further, this was not a case where the brand was only known in a limited geographical area. The market share was limited, because 'EAGLE RARE' was a premium brand with relatively small releases. The expert evidence was that the brand was well known amongst the serious and discriminating bourbon drinkers. This was sufficient to establish reputation.
15. Accordingly, the court had to consider whether the Defendants had taken unfair advantage of 'EAGLE RARE' and/ or if there was a detriment to the distinctive character of 'EAGLE RARE'. The court held that there was no unfair advantage or detriment. Fancourt J was satisfied that the association with 'EAGLE RARE' would benefit the Defendants and that this association was likely to affect the economic behaviour of the Defendants' target market. However, the court was not satisfied that this advantage was 'unfair' or cause a detriment to Sazerac's brand. The court held that it was not persuaded that any actual or would-be purchaser of 'EAGLE RARE' would switch to 'AMERICAN EAGLE', or that the latter would whittle away at Sazerac's brand.

## Les Grands Chais de France SAS v Consorzio di Tutela Della Denominazione di Origine Controllata Prosecco

16. The Appellant was a French company which specialised in the production of wine, including, more recently, the production of alcohol-free wines. The Appellant applied to register the following figurative sign in the UK in respect of goods in class 32 (non-alcoholic wines and non-alcoholic sparkling wines).



17. The Consorzio is responsible for promoting and enforcing the PDO Prosecco. It opposed the Appellant's application on a number of grounds including that the Appellant's trademark was deceptive and would be contrary to EU law, as it misused/ evoked the PDO for Prosecco within the meaning of art. 103(2)(b) of Regulation 1308/2013.

18. The relevant legislation is sections 3(3) and (4) of the TMA 1994:

*"3(3) A trade mark shall not be registered if it is –*

*(a) Contrary to public policy or to accepted principles of morality, or*

*(b) Of such a nature as to deceive the public (for instance as to the nature, quality or geographical origin of the goods or service).*

*(4) A trade mark shall not be registered if or to the extent that its use is prohibited in the United Kingdom by any enactment or rule of law or by any provision of the EU law."*

19. The relevant EU law relied on by the Consorzio was Regulation 1308/2013, the relevant sections of which provides:

Recital (97): *"Registered designations of origin and geographical indications should be protected against uses which take advantage of the reputation enjoyed by complying*

*products. So as to promote fair competition and not to mislead consumers that protection should also extend to products and services not covered by this Regulation, including those not found in Annex I to the Treaties.”*

Art. 103(2)(b): *“A protected designation of origin and a protected geographical indication, as well as the wine using that protected name in conformity with the product specifications, shall be protected against...(b) any misuse, imitation or evocation, even if the true origin of the product or service is indicated or if the protected name is translated, transcribed or transliterated or accompanied by an expression such as ‘style’, ‘type’, ‘method’, ‘as produced in’, ‘imitation’, ‘flavour’, ‘like’ or similar”*

20. The IPO: The Hearing Officer upheld the aforesaid grounds of opposition but rejected the opposition on the grounds of bad faith and a right to prevent passing off. In particular, the Hearing Officer found that ‘NOSECCO’ evoked the PDO Prosecco and that this evocation would occur even if the consumer did interpret NOSECCO as referencing no alcohol. The Hearing Officer also observed that the inclusion of the Italian words ‘EDIZIONE SPECIALE’ further strengthened that evocation of Prosecco.
21. The Appellant appealed the decision on a number of grounds and, in summary, challenged the Hearing Officer’s factual findings and conclusions. The appeal was heard by Nugee J.
22. The Appeal: Nugee J upheld the Hearing Officer’s decision. In particular, he held that evocation applies when the image triggered in the consumer’s mind is the product whose designation is protected (as per the Court of Justice in *Consorzio per la Tutela de Formaggio Gorgonzola v Käserei Champignon Hofmeister GmbH & Co. KG* (C-87/97) [1991] 1 CMLR 1203 (“**Gorgonzola**”).
23. Part of the Appellant’s appeal was that the Hearing Officer should not have taken into account the social media evidence, namely various posts on Facebook, Instagram and Twitter which referred to ‘NOSECCO’ as non-alcoholic Prosecco. The Appellant complained that these posts were often anonymous, short and without context and, as a result, unhelpful because it was not possible to tell what was in the minds of those who posted when they did so. The court disagreed and found that there was nothing wrong in the Hearing Officer considering this evidence and that, arguably, it had some distinct advantages over evidence specifically prepared for litigation. Nugee J further commented that he considered that this material strongly supported the Hearing Officer’s conclusion that ‘NOSECCO’ evokes the PDO.

### ***Gleann Mor Spirits Company Limited v Muckle Brig Limited (O/366/20)***

24. Both parties were distillers, producers and manufacturers of alcoholic beverages based in Leith, Edinburgh. The Respondent is the proprietor of the trade mark 'LEITH GLASS WORKS' (the "Mark") which is registered in respect of goods in class 21. The Respondent trades under the name 'The Port of Leith Distillery' and has a registered word mark for this trading name.
25. The Appellant applied to revoke the Mark on the basis of section 46(1)(d) of the TMA 1994 which provides that:
- "The registration of a trade mark may be revoked on any of the following grounds-*
- (d) that in consequence of the use made of it by the proprietor or with his consent in relation to the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services."*
26. The Appellant's application was based on the Respondent's use of the Mark on the base of the bottles of the Respondent's Lind & Lime Gin.
27. The Hearing Officer refused the application, concluding that she considered that there was no evidence of actual deceit.
28. The Appellant appealed the decision to the Appointed Person on three grounds:
- (1) The Hearing Officer was wrong to find that the Mark would not be seen as an indication of provenance.
  - (2) The Hearing Officer wrongly took into account the Respondent's promotional material.
  - (3) The Hearing Officer erred in assessing the regard the consumer would have to the Mark stamped on the base of the bottle.
29. The Appointed Person dismissed the appeal, and upheld the Hearing Officer's decision based on the reasoning given at first instance. The Appointed Person confirmed a number of important points concerning applications under s.46(1)(d) TMA 1994.
30. First, in order to succeed under s.46(1)(d) TMA 1994, an applicant must demonstrate that the mark in question is liable to mislead as a consequence of the use made of it. Accordingly, it is not a question of whether the mark itself is deceptive. It follows that it was

appropriate for the Hearing Officer to consider the actual use made of the mark by the Respondent. If consumers were not going to be have any regard for the use made of the Mark, it is difficult to suggest that this use could have come to mislead. There must be actual deceit or a sufficiently serious risk of the same.

31. Second, in order for a mark to be misleading it must be shown that it is liable to affect the economic behaviour of consumers.
32. Finally, the burden is on the applicant to show that on the balance of probabilities, the use of the mark has become liable to mislead the public.

**This document is not intended to constitute and should not be used as a substitute for legal advice on any specific matter. No liability for the accuracy of the content of this document, or the consequences of relying on it, is assumed by the author. If you wish to discuss this article further with the author or to instruct one of our barristers on a matter relating to this or any other matter, please contact [david.fielder@3pb.co.uk](mailto:david.fielder@3pb.co.uk).**

3 November 2020



**Nicole Bollard**

*Barrister*

*3PB Barristers*

020 7583 8055

Nicole.bollard@3pb.co.uk

3pb.co.uk