

O-091-04

**TRADE MARKS ACT 1994
IN THE MATTER OF APPLICATION NO. 2200550A IN THE NAME OF
SEGA ENTERPRISES LIMITED**

AND

**IN THE MATTER OF
OPPOSITION THERETO UNDER NO. 51806
IN THE NAME OF SEGAFREDO-ZANETTI S.P.A.**

Trade Marks Act 1994
In the matter of application No. 2200550A
in the name of Sega Enterprises Limited

And

In the matter of opposition thereto
under No. 51806 in the name of Segafredo-Zanetti S.p.A.

Background

1. On 18 June 1999, Sega Enterprises Limited applied to register a series of two trade marks both comprising the word SEGA, in Classes 29, 30 and 42, the specifications of these Classes being as follows:

- Class 29:** Preserved, dried and cooked fruits and vegetables; jellies, jams and preserves; milk and milk products; yoghurts; pastes and pates; snack foods; potato chips and potato crisps.
- Class 30:** Bread; biscuits; cakes; cookies; pies and pasties; patisseries; speciality breads; French breads, croissants, rolls, scones; shortbread; pizzas, pizza bases; rice, pasta, noodles; ice-creams, frozen ices; syrup, honey, treacle, molasses; chocolate, but none being used in the preparation of beverages.
- Class 42:** Restaurant services; cafe services; canteen and catering services; catering for the provision of food and drink; snack bar, bar and brasserie services; coffee shop services; preparation of foodstuffs and/or meals and/or beverages for consumption off the premises; leasing and rental of vending machines for distribution of food and drinks.

2. The marks are represented as follows:



3. On 4 December 2000, Segafredo-Zanetti S.p.A filed notice of opposition based on the following grounds:

1. Under Section 5(2)(b) because the mark applied for is a similar mark to the opponents= earlier trade marks and is sought to be registered for identical or similar goods to those covered by the earlier marks such that there exists a likelihood of confusion.

2. Under Section 5(4)(a) by virtue of the law of passing off.

4. The earlier mark relied upon by the opponents can be found as an annex to this decision.

5. The applicants filed a counterstatement in which they accept that certain of the goods in Class 30 and the services in Class 42 for which they seek registration are either the same or similar to goods or services covered by the corresponding Classes of the opponents= earlier marks, but deny the grounds on which the opposition is based.

6. Both sides ask that an award of costs be made in their favour.

7. Both sides filed evidence in these proceedings, although neither took up the offer of an oral hearing, electing instead for a decision to be taken from the papers.

Opponents= evidence

8. This consists of a Statutory Declaration dated 5 July 2001, from Helen Jane Forsyth, of Keith W Nash & Co, the opponents= representatives in these proceedings. Ms Forsyth says that unless otherwise stated the facts and matters described in her Declaration come from her own personal knowledge, and from consulting material supplied by the opponents or their legal representatives in Italy, Fischetti and Weber.

9. Ms Forsyth says that she is informed that the trade mark SEGAFREDO has been in use in the UK in connection with coffee since at least May 1983. Exhibit HJF1 consists of a questionnaire completed by the opponents confirming the date of first use in the UK of their various marks, the goods that they were used in connection with, and the turnover in Lira for Segafredo Zanetti but no other brand names. The questionnaire states that the opponents= business is conducted through distributors who supply retail and trade outlets directly.

10. Exhibit HJF2 consists of a collection of invoices, the earliest dating from July 1985, showing SEGAFREDO ZANETTI on the letterhead, in connection with coffee, tea, and I believe chocolate beverages. An invoice dating from August 1998 relates to the sale of SEGALIGHT coffee and SEGALIGHT coffee and milk. Exhibit HJF3 consists of examples of packaging and a label for SEGAFREDO Zanetti coffee, that Ms Forsyth says is used, inter alia, in the UK. None can be dated.

11. Exhibit HJF4 consists of an extract from the opponents= web site, detailing the company= history, details of advertising, sponsorship, franchising opportunities, and a catalogue of items

available on-line. There are references to Europe and World-wide, but apart from a [Aunion jack@link](#) to the on-line shop, there is no specific mention of the UK in any area. Exhibit HJF5 consists of a list of the opponents= world-wide trade mark registrations of SEGAFREDO in Class 30.

Applicants= evidence

12. This consists of a Witness Statement dated 10 October 2001, from Stephen Richard James, a partner in the firm of RGC Jenkins & Co, the applicants= representatives in these proceedings.

13. Mr James refers to exhibit SRJ1, which consists of a copy of a Statutory Declaration dated 21 January 1999, from Mr Kazutoshi Miyake, Chief Operations Officer of Sega Europe Limited, that was filed in earlier opposition proceedings, a copy of the decision being shown as exhibit SRJ3. Exhibit SRJ2 consists of details of the applicants= and the opponents= registrations that are co-existing on the UK and OHIM trade marks registers. The remainder of Mr James=s Statement consists of submissions on the relative merits of the case, which I have not summarised but will take into account in my determination of this case.

14. In his Declaration, Mr Miyake says that Sega Europe Ltd (Sega) is a wholly owned subsidiary of the opponents. He refers to Exhibits KM1, which consists of certified copies of the UK trade mark registrations and the CTM application (now registration) relied on in the grounds of opposition.

15. Mr Miyake says that the principal commercial and business activity of Sega in the UK is the sale of computer and video games equipment together with the operation of amusement arcades, theme parks and other entertainment centres. He gives sales figures for the years 1992/1993 through to 1996/1997 relating to his company=s computer and video games equipment, which by any standard shows a very substantial trade in these goods. The figures given relating to the amounts spent on advertising and promoting these products are equally impressive running into many millions of pounds.

16. He refers to exhibit KM2, which consists of sample games labels along with advertising material. Mr Miyake says that Sega has also been involved with a number of drink and food companies in the co-promotion of the two companies' brands. He gives various examples, stating that from 1 September 1993 to 31 January 1994 Sega and The Coca-Cola Company co-promoted SONIC/SONIC THE HEDGEHOG and FANTA. A sample can is exhibited at KM3. A campaign involving BURGER KING and SONIC is also referred to.

17. Mr Miyake goes on to say that since 7 September 1996, Sega has operated the SEGAWORLD theme park at the Trocadero in London in which there are SEGA amusement arcades, a SEGA retail shop, a refreshment vending operation, a number of refreshment outlets, corporate hospitality and, from October 1998, a licensed bar and coffee shop. He suggests that the sale of a SEGALIGHT beverage in SEGAWORLD would lead to the assumption that the product was connected with Sega. Visitor numbers to and advertising expenditure on the theme park are given for 1996 and 1997, with an estimate of visitor numbers for 1998.

18. Mr Miyake refers to amusement arcades and family entertainment centres operated by Sega Operations UK Limited, a subsidiary company, that had from time to time used certain Sega branded food items. The examples given are a SEGA SONIC popcorn vending machine used at the company's entertainment centre in Bournemouth from July 1993 to November 1994. A photocopy of a paper popcorn cup is at exhibit KM6. Exhibit KM7 consists of a photocopy of a SEGAPARK lollipop, the lollies having been used as a prize at SEGA entertainment centres since April 1998.

Decision

19. Turning first to the ground founded on Section 5(2)(b) of the Act. That section reads as follows:

A5.-(2) A trade mark shall not be registered if because **B**

- (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,

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

20. An earlier trade mark is defined in Section 6 of the Act as follows:

A6.- (1) In this Act an ~~earlier~~ trade mark @ means **B**

- (b) a registered trade mark, international trade mark (UK) or Community trade mark which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks, @

21. In a consideration of a likelihood of confusion or deception I must take into account the guidance provided by the European Court of Justice (ECJ) in *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] 45 F.S.R. 77 and *Marca Mode CV v Adidas AG* [2000] E.T.M.R. 723. It is clear from these cases that:

- (a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v Puma AG*,
- (b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v Puma AG*, 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; *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel B.V.*,

- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v Puma AG*,
- (d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV v Puma AG*,
- (e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*,
- (f) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it; *Sabel BV v Puma AG*,
- (g) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v Puma AG*,
- (h) further, 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; *Marca Mode CV v Adidas AG*,
- (i) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*.

22. The mark applied for and the opponents' earlier marks are all in respect of foodstuffs, and in the case of the application, services related to the preparation and delivery of foodstuffs. The applicants helpfully concede that some of the goods covered by Class 30 and services in Class 42 of their application are identical or similar to those covered by the corresponding classes of the opponents' earlier marks. I do not know why the concession only extends to these classes as in my view it is plain to see that some of the goods in Class 29, namely milk and milk products would come under the description of milk and dairy products for which one of the opponents' SEGAFREDO trade marks is registered.

23. Mr James referred to the decision in the earlier opposition proceedings in which the Hearing Officer made the following observations:

The Registry has in the past accepted that restaurant services may be similar to prepared meals because some restaurants offer take-away meals as an alternative to service on the premises. It seems doubtful whether similar arguments exist in relation to the goods at issue here. It may be that in certain specialist establishments such as coffee shops/cafes it is possible to find a trade in the goods, that is coffee or coffee beans say, as well as for consumption on the premises as part of a service. Even if that were the case it would require a further step to establish that similar practices and expectations exist in relation to restaurants and canteens. There is nothing in the

opponents' own trade which assists me to reach a view on the matter. Nor is there any independent evidence to suggest that contrary to my own impression trade practice generally should point me to a different conclusion.@

24. I see no reason to disagree with this view.

25. There being no qualification or limitation to any of the specifications, such as to their nature, purpose, uses etc, I must notionally assume that these goods share the same channels of trade, from manufacture to retail, and also the same consumer.

26. Foodstuffs are in general ordinary everyday goods that consumers from most walks of life will come into contact with and at some time buy. Although not ordinarily high price items, food is likely to be selected with a degree of care, probably with more attention being paid to the description of the foodstuff to ensure that the correct product is obtained than to the trade name. That said, food products can, and in my experience, quite often do, attract brand loyalty with consumers choosing an item because they have previously bought and been satisfied with that specific product, or another product from the same trader.

27. In my experience traders display the different branded products of the same type side by side, so this is one of the rare areas of commerce where the consumer may have the opportunity to see marks alongside one another. However, not all traders stock all of the available brands and it may well be that a consumer will see a brand in one shop, but not in another. This leaves open the possibility of the applicants' and the opponents' goods being displayed in close proximity, affording the opportunity for a direct comparison, or in different retail outlets where the consumer will have to rely on their potentially imperfect recollection.

28. The opponents rely on four earlier trade marks. Three that are essentially SEGAFREDO in a stylised font (although still clearly enough SEGAFREDO) either on its own or with other words. The fourth is a series of three marks SEGALIGHT/SegaLight/SEGA LIGHT.

29. The mark applied for is SEGA, so if only to the extent that the mark applied for is wholly contained within the opponents' earlier marks there must be some visual and aural similarity. In the SEGAFREDO marks the SEGA prefix is a strong element, as much because of its positioning at the beginning of the marks, but it runs through into the suffix losing much of its individual significance to the extent that I would not consider SEGAFREDO and SEGA to be similar marks.

30. This leaves the opponents' other mark SEGALIGHT. In two of the three versions of the series, the marks are presented in a way that draws attention to the fact that they are composed of two elements SEGA and LIGHT. I am aware that the word LIGHT is commonly used in relation to food and drink to indicate that the product is low in fat, sugar, etc, and being of potential descriptive significance is unlikely to attract as much attention as the element SEGA. Even allowing for the degree of stylisation in the presentation of the applicants' second mark, I find the mark applied for to be visually and aurally similar to the opponents' SEGALIGHT mark.

31. There is no evidence that SEGAFREDO (or separately, SEGA and FREDO) have any meaning, and it seems likely to me that if they convey any conceptual message to the consumer it will only be as an invented word. As invented words, SEGAFREDO and SEGA must be considered to have a strong distinctive character. It therefore seems to me that the consumer seeing SEGA LIGHT on foodstuffs and beverages will regard the goods as the Aight@version@ of a SEGA product. I would not say that in the SEGAFREDO marks there is no dominant distinctive element. However, in the SEGA LIGHT marks, for the reason I have given above, SEGA must be considered to be both the distinctive and dominant element.

32. The opponents claim use of SEGAFREDO dating from May 1983, SEGAFREDO ZANETTI dating from October 1984, and SEGALIGHT from January 1998. Turnover figures have been provided for SEGAFREDO ZANETTI, although as these are in Italian Lira, it is not possible to put these into any context in relation to the market as a whole. No turnover figures for SEGAFREDO (solus) or SEGALIGHT have been given. No figures relating to expenditure on advertising have been provided. I do not, therefore, feel that I am in a position to say whether the marks are any more distinctive by virtue of the use made of them, or by which to gauge the extent of any reputation.

33. In his Witness Statement, Mr James makes much of the applicants= reputation, and their use of SEGA in co-promotions with beverage manufacturers, and at the SEGAWORLD theme park which operates a number of refreshment outlets. Use of the mark applied for concurrently with the opponents= earlier trade marks is a relevant factor in determining whether there is a likelihood of confusion.

34. Mr James says that the co-promotion activities began in 1993 and continued until 1998. The first such event was with the Coca Cola Company where Sonic the Hedgehog was promoted alongside Fanta, exhibit KM3 being the relevant evidence. This shows a can of Fanta soft drink with the word Sonic running vertically with a depiction that I recognise as Sonic the Hedgehog. There is no obvious promotion of SEGA as such. In my view this is more likely to be seen as Sega using the Coca Cola drink as a vehicle for promoting their computer games involving SONIC. There is nothing to suggest that the purchasing public would assume that Sega themselves had entered the beverage market.

35. The second co-promotion was with Burger King, details of which are shown as exhibit KM4. This primarily promotes Sonic, but does mention SEGAPC, the SEGA theme park in the USA, SEGA kids club, SEGA characters, SEGAWORLD, SEGA SONIC R and SEGA SONIC R Meal Box. The exhibit shows a closing date for a competition of 11 January 1998, with winners being notified by 8 February 1999. Whilst this promotion does show use of SEGA, it suffers from the same problems that I have mentioned in relation to the Coca Cola co-promotion.

36. This leaves the SEGAWORLD theme park at the Trocadero which was opened on 7 September 1996, accompanied by substantial advertising. The theme park is said to incorporate SEGA amusement arcades, a SEGA retail shop, a significant refreshment vending operation, a number of refreshment outlets, corporate hospitality and, from October 1998, a licensed bar and coffee shop. The evidence in support of this can be found in Exhibit KM5 which contains a number of leaflets and brochures promoting the theme park. Most do not

appear to be dated but those that are date from 1998. The brochures primarily promote the games and rides. There is evidence of food and drink being available at the site although it is not clear whether this is provided by SEGA or by holders of concessions. The venue also caters for parties and corporate hospitality events, but this appears to be provided by an organisation called Crown Society, special event caterers. There is nothing that establishes that any of this was promoted under the mark SEGA.

37. The applicants also rely on the sale of items from vending machines such as the SEGA SONIC popcorn vending machine operated in one centre only between July 1993 and November 1994. There is just a single exhibit in support of this trade with SONIC as the most prominent element. On the basis of this evidence I am unwilling to accept that the applicants are entitled to claim to have made concurrent use of their mark in relation to the goods and services for which they seek registration.

38. Taking all of the above into account and adopting the Aglobal@ approach advocated, I come to the view that whilst there is some similarity between the application and the opponents= earlier registrations for SEGAFREDO, the differences are such that I do not consider this to be sufficient for there to be a finding of a likelihood of confusion. However, in respect of SEGALIGHT, I find the similarities to be such that when considered as a whole I believe there to be a real likelihood of the consumer being led into mistakenly believing that the respective goods and services come from the same or economically linked undertakings. The ground under Section 5(2)(b) accordingly succeeds.

39. Finally there is the ground based on Section 5(4)(a) and the law of passing off. To succeed under this head the opponents would need to establish the three elements of such an action, that is goodwill, misrepresentation and damage (*Wild Child* Trade Mark [1998] RPC 455). In my consideration of the ground under Section 5(2)(b) I highlighted the weakness in the opponents= claim to a reputation and goodwill. Whilst they appear to have longstanding use of SEGAFREDO and likely to have a reputation and goodwill in this name, I have found this mark to be different to the mark applied for so cannot see that there will be misrepresentation likely to lead to damage. In the case of SEGALIGHT, even though I have found the respective marks to be similar, there is just one invoice dating from August 1998, relating to the supply of a small quantity of goods to a distributor; there is no evidence that it ever reached the consumer or if it did, that it did so prior to the relevant date. Turnover and advertising figures for SEGALIGHT have not been provided. On this evidence and I would be hard pressed to conclude that the opponents have much, if any reputation or goodwill in the mark. But in any event, as all of the use has been in relation to beverages, a finding of passing off would take their case no further than under Section 5(2)(b). The ground under Section 5(4)(a) is dismissed accordingly.

40. The opponents= SEGALIGHT mark is registered in respect of A beverages with coffee, cocoa or chocolate base@, clearly a much narrower description of goods and different to some of the services for which the applicants seek registration. I take the view that if the applicants were to file a form TM21 to amend their application on the following basis:

1. remove Amilk and milk products@ from Class 29,

2. amend the qualification of their Class 30 specification to read **A**but none being beverages or for use in the preparation of beverages@,
3. restrict the services covered by Class 42 to **A**Restaurants and canteens; catering for the provision of food; preparation of foodstuffs and/or meals for consumption on or off the premises; leasing and rental of vending machines for distribution of food@.

I will, in the event of no appeal, allow this application to proceed to registration. If the applicants fail to file a TM21 within one month from the end of the appeal period the application will be refused.

41. The opposition has succeeded and in accordance with the usual practice the opponents are entitled to an award of costs. However, the success is only in relation to part of the application and I consider that any award should reflect this. I therefore order the applicants to pay the opponents the sum of , 1,200 as a contribution towards their costs. This sum to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 31st day of March 2004

**Mike Foley
for the Registrar
the Comptroller General**