

Case in Point: O/075/12, PepsiCo Inc v Osotspa Co. Ltd

Appointed Person, Anna Carboni, 20 February 2012

Drink anyone?

Are cola flavoured drinks and energy drinks confusingly similar? The decision of the Appointed Person shows that careful analysis is needed for each individual term within a specification.

This case deals with consolidated proceedings when Osotspa Co. Ltd (Osotspa) applied to register



M MAX and device in Class 32 and the resulting opposition by PepsiCo, Inc (Pepsi) and Pepsi's attempt to register MAX (word mark) in Class 32 and the cross-opposition by Osotspa.

Osotspa applied to register M MAX and device on 06 July 2007 for a broad class 32 specification, namely "soft drinks, fruit drinks, sport drinks and isotonic drinks, energy drinks and fruit juices, but not including any cola drinks or cola flavoured drinks; syrups, powders and other preparations for use in making soft drinks, fruit drinks, sport drinks and isotonic drinks, energy drinks and fruit juices, but not including any syrups, powders and other preparations for use in making cola drinks or cola flavoured drinks".

Pepsi opposed on the basis of an earlier UK MAX (word) registration for "cola flavoured drinks"



and CTM for broad Class 32 goods under Sections 5(2)(b), 5(3) and 5(4) of the Trade Marks Act 1994. The opposition was successful under s5(2)(b) for "soft drinks" and "fruit drinks" based on the UK word mark but unsuccessful for the remainder of the goods. The opposition under s5(3) and s5(4) did not succeed to any greater extent than under s5(2)(b). Pepsi appealed.

On 02 July 2008, Pepsi had applied to register MAX more broadly for “mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages”. Osotspa opposed on absolute grounds that MAX was laudatory and/or descriptive under Sections 3(1)(a),(b) and (c). The opposition was successful under s3(1)(c) for “energy drinks” but not for the rest of the specification as MAX would be taken as designating that an energy drink was an enhanced or superior version of the product.

As energy drinks were not itemised in the specification, Pepsi had 21 days to amend the specification to “mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; but not including energy drinks; syrups and other preparations for making beverages”. Pepsi did not respond and consequently the application proceeded for “mineral and aerated waters ~~and other non-alcoholic drinks~~; fruit drinks and fruit juices; syrups and other preparations for making beverages”. Pepsi also appealed this decision challenging the Hearing Officer’s conclusion that MAX is descriptive of energy drinks and seeking reinstatement of the struck out term.

Pepsi contended, inter alia, that the Hearing Officer had incorrectly applied the law by i) overly dissecting the drink categories of “soft drinks” and “non alcoholic beverages”, ii) wrongly concluding that the earlier Mark MAX only had an “average” degree of distinctive character, and iii) not taking into account the fact that sports people purchased cola flavoured drinks and thus there was an overlap in the average consumer. As such, Pepsi felt there should have been a finding of a likelihood of confusion in respect of sport, isotonic and energy drinks too.

The Appointed Person dismissed Pepsi’s first argument and maintained that it would have been dangerous to lump together the various types of drinks listed in Osotspa’s specification when considering the similarity with cola-flavoured drinks. Furthermore, she maintained that there was a

ready distinction between different drink offerings such that MAX on an energy drink would suggest the maximum amount of stimulant had been added but MAX on a cola drink gives no direct message.

The Appointed Person also supported the Hearing Officer's decision that MAX had acquired an average degree of distinctiveness. Due acknowledgement was given to the extensive and high



profile use of PEPSI MAX and but whilst both the Appointed Person and the Hearing Officer agreed that this did not preclude MAX acquiring its own independent distinctive character, MAX was nevertheless found to be of only “average” distinctiveness.

Turning to the third argument, the Appointed Person also supported the Hearing Officer's decision concerning which goods were similar and specifically that the correct assessment date for considering similarity was the filing date of the M MAX and device Application in 2007 and not 2009, this being the date the evidence was submitted showing an overlap in the cola and energy drink markets.

A subsequent agreement was reached between the parties that if the Appointed Person upheld the decision, Pepsi would accept the original limitation to the MAX Application as proposed by the Hearing Officer.

This decision shows the importance of considering each and every term within a specification separately. The application of the well known Canon criteria which looks at the end user, end uses, end purpose, channels of trade, and whether the goods are competing/complimentary can render a different conclusion even for goods falling in the same Nice Classification. However, the author

suspects that a different conclusion may have been reached had the Marks at issue possessed a higher level of inherent distinctiveness.

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