

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NO. 2105301  
BY SAN CARLO GRUPPO ALIMENTARE SpA  
TO REGISTER THE MARK NESSIE  
IN CLASSES 29 AND 30**

**AND**

**IN THE MATTER OF OPPOSITION THERETO UNDER NO. 46163  
BY SOCIETE DES PRODUITS NESTLE SA**



Only the opponents filed evidence. The matter came to be heard on 1 February 2000 when the opponents were represented by Mr P Roberts of Counsel instructed by Nestlé UK Ltd and the applicants by Mr R Smith of Batchellor Kirk & Co.

5 Opponents' evidence

The opponents filed a statutory declaration by Paula Miriam Nelson, the Company Secretary of Nestlé UK Ltd, a company affiliated to and licensee of Société des Produits Nestlé SA.

10 She firstly confirms details of the opponents' registrations. All of them, with the exception of the Nes marks<sup>1</sup> are said to be used in this country.

She says that:

15 "The trade mark Nestlé was first used in the United Kingdom in 1868 on milk food products imported from Switzerland, the first Nestlé factory in the UK being established in 1901. The Nestlé trade mark has been used continuously and extensively throughout the United Kingdom since 1868 on an increasing range of food and beverage products and related services including, but not limited to, the following:  
20 milk, milk products, dairy products, coffee, tea and other beverages, chocolate, confectionery, frozen foods, ice cream, chilled products, culinary products, condiments, soups, sauces and breakfast cereals, vending services, catering services and nutritional services.

25 By way of example, chocolate products bearing the trade mark Nestlé have been manufactured and sold in the UK since about 1913 and the Nestlé Milkybar white chocolate bar was launched in the UK in 1937. Instant coffee was launched in the UK in 1939. Today, the great majority of products manufactured and sold by my company in the UK under licence from the Opponent bear the trade mark Nestlé prominently on  
30 the packaging, either on the front or on the back in conjunction with the "nest" symbol which is illustrated on the front of Exhibit PMNI. Exhibit PMNI is a brochure entitled *Nestlé makes the very best* which gives a brief history of the Nestlé group of companies with particular reference to the UK and illustrates many of the products manufactured and sold under the trade mark Nestlé in the United Kingdom."

35 The majority of products sold are said to bear the mark Nestlé. Nestlé UK's turnover is said to be as follows:

	<u>Year</u>	<u>Turnover</u> (£m)
40	1992	1,464.7
	1993	1,700.2
	1994	1,743.4
	1995	1,778.9
45	1996	1,783.6

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<sup>1</sup> References to Nes in this decision are references to Nos 897451 and 897452 in the form in which they are registered. References to NES - relate to the opponents' claim to a family of marks

Turnover represents sales of food and drink products to customers at invoiced amount, excluding VAT and trade discounts on UK sales. Examples of early advertisements are shown at PMN2.

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Ms Nelson says that:

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“In addition to the trade mark Nestlé, my company also uses other trade marks with the prefix NES which have been coined from the name Nestlé, all such trade marks being used under licence from the Opponent. Examples of such trade marks used in the United Kingdom are Nescafé, Nesquik, Nestea and Nespresso. It has been and is the intention of the Nestlé group of companies to build a family of marks bearing the NES prefix and used in relation to food and beverage products and services which can be identified as having a common source, i.e. Nestlé.

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The trade mark Nescafé has been used in respect of instant coffees since 1939. Sales under the mark are said to have been:

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<u>Year</u>	<u>Sales (£m)</u>
1989	292.7
1990	272.8
1991	283.7
1992	282.2
1993	312.9
1994	377.4
1995	400.6

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The following sums have been spent in promoting the mark:

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<u>Year</u>	<u>Cost of Advertising (£m)</u>
1989	53.1
1990	50.6
1991	53.3
1992	58.6
1993	65.2
1994	76.2
1995	73.0

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Examples of promotional activity are exhibited at PMN3.

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The trade mark Nesquik has been used in relation to a range of powdered milk modifiers since 1955. In 1988 a long life ready to drink chocolate flavour milk drink was added to the range and by 1993 the range comprised four flavours of powder and three ready to drink. Also in

1993 a chocolate flavour chilled dessert was launched and in 1994 this was joined by a chocolate flavour breakfast cereal and a split-pot dessert with separate helpings of yoghurt and the cereal.

5 Sales figures are given as follows:

	<u>Year</u>	<u>Sales(£m)</u>
	1989	3.2
10	1990	3.9
	1991	4.0
	1992	4.9
	1993	5.5
	1994	14.6
15	1995	14.2

Promotional spending has been as follows:

	<u>Year</u>	<u>Cost of Advertising (£000's)</u>
20	1989	27
	1990	34
	1991	14
	1992	36
25	1993	27
	1994	11
	1995	29

30 Examples of packaging are exhibited at PMN4 and PMN5.

The trade mark NESTEA has been used in the UK since at least 1989 in relation to a range of teas sold mainly by means of vending machines. Turnover of goods sold under the mark is given as follows:

	<u>Year</u>	<u>Sales (£000)</u>
35	1990	191
	1991	182
	1992	152
40	1993	145
	1994	144
	1995	124

45 Finally, the trade mark Nespresso is said to be a relatively recent addition to the stable of NES- marks and has been used in this country since 1996. The trade mark is used in relation to a system for making espresso, cappuccino and other speciality coffees, which consists of sealed capsules containing different blends of roast and ground coffee and a machine designed

specially for the use of these capsules. Exhibit PMN6 is a leaflet describing the Nespresso system. The system is used by several major airlines including British Airways.

5 Ms Nelson concludes by saying that the above demonstrates that the opponents have built up a family of marks incorporating the element NES. In her view, therefore, use of the mark applied for would be likely to result in confusion on the part of the public.

That concludes my review of the evidence.

10 Shortly before the hearing the opponents indicated that they would not be pursuing the ground based on Section 3(1)(a) and that this ground could be struck out. I need say no more about it.

Section 5(2) reads:

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

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

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

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

30 As identical marks are not involved this opposition must be considered under sub-section (b). Both sides referred me to a number of authorities both under the current and preceding Act. In relation to the construction to be placed on the Section I intend to rely on the following remarks of the European Court of Justice in *Sabel v Puma*, 1998 RPC 199.

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“Article 4(1)(b) of the Directive does not apply where there is no likelihood of confusion on the part of the public. In that respect, it is clear from the tenth recital in the preamble of the Directive that the appreciation of the likelihood of confusion depends on numerous elements and, in particular, on the recognition of the trade mark on the market, of the association which can be made with the used or registered sign, of the degree of similarity between the trade mark and the sign, and between the goods or services identified’. The likelihood of confusion must therefore be appreciated globally, taking into account all factors relevant to the circumstances of the case.

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Global appreciation of the visual, aural or conceptual similarity of the mark in question must be based on the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components. The wording of Article 4(1)(b) of the Directive - ‘There exists a likelihood of confusion on the part of the public’ -

shows that the perception of marks in the mind of the average consumer of the type of goods or services in question plays a decisive role in the global appreciation of the likelihood of confusion. The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details.

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In that perspective, the more distinctive the earlier mark the greater will be the likelihood of confusion. It is therefore not impossible that the conceptual similarity resulting from the fact that the two marks use images with analogous semantic content may give rise to a likelihood of confusion where the earlier mark has a particularly distinctive character, either *per se* or because of the reputation it enjoys with the public.”

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and the same Court’s view in Canon Kabushiki Kaisha v Metro Goldwyn Mayer Inc 1999 RPC 117:

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“A global assessment of the likelihood of confusion implies some interdependence between the relevant factors, and in particular a similarity between the trade marks and between these goods or services. Accordingly, a lesser degree of similarity between these goods or services may be offset by a greater degree of similarity between the marks, and vice versa. The interdependence of these factors is expressly mentioned in the tenth recital of the preamble to the Directive, which states that it is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion, the appreciation of which depends, in particular, on the recognition of the trade mark on the market and the degree of similarity between the mark and the sign and between the goods or services identified.”

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The ECJ has also given guidance on the considerations to be borne in mind in relation to the ‘average consumer’ in Lloyd Schufabrik Meyer & Co v Klijsen Handel BV 1999 ETMR 690

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“**26.** For the purposes of that global appreciation, the average consumer of the category of products concerned is deemed to be reasonably well-informed and reasonably observant and circumspect (see, to that effect, Case C-210/96 *Gut Springenheide and Tusky* [1968] E.C.R. I-4657, paragraph 31). However, account should be taken of the fact that the average consumer only rarely has the chance to make a direct comparison between the different marks but must place his trust in the imperfect picture of them that he has kept in his mind. It should also be borne in mind that the average consumer’s level of attention is likely to vary according to the category of goods or services in question.”

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I also accept that it is legitimate to take into account the guidance given under the preceding Act in cases such as TRIPCASTROID 1925 RPC 264 (regarding the relative importance and impact of the beginnings and endings of words) and ARISTOC v RYSTA, (regarding imperfect recollection). Indeed a number of the principles established in these cases have been reaffirmed by the decisions reached in the ECJ.

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With those preliminary observations in mind I turn to the issues raised in the case before me. It was common ground that, applying *Sabel v Puma*, I should take into account both the

inherent distinctiveness of the opponents' earlier trade marks and any enhanced level of reputation that attaches to them as a result of the use made of them. In this latter context I bear in mind the opponents' evidence of use particularly of the marks NESTLE, NESCAFE, NESQUIK and NESTEA. The NESPRESSO mark is a relatively recent addition to the opponents' range and use has not been established by the relevant date. No evidence has been supplied in relation to use of the Nes registrations. Insofar as a number of the opponents' earlier trade marks have broad specifications I can only take into account any enhanced reputation in relation to those goods in respect of which use has been shown (see also my comments under Section 5(4)(a) in relation to this point).

A question also arises as to the extent to which (if any) the opponents are entitled to benefit from what they regard as their family of (NES-) marks. I will deal briefly with this point a little later in my decision.

The applicants accept that there is a substantial identity of goods between the specification of the mark applied for and the earlier trade marks, NESTLE, Nes, NESQUIK and NESPRESSO in view of the breadth of the specifications of these registrations. Moreover even where there is not clearly identity of goods they are closely similar. I do not propose to compare each and every one of the opponents' marks with the mark applied for. It seems to me that the earlier trade marks which are closest to NESSIE are NESTLE, Nes and NESTEA. If the opponents cannot succeed on the basis of these registrations I do not think they will be in any better position on the basis of NESCAFE, NESQUIK or NESPRESSO even taking into account the undoubted reputation of the NESCAFE mark (in relation to coffee) and the effect of that reputation on the composite test. The opponents say that NESTLE and NESSIE are just two letters apart and NESTEA and NESSIE only three letters apart as well as having some phonetic similarities. The mark applied for also, self evidently, incorporates the whole of the opponents' Nes mark.

So far as I am aware the opponents' earlier trade marks are (taken as totalities) all invented words. Mr Roberts submitted that there were visual and aural similarities between the marks. The tendency of persons using the English language to slur the ending of words was noted in TRIPCASTROID with the consequence that the beginnings of words tend to be accentuated. Thus he suggested I should pay particular attention to the common beginning NES-. He also reminded me of the risks arising from imperfect recollection. Furthermore my attention was drawn to Niblett v Confectioners' Materials Co Ltd 1921 KB 387 where it was held that NISSLY infringed NESTLE (in fact the defendants appear to have admitted the point). I note the outcome of that case but am not persuaded that it should bear heavily on my decision. The infringing mark in that case was in my view closer (certainly aurally) to NESTLE than NESSIE is. It is probable also that, some 80 years ago, goods were more likely to be requested by word of mouth than is the case today where self-service plays a much greater part in the shopping process. The risk of aural confusion is, therefore, somewhat less than it was and is in any case only one of the factors to be considered as part of the 'global appreciation' of the similarities between the marks.

In the final analysis I must reach my own view on the question of the extent of the similarities between the marks and the goods and the likelihood of confusion (if any) that results. This case seems to me to come down to a relatively simple issue. What is the word NESSIE likely

to mean to the average consumer? Mr Smith, for the applicants, was of the view that it would be taken as the popular name given to the Loch Ness monster. Mr Roberts responded that this was no more than speculation on the part of the applicants and that the mark should be considered in the context of the goods on which it is to be used.

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I accept, as I must, that there is no evidence before me as to what NESSIE would mean to the average customer. However, I do not consider I need evidence on that point. It is not an obscure allusion. I am entitled to form my own view on what meaning words are likely to have. I have no hesitation in agreeing that NESSIE would overwhelmingly carry the meaning suggested by Mr Smith. Nor do I think the nature of the goods has any bearing on the matter. A word does not lose its ordinary signification simply because it is used as a trade mark.

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It follows from the above that there is in my view a clear conceptual difference between the mark applied for and the opponents' earlier trade marks. In fact I go further and say, within the context of the composite test, it is a point of difference which significantly outweighs whatever visual or aural similarities exist between the respective marks. As a result I am satisfied that there is no likelihood of confusion.

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That is not quite the end of the matter because Mr Roberts also relied in part on the opponents' family of NES- marks and the collective reputation and customer expectation that this may give rise to. There was authority under the preceding Act in relation to the effect of the existence of a family of marks in the context of opposition proceedings - see BECK KOLLER 1947 RPC 76 and particularly at page 83. That authority is no longer binding on me. I am not aware of any authority which gives guidance on the matter under the current Act or, if the principle still applies, whether it is appropriate to consider it under Section 5(2) rather than Section 5(4). In ENERCAP Trade Mark 1999 RPC 362 Mr Thorley QC sitting as the Appointed Person suggested that it might be the latter. But the point was not argued before him and I think it is probably fairer to read his words as reserving his position on the point.

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In the event I do not think I need to decide the point. My reason for this is that my above finding that there is no likelihood of confusion rests on my clear view that NESSIE has a readily understandable meaning that takes it well away from each of the NESTLE registrations. Even if I were to take the family of marks point in the context of Section 5(2) I would not have come to a different view on the issue of confusion. The opposition thus fails under Section 5(2)(b).

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Section 5(4)(a) reads:

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5.-(4) 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

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- (b) by virtue of an earlier right other than those referred to in subsections (1) to (3) or paragraph (a) above, in particular by virtue of the law of copyright, design right or registered designs

5 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.”

10 The necessary elements of an action for passing off in terms of goodwill, misrepresentation and damage, were set out by Geoffrey Hobbs QC in WILD CHILD trade mark 1998 RPC 455. I do not propose to repeat the very full guidance provided but it can be found in that decision commencing at page 460 line 5 to page 461 line 22.

In brief the necessary elements are said to be as follows:

- 15 S that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- S that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by the defendant are goods or services of the plaintiff; and
- 20 S that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.

25 I accept that the marks NESTLE, NESCAFE, NESQUIK and NESTEA are used and that they had a significant reputation at the material date. In the case of NESCAFE, NESQUIK and NESTEA the use is in respect of a relatively narrow range of goods - coffee (NESCAFE), chocolate flavoured milk drinks, breakfast cereal and yoghurt/cereal dessert (NESQUIK) and tea (NESTEA). It is suggested that the housemark (NESTLE) has a much broader based reputation. I note that it is frequently used in conjunction with the main sub-brands. The company brochure at PMNI suggests that the company owns a large number of other brands including those resulting from acquisitions. Whether and to what extent NESTLE is used in association with these other brands is not made clear. On the evidence before me, therefore, it is not possible to establish the precise extent of the NESTLE reputation over and above that arising from the business conducted under NESCAFE, NESQUIK and NESTEA (where the NESTLE mark is also used).

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The marks in respect of which use has been shown up to the material date are for practical purposes the same as the marks registered and considered in relation to Section 5(2). Furthermore the use outlined above is in relation to goods which are contained within the scope of the registered specifications. In reaching my view under Section 5(2) I have taken into account the opponents’ claims that their marks have an enhanced level of distinctive character as a result of the reputation they enjoy with the public. In these circumstances I do not think Section 5(4)(a) is likely to give rise to issues that put the opponents in a more favourable position than they were in under Section 5(2) and in certain respects rather less so.

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45 In the light of my comments on the respective marks it follows also that in my view the relevant sector of the public is unlikely to think that products offered under the mark NESSIE

originated from the opponents. Confusion leading to misrepresentation will not therefore arise. The opposition fails under Section 5(4)(a).

5 As the applicant have been successful they are entitled to a contribution towards their costs. I order the opponents to pay the applicants the sum of £435.

**Dated this 21 day of February 2000**

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15 **M REYNOLDS**  
**For the Registrar**  
**the Comptroller General**

	<u>No.</u>	<u>Mark</u>	<u>Class</u>	<u>Journal</u>	<u>Specification</u>
5	585860	NESCAFE	30	3684/938	Coffee essence, coffee extract, and preparations of coffee and of chicory.
10	762564	NESQUIK	30	4114/512	All goods included in Class 30. Insofar as they relate to goods for sale in Bahrain. Insofar as they relate to goods for sale in Aden. Insofar as concerns the right of Nestle S.A. in the United Kingdom. Insofar as concerns the rights to the exclusive use thereof in relation to goods for export from the United Kingdom to and sale in Belize, Gibraltar, Grenada, St. Vincent, and Falkland Island.
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20	820654	NESQUIK	32	4329/113 0	Preparations included in Class 32 for making non-alcoholic beverages.
	881681	NESTEA	32	4567/305	Non-alcoholic drinks and preparations for making such drinks, all included in Class 32, and all containing tea.
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30	897451	Nes	29	4626/529	All goods included in Class 29, none being for export to Aden or Bahrain of Nestle S.A. in the United Kingdom. Insofar as concerns the right to the exclusive use thereof in relation to goods for export from the United Kingdom to and sale in Belize, Gibraltar, Grenada, St. Vincent and Falkland Island.
35	897452	Nes	30	4630/686	All goods included in Class 30, none being for export to Aden or Bahrain; but not including corn meal or flour.
40	1251903	NESPRESSO	30	5707/135	Farinaceous products, preparations made from cereals or from rice, all for food for human consumption, rice, flour, sugar, ice cream, sauces, (other than salad dressings), cocoa, chocolate, tea, tea extracts, non-medicated confectionery, vinegar, condiments; and food preparations included in Class 30 for use as sandwich spreads and for making puddings.

1289623 NESCAFE 42 5815/1663 Restaurant, hotel, bar, café, snack-bar and canteen services; catering services for hospitals; accommodation services; professional services relating to food technology; all included in Class 42.

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1289624 NESPRESS 42 5851/7100 Restaurant, hotel, bar, café, snack-bar and canteen services; catering services for hospitals; accommodation services; professional services relating to food technology; all included in Class 42; but not including services relating to coffee beverages.

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15 1563537 30 6075/3316 Coffee, coffee essences and coffee extracts; mixtures of coffee and chicory; mixtures of coffee and chicory, chicory and chicory mixtures, all for use as substitutes for coffee; tea, tea extracts; cocoa; preparations made principally of cocoa; chocolate; chocolate products; confectionery, candy; sugar; flour; preparations made from cereals and/or rice and/or flour; breakfast cereals; pizza; pasta and pasta products; bread; biscuits; cookies; cakes; pastry; ice; ice cream, water ices, frozen confections; preparations for making ice cream and/or water ices and/or frozen confections; honey; preparations consisting wholly or substantially wholly of sugar, for use as substitutes for honey; syrup, treacle, molasses; ketchup; sauces, and preparations for making sauces; spices; vinegar; chutney; custard powder; salad dressings; snack foods; prepared meals; mousses; desserts; puddings; all included in Class 30.

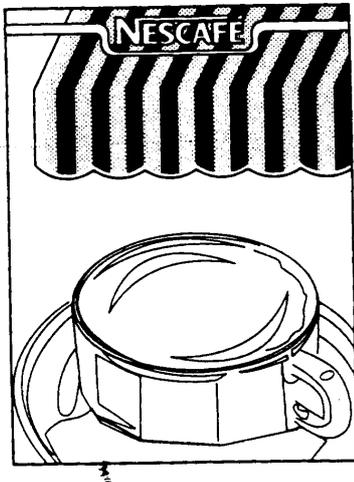
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Food preparations made principally of milk; emulsions of vegetable fats for use as substitutes for milk; yogurt; non-alcoholic beverages made principally of milk; all the aforesaid goods containing coffee or coffee extracts; all included in Class 29.

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Toys, games and playthings; toy balloons; gymnastic and sporting articles (other than clothing); ornaments and decorations for Christmas trees; crackers; Christmas stockings; festive decorations; carnival hats and caps; artificial Christmas trees; parts and fittings for all the aforesaid goods; all included in Class 28.

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**Nestlé**

**Nestlé**

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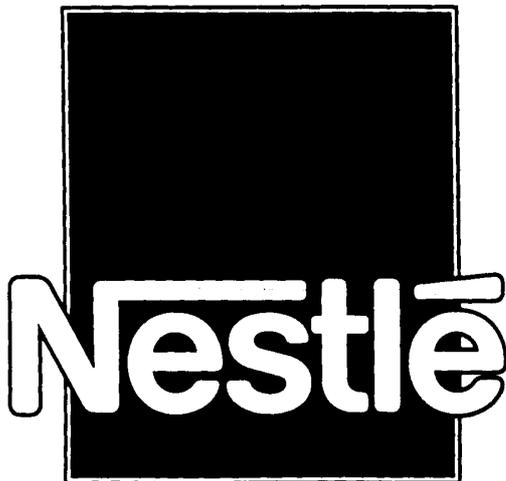
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Pharmaceutical, veterinary and sanitary preparations, dietetic substances adapted for medical use; food for babies.

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Meat, fish, seafoods, poultry and games; preserved, dried and cooked fruits and vegetables; meat extracts; meat products; sausages; extracts of fruits and/or of vegetables; jellies, jams; fruit preserves, vegetable preserves; snack foods; prepared meals; desserts; eggs; milk; dairy products; yoghurt, frozen yoghurt; edible protein derived from soya beans; edible oils and edible fats; nuts and nut butters; pickles; foods spreads consisting wholly or substantially wholly of vegetables, milk, meat, poultry, fish, seafoods or of edible fats; soups; bouillons.

Coffee, coffee essences and coffee extracts; mixtures of coffee and chicory; mixtures of coffee and chicory, chicory and chicory mixtures, all for use as

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substitutes for coffee; tea, tea extracts; cocoa; preparations made principally of cocoa; chocolate; chocolate products; confectionery, candy; sugar; flour; preparations made from cereals and/or rice and/or flour; breakfast cereals; pizza; pasta and pasta products; bread; biscuits; cookies; cakes; pastry; ice; ice cream, water ices, frozen confections; preparations for making ice cream and/or water ices and/or frozen confections; honey; preparations consisting wholly or substantially wholly of sugar, for use as substitutes for honey; syrup, treacle, molasses; ketchup; sauces, and preparations for making sauces; spices; vinegar; chutney; custard powder; salad dressings; snack foods; prepared meals; mousses; desserts; puddings.



Meat, fish, seafoods, poultry and game; preserved, dried and cooked fruits and vegetables; meat extracts; meat products; sausages; extracts of fruits and/or of vegetables; jellies, jams; fruit preserves, vegetable preserves; snack foods; prepared meals; desserts; eggs; milk; dairy products; yoghurt, frozen yoghurt; edible protein derived from soya beans; edible oils and edible fats; nuts and nut butters; pickles; food spreads consisting wholly or substantially wholly of vegetables, milk, meat, poultry, fish, seafoods or of edible fats; soups; bouillons.

Coffee, coffee essences and coffee extracts; mixtures of coffee and chicory; mixtures of coffee and chicory, chicory and chicory mixtures, all for use as substitutes for coffee; tea, tea extracts; cocoa; preparations made principally of cocoa; chocolate; chocolate products; confectionery, candy; sugar; flour; preparations made from cereals and/or rice and/or flour; breakfast cereals; pizza; pasta and pasta products; bread; biscuits; cookies; cakes; pastry; ice; ice cream, water ices, frozen confections;

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preparations for making ice cream and/or water ices and/or frozen confections; honey; preparations consisting wholly or substantially wholly of sugar, for use as substitutes for honey; syrup, treacle, molasses; ketchup; sauces, and preparations for making sauces; spices; vinegar; chutney; custard powder; salad dressings; snack foods; prepared meals; mousses; desserts; puddings.