

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 2207412
BY SC PRODAL 94 SRL
TO REGISTER A TRADE MARK IN CLASS 33**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER No. 50901
BY SPIRITS INTERNATIONAL N.V.**

TRADE MARKS ACT 1994

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**IN THE MATTER OF Opposition thereto under No. 50901
By Spirits International BV**

BACKGROUND

1. On 1 September 1999 SC Prodal 94 SRL applied to register the following series of two trade marks in Class 33 of the register for “Alcoholic beverages (except beers)”:



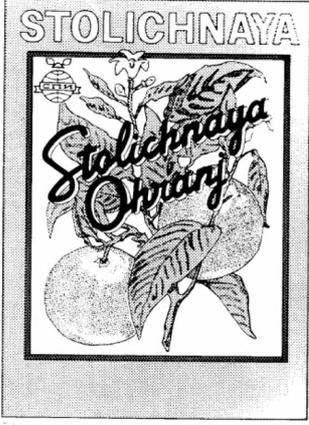
The applicant claims the colours red, blue, orange and yellow as an element of the first mark in the series.

2. The application was subsequently accepted by the Registrar and published in the Trade Marks Journal.

3. On 12 April 2000 Spirits International N.V. filed a Notice of Opposition. In summary the grounds were:

- (i) Under Section 5(2)(b) of the Act because the mark applied for is similar to the following earlier UK registered trade marks owned by the opponent which cover identical and similar goods and there exists a likelihood of confusion on the part of the public;

Registration Number	Mark	Registration Effective	Goods
99820	 <p>The Russian word “Stolichnaya” appearing in the mark means “Metropolis”.</p> <p>Registration of this mark shall give no right to the exclusive use of the Cyrillic characters appearing in the mark.</p>	11 September 1972	Class 33 – Vodka
1583044	 <p>The mark, here depicted in heraldic shading, is shown in the representation on the form of application in the colours red, green, yellow, silver, black and white, but the mark is not limited to colour. The Russian words “Stolichnaya” and “Limon” appearing in the mark means “Metropolis” and “Lemon” respectively.</p>	1 March 1994	Class 33 Flavoured vodka of Russian origin with natural known essence; all included in Class 33.

2041808	STOLICHNAYA	19 October 1995	Class 33 Vodka
2026837	 <p data-bbox="387 1081 818 1169">The Russian words “Stolichnaya” and “Ohranj” appearing in the mark mean “Metropolis” and “Orange” respectively.</p>	13 July 1995	Class 33 Vodka; spirits and liqueurs; all containing orange or being orange flavoured.

943498

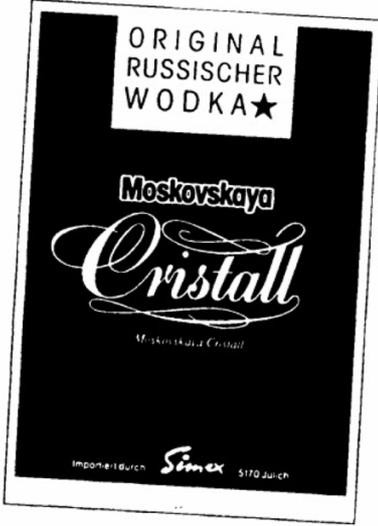


The Trade Mark is limited to the colours green, white, gold, black and red as shown in the representation of the form of application. The transliteration of the Cyrillic characters appearing in the device in the upper half of the mark is "S.P.I.". The Russian words "Moskovskaya Osobaya Vodka" appearing in the mark mean "Moscow Special Vodka".

Registration of this mark shall give no right to the exclusive use of the words "Moskovskaya Osobaya" and the Cyrillic characters of which the transliteration is "S.P.I."

12 March 1969

Class 33
Vodka the produce
of Russia.

1451049	 <p data-bbox="389 936 842 1021">Registration of this mark shall give no right to the exclusive use of the words “Original Russischer Vodka” and “Moskovskaya”.</p>	11 August 1990	Vodka originating from Russia; all included in Class 33.
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- (ii) Under Section 5(4)(a) of the Act by virtue of the law of passing off;
- (iii) Under Section 3(3)(b) of the Act because the mark applied for is of such a nature as to deceive the public as to the nature, quality and geographical origin of the goods included in the specification, to the extent that they are not vodka, produced in Russia.

4. On 24 August 2000 the applicant filed a Counterstatement denying the above grounds. Both sides have filed evidence and have asked for an award of costs in their favour. The matter came to be heard on 2 April 2003 when the applicant for registration was represented by Ms Heal of Counsel instructed by David Keltie Associates and the opponent by Mr Norris of Counsel instructed by Marks & Clerk.

Opponent's Evidence

5. This consists of a declaration by Stanslav Brasilier dated 20 April 2001. Mr Brasilier is Managing Director of Spirits International N.V. (the opponent).

6. Mr Brasilier explains that his company took an assignment of rights in the trade marks STOLICHNAYA and MOSKOVSKAYA in various countries, including the UK, in 1999, the predecessors in title being "SPI".

7. Regarding the history and use of the trade mark STOLICHNAYA, Mr Brasilier explains that the first batch of vodka produced under the mark was made by the Leningrad Distillery in 1941. He adds that in 1965, SPI was founded as the central export industry of the Soviet Ministry of Food Industry and during 1966 SPI exported 9700 dal. of STOLICHNAYA vodka to the UK. Mr Brasilier goes on to say that the mark STOLICHNAYA has been continuously used in the UK in relation to vodka (the goods) since 1966 and here refers to Exhibit "SB#1" to his declaration showing an example of use of the mark on goods – the front and back labels of a vodka bottle.

8. Next, Mr Brasilier provides the following information on the annual volume of vodka sold by his company (or SPI) under the STOLICHNAYA trade mark in the UK:

Year	Turnover US\$	Volume (dal.)	Cases
1991	-	16,504	-
1992	-	27,627	-
1993	-	10,243	-
1994	505,849.42	27,358	32,569
1995	430,070.70	22,458	26,736
1996	346,925.76	18,672	22,229
1997	279,132.00	13,292	15,824
1998	488,460.00	17,445	20,768
1999	-	16,558	-
2000	-	26,128	-

9. Mr Brasilier goes on to state that during the last ten years his company (or SPI) has incurred expenditure in advertising the STOLICHNAYA trade mark in the UK with advertisements appearing in various trade journals and other printed publications and also promotional materials being displayed in bars. He declares that, additionally, the international reputation of his company's brands has led many publications to write articles or reports about his company's goods. Mr Brasilier draws attention to Exhibit "SB#2" of his declaration containing examples of advertisements, promotional material and press coverage relating to the STOLICHNAYA trade mark much of which is after the relevant date for these proceedings or relates to international publications. Exhibit "SB#3" contains copies of invoices sent to customers, most of which are dated after the relevant date for these proceedings.

10. Mr Brasilier now turns to the history and use of the trade mark MOSKOVSKAYA which, he declares, has been used continuously in the UK upon and in relation to vodka (the goods)

since at least 1955. He refers to Exhibit “SB#4” to his declaration showing how this mark is used in relation to the goods and adds that the word MOSKOVSKAYA has developed a very strong secondary meaning to the extent that the trade mark is now synonymous with the opponent when used in relation to vodka.

11. Mr Braslier provides the following annual volumes in relation to the goods sold under the trade mark MOSKOVSKAYA in the UK:

Year	Volume (dal.)
1991	11,457
1992	19,714
1993	1411
1994	4785
1996	378
1997	2340

12. Mr Braslier goes on to state that during the last ten years his company (or SPI) has incurred expenditure in the UK in advertising the trade mark MOSKOVSKAYA. He explains that advertisements have appeared in various trade journals and other printed publications e.g. Drinks Buyer Europe, Drinks International, Duty Free Markets, Frontier Who’s Who, Harpers on Restaurants and others. He adds that promotion has also been effected by advertisements in newspapers with an international circulation such as the International Herald Tribune, and that many publications have written feature articles about his company’s goods. Mr Braslier refers to Exhibit “SB#5” containing examples of advertising and press coverage relating to goods sold under the MOSKOVSKAYA trade mark but which also relate to the STOLICHNAYA mark. Mr Braslier declares in some instances that the total annual amount spent by his company in this advertising has been approximately \$100,000 to \$250,000 internationally. Although the promotional activities have an international emphasis, targeting publications with an international circulation, Mr Braslier points out that the advertisements are in English and would have been seen by numerous UK customers therefore having some impact on the UK market. He adds that his company participates at international exhibitions relating to the drinks industry which are attended by UK based delegates. At Exhibit “SB#6” are copies of invoices sent to customers identifying the company’s goods by reference to MOSKOVSKAYA.

Applicant’s Evidence

13. The applicant’s evidence comprises a witness statement by Carrick James Robinson dated 18 December 2001. Mr Robinson is a Trade Mark Assistant with David Keltie Associates, the applicant’s professional representatives in this opposition.

14. Mr Robinson submits that the respective marks of the applicant and opponent are not similar and points out that the applicant’s mark is a composite mark. He points out that while the words STOLICHNAYA, MOSKOVSKAYA and STALINSKAYA all share the suffix – AYA, this results from the feminine possessive ending and he adds that it is well accepted in speech that the ends of words are slurred or lost. Mr Robinson argues that the average

customer will focus on the prefixes 'stolich', 'mosko' and 'stalin' and that as only 'stalin' will have a meaning to the UK customer, the average customer will not confuse the words.

15. In support of his submissions on the lack of similarity, Mr Robinson draws attention to a witness statement by John Alexander Groom attached as Exhibit "CJR-1" to his declaration. Mr Groom is a qualified and experienced trade mark agent who provides his opinion, as to why he considers that the respective marks are not similar. Mr Groom also provides information about the 'state of the register' in relation to "Russian sounding" words registered for alcoholic beverages.

16. Turning to the Section 5(4)(a) ground, Mr Robinson states that the opponent's have not demonstrated a reputation in their marks and have filed no third party support in support of their evidence.

17. In relation to Section 3(3)(b) Mr Robinson contends that the mark in suit makes no claim to originate from Russia, adding that the words "Russian Recipe" simply indicates that the vodka is made to a "Russian Recipe" and indicates that it does not originate from Russia, otherwise why would there be any need to state the obvious.

Opponent's Evidence in Reply

18. The opponent's evidence in reply consists of two witness statements, one each from Simon Peter Alan Stanes and Stanislav Brasilier, dated 15 March 2002 and 18 June 2002 respectively.

19. Mr Stanes is a Trade Mark Assistant with Marks & Clerk, the opponent's professional advisors in this opposition. He disputes the applicants submissions on the comparison of the marks and states that it does not take into account the considerable reputation which the opponent's marks enjoy in the UK. Mr Stanes also points out that the results involved in Mr Groom's search provide no evidence about the use of the marks included and he adds that many of these marks are in the ownership of the opponent, although the opponent has other "Russian derived" trade marks not included in Mr Groom's search.

20. In his second declaration Mr Brasilier points to his earlier evidence which, he says, shows that his company's brands are amongst the best selling world wide. He refers to Exhibit "SB#7" to his declaration which contains further assorted examples of advertising materials. Mr Brasilier goes on to provide information relating to the use of further UK trade mark registrations of the applicant e.g. Krepkaya, Limonnaya, Ohkotnichya, Russkaya, Sibirskaya and Stolovaya.

21. This completes my summary of the evidence filed in this case. I turn now to the decision.

DECISION

22. At a Preliminary Hearing held on 22 January 2003, Mr Norris dropped the ground of opposition based on Section 5(4)(a) of the Act and informed the tribunal that he did not intend to rely on the evidence filed, but would pursue the Section 5(2)(b) opposition in the prima facie based upon normal and fair use of the opponent's STOLICHNAYA registrations.

23. Section 5(2) reads as follows:

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

- (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,

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

24. An earlier right is defined in Section 6, the relevant parts of which state:

“6.-(1) In this Act an "earlier trade mark" means -

- (a) 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,”

25. I take into account the guidance provided by the European Court of Justice (ECJ) in *Sabel BV v Puma AG* [1998] R.P.C. 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] R.P.C 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG* [2000] E.T.M.R. 723.

26. 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*, page 224;
- (b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v. Puma AG*, page 224, 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.* page 84;
- (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*, page 224;
- (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*, page 224;

- (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*, page 132;
- (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*, paragraph 224;
- (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*, page 224;
- (h) 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*, page 134.

27. In essence the test under Section 5(2) is whether there are similarities in marks and goods which would combine to create a likelihood of confusion. In my consideration of whether there are similarities sufficient to show a likelihood of confusion I am guided by the recent judgements of the European Court of Justice mentioned above. The likelihood of confusion must be appreciated globally and I need to address the degree of visual, aural and conceptual similarity between the marks, evaluating the importance to be attached to those different elements taking into account the degree of similarity of the goods in question and how they are marketed. Furthermore, I must compare the mark applied for and the opponent's registrations on the basis of their inherent characteristics assuming normal and fair use of the marks.

28. Turning first to a consideration of the respective goods covered by the specifications of the application in suit and the opponent's registrations, it is obvious that the goods of interest are vodka. Therefore, the respective goods are identical.

29. At the hearing, the applicant placed no reliance on Mr Groom's opinion on the similarity of the mark in suit and the opponent's trade marks – paragraph 15 of this decision refers. Ms Heal withdrew this evidence. While Ms Heal made no submissions in relation to the applicant's evidence on the 'state of the register', this evidence remains before me. I am not assisted by such evidence and I am guided in this by the following comments of Mr Justice Jacob in:

British Sugar Plc v James Robertson & Sons Ltd [1996] RPC 281:

“Both sides invite me to have regard to the state of the register. Some traders have registered marks consisting of or incorporating the word “Treat”. I do not think this assists the factual inquiry one way or the other, save perhaps to confirm that this is the sort of word in which traders would like a monopoly.

In particular the state of the register does not tell you what is actually happening out in the market and in any event one has no idea what the circumstances were which led the Registrar to put the marks concerned on the register. It has long been held under the old Act that comparison with other marks on the register is in principle irrelevant when considering a particular mark tendered for registration, see eg *MADAM Trade Mark* and the same must be true under the 1994 Act. I disregard the state of the register evidence.”

30. I now go on to a comparison of the mark in suit with the opponent’s earlier registrations. At the hearing Mr Norris stated that he believed that the opponent’s strongest case rested with the registration for the word mark STOLICHNAYA. I agree that the registrations encompassing device elements do not strengthen the opponent’s case.

31. The applicant’s marks comprise a label upon which the word STALINSKAYA is prominent. Much of the other material contained within the label consists of mere product descriptors and product information. I have no doubt that the word STALINSKAYA is the dominant, distinctive component of the marks in suit visually and that in aural use the goods of the applicant are likely to be identified by the word STALINSKAYA. The word STOLICHNAYA would be perceived in the UK as an inherently distinctive mark and insofar as the opponent’s registrations are concerned, it seems to me that the word STOLICHNAYA warrants a good penumbra of protection.

32. The guiding authorities make it clear that I must compare the marks as a whole, bearing in mind their distinctive and dominant components and I must be careful not to over analyse the marks as the real test is how the marks would be perceived by customers in the normal course and circumstances of trade.

33. At the hearing Ms Heal submitted that the use and promotion of the STOLICHNAYA trade marks by the opponent is directed at the STOLI element of the word STOLICHNAYA.

In support of this contention she drew my attention to Exhibits SB2 and SB5 of Mr Brasilier’s declaration of 20 April 2001 filed on behalf of the opponent. While most of the examples referred to by Ms Heal fall after the relevant date for these proceedings (1 September 1999) or are undated, there are a few examples, taken from publications/publicity material, which are relevant and confirm that the opponent has encouraged the abbreviation of STOLICHNAYA to STOLI. In Ms Heal’s view the opponent’s conduct and use, which results from the difficulty UK customers may experience in pronouncing the word STOLICHNAYA, means that particular emphasis should be placed on the STOLI element of the STOLICHNAYA mark for the purposes of mark comparisons and the assessment of similarity. Ms Heal went on to submit that in relation to the applicant’s mark, particular emphasis should be placed upon the STALIN element of the word STALINSKAYA as this element would be known and perceived by UK customers as a reference to the former leader of the USSR and thus would be retained in the customer’s mind. While there is no evidence on this latter point, it seems to me that it possesses merit and I will take it into account in my decision.

34. In response Mr Norris submitted that while there may be a very small amount of relevant evidence to show that the opponent has encouraged the abbreviation of STOLICHNAYA, such evidence as there is also demonstrates use of the STOLICHNAYA trade mark in

conjunction with STOLI and numerous examples of STOLICHNAYA used solus. He went on to state that, in relation to Section 5(2) considerations, notional use of the marks on a normal and fair basis should be taken into account and that such use would, of course, be primarily of the opponent's marks as registered and the marks in suit, as applied for. I believe Mr Norris' points are well made. I would only add that the examples of use of STOLI by the opponent do not demonstrate that the opponent's STOLICHNAYA mark was widely known or abbreviated to STOLI by UK customers at the relevant date.

35. I now turn to a visual comparison of the respective marks. The dominant, distinctive element of the mark in suit is the word STALINSKAYA which, as the opponent points out, is of the same length as the opponent's STOLICHNAYA mark (eleven letters), and both commence with the letters ST, share the same fourth and fifth letters and end with the letters AYA. The words differ in their third, sixth and seventh, and eighth letters and the marks also differ in that (as mentioned in paragraph 31 of this decision) the mark in suit comprises a label containing additional material, mainly product descriptors and product information. As mentioned earlier in this decision, similarity of marks must be considered in the light of overall impression. On this basis, given that the word STALINSKAYA is the dominant, distinctive element of the applicant's mark and that the differing letters are in the middle of the respective words, where there visual impact is relatively less apparent than it is at the beginning and termination of the words, and after bearing in mind the potential for imperfect recollection, it seems to me that the respective marks as a whole possess obvious visual similarity and there is considerable scope for visual confusion, notwithstanding that the STALIN element of the word STALINSKAYA may remind some customers of the deceased Russian dictator.

36. In relation to oral use of the marks, it seems to me that the mark in suit is likely to be referred to in general use by the word element STALINSKAYA only. While the marks share similar beginnings and identical terminations and aural similarity exists, I believe the opponent's case for aural similarity to be less strong than the visual one.

37. Next, I turn to a conceptual comparison of the marks. In the UK the marks would be perceived primarily as invented words. As Ms Heal points out, the dominant part of the mark in suit, the word STALINSKAYA, contains the element STALIN which could remind customers of the deceased dictator. However, conceptual similarity exists in that the respective marks both have a Russian or East-European feel or impact. It seems to me that invented words sharing a Russian or East-European identity are not likely to be distinguished in the way dictionary words with similar appearances but differing meanings would be and imperfect recollection may well be a factor.

38. In assessing the degree of similarity between the respective marks and whether it is sufficient to give rise to a likelihood of confusion I must also consider the goods at issue, the average customer for the goods and also make allowance for imperfect recollection.

39. The customers for vodka are the general public over eighteen years of age. Vodka is sold in retail outlets (including supermarkets) where it can be self-selected as well as pubs and clubs. Purchases are often made on an occasional basis or for the benefit of others e.g. for parties, for restocking the drinks cabinet for Christmas or in buying a round of drinks in a pub or club. While vodka may be a relatively expensive beverage and this is not a "bag of sweets" case, the customer is not necessarily a sophisticated nor specialised consumer and imperfect

recollection could well be a factor as such goods are often purchased on an occasional basis and/or for the benefit of others.

40. On a global appreciation, taking into account all the relevant factors, I have come to the following conclusions on the Section 5(2) ground:

- (i) the respective marks are visually, aurally and conceptually similar;
- (ii) the respective specifications cover identical goods;
- (iii) the customer for the goods is likely to be reasonably careful but is not necessarily a specialised or sophisticated customer and allowance must be made for imperfect recollection.

41. Considering the position in its totality I believe that there is a likelihood of confusion on the part of the public. In reaching this conclusion I have borne in mind that the average customer rarely has the chance to make direct comparisons between marks, but instead must rely upon the imperfect picture of them he/she has kept in his/her mind.

42. The opposition under Section 5(2) (b) is successful.

43. As the opponent has succeeded under Section 5(2) (b) I have no need to go on and consider the Section 3(3)(b) ground of opposition. The opponent could succeed to no greater extent under Section 3(3)(b) and I will say no more about it.

44. Consequent upon the above findings the application is to be refused in its entirety.

COSTS

45. The parties agreed that the costs awarded in these proceedings should take into account the Preliminary Hearing on 22 January 2003 (decision BLO/025/03) at which I refused the applicant's request for cross examination of the opponent's declarant, Mr Brasilier.

46. Although my decision in that hearing favoured the opponent, Ms Heal submitted that as at that hearing the opponent withdrew the ground of opposition under Section 5(4)(a) of the Act, this should be taken into account in any costs award. While I have some sympathy with Ms Heal's submissions, the Section 5(4)(a) ground was withdrawn merely because it placed the opponent in no stronger position than the ground pleaded under Section 5(2)(b). The evidence filed in relation to Section 5(4)(a) and Section 5(2)(b) was essentially duplicative and I also note that it is the applicant who chose to rely upon the evidence filed by the opponent in this case.

47. As the opponent has been successful it is entitled to a contribution towards costs. I order the applicant to pay the opponent the sum of £2500, which includes the amount of £700 in

relation to the Preliminary Hearing of 22 January 2003. This sum is 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 25 day of April 2003

JOHN MACGILLIVRAY
For the Registrar
the Comptroller-General