

O-118-05

TRADE MARKS ACT 1994  
IN THE MATTER OF CONSOLIDATED APPLICATIONS Nos 80841,  
80846 & 80845  
BY FRATELLI MARTINI SECONDO LUIGI S.P.A.  
FOR A DECLARATION OF INVALIDITY  
IN RESPECT OF TRADE MARKS Nos  
1114411 **CANEI**,  
1336613 **PEACHCANEI**  
& 1493906



STANDING IN THE NAME OF  
DISTILLERIE FRATELLI RAMAZZOTTI S.P.A.

## BACKGROUND

1) The registered proprietor has the following trade marks registered in the UK:

Mark	Number	Effective Date	Class	Specification
CANEI	1114411	16.05.79	33	Wines.
PEACHCANEI	1336613	25.09.87	33	Wine, being peach flavoured or made from peaches; all included in Class 33.
 <p>In use in relation to goods covered by the specification other than sweet sparkling wine the mark will be varied by the substitution of the name and description of such goods for the words “Vino Frizzante Dolce”. The Italian words “Vino Frizzante Dolce” appearing in the mark mean “Sweet Sparkling Wine”.</p>	1493906	11.03.92	33	Wines, spirits and liqueurs; all included in Class 33.

2) By applications dated 21 May 2002 Fratelli Martini Secondo Luigi S.p.A. applied for declarations of invalidity in respect of these registrations. The grounds are, in summary:

- a) The marks are devoid of any distinctive character in respect of the goods they are registered for because the marks consist totally or primarily of the word CANEI, a well known Italian dialect term for the town of Canelli, and are therefore not distinctive of goods, particularly wines, originating from that area. They are, therefore, in breach of Section 3(1)(b) of the Trade Marks Act 1994.
- b) The marks consist totally or primarily of the word CANEI, a well known Italian dialect term for the town of Canelli, and therefore consist of a sign or indication which may serve, in trade, to designate the geographical origin of the goods in respect of which they are registered. They are, therefore, in breach of Section 3(1)(c) of the Trade Marks Act 1994.
- c) The marks consist totally or primarily of the word CANEI, a well known Italian dialect term for the town of Canelli, and therefore consist of a sign or indication which has become customary in the current language for indicating

the town of Canelli and goods emanating from that town. They are, therefore, in breach of Section 3(1)(d) of the Trade Marks Act 1994.

d) The marks consist totally or primarily of the word CANEI, which is a recognised indication of the Italian town Canelli and would deceive the public as to the geographical origin of the goods if used in respect of goods which do not originate from the town of Canelli. They are, therefore, in breach of Section 3(3)(b) of the Trade Marks Act 1994.

e) The marks have been registered in breach of Section 3(6) of the Trade Marks Act 1994 as the registered proprietor did not have the intention and still does not have the intention of using the marks in respect of all the goods for which they are registered with the exception of “sweet sparkling wine”.

f) The marks are in breach of Section 5(2)(b) of the Trade Marks Act 1994 as they are similar to the following trade marks:

Mark	Number	Effective Date	Class	Specification
	922600	18.03.68	33	Wines, spirits (beverages) and liqueurs.
CANTINO	947641	28.08.69	33	Alcoholic beverages consisting of mixtures of tequila, with perry, cider, mineral waters, lime juice, peppermint or with wine.
CANTOR	955968	27.02.70	33	Wines and spirits (beverages).

3) The registered proprietor filed a counterstatement denying the above grounds.

4) Both sides filed evidence in these proceedings. Both sides ask for an award of costs. The matter came to be heard on 26 January 2005 when the applicant was represented by Mr Buehrlen of Messrs Beck Greener, and the registered proprietor by Ms Cole of Messrs Urquhart-Dykes & Lord.

### **REGISTERED PROPRIETOR’S EVIDENCE**

5) The registered proprietor filed three witness statements. The first, dated 27 July 2003, is by Ludwig Paillier the Brand Manager for Canei products at Pernod Ricard UK Limited. He states that he has been in the marketing profession for four and a half years and is conversant with the English language.

6) At exhibit LP1 he provides a print out from his company’s website dated October 2002 which shows a group of sparkling wines, one of which appears to have a trade mark similar to 1493906 on it. It is not possible to be sure if it is the mark or a similar version.

7) At exhibit LP2 he provides various material relating to the promotion of the brand. Much of this relates to plans for promotions in various years, although it is not clear if these activities were carried out. The only evidence of use appears to be the sponsoring of an “Up for it” night at a London night club. This shows that CANEI (shown in capital letters in a plain font) is one of the sponsors. The year is not shown on the copy of the poster but it does have a date of 2000 added in pen on the top of the photocopied page. There is a copy of a page from a magazine called “Pride” from 1999 which has a competition to win a bottle of Canei and it shows a picture of a bottle with the word CANEI in script. It is similar to trade mark 1493906 but the wording under this name appears to be different, although it is impossible to read precisely what is written due to the poor nature of the photocopy. There is also an undated flyer showing various drinks and their prices, this includes two bottles of Canei neither of which carries any of the trade marks in the exact form that they are registered upon them. The word “Canei” is produced in exactly the script form used in 1493906.

8) At LP3 he provides the results of research carried out by The Redbox Agency into “Canei: Qualitative Research Study Social & Drinking Trends.” This offers overviews which state, inter alia, “Canei enjoys strong brand recognition as an established and long standing family name”. However, it does not state when or where the research took place, how many people were interviewed, what questions they were asked although it would appear from comments such as “Most of the sample were surprised to learn that they had tested, and highly rated, Canei samples, especially the two popular flavours, during the taste test”, that the product was on view.

9) The second statement, dated 17 June 2003, is by Antonio Ghilardi the President and General Manager of the registered proprietor company. He states that wines bearing the three trade marks 1114411, 1336613 & 1493906 have been sold in the UK since 1979, 1988 and 1992 respectively. At exhibit AG1 he provides examples of how the marks are used in the UK. These examples are not dated and whilst they have the name CANEI in script none are identical to the marks registered. He also provides the following turnover figures for the UK for the three trade marks:

Year	Cases	Litres	Turnover
1995	32,638	293,000	965 Million Lira
1996	36,389	327,500	1,066 Million Lira
1997	31,844	286,588	1,991 Million Lira
1998	32,589	293,274	1,024 Million Lira
1999	33,623	302,553	1,150 Million Lira
2000	29,814	268,323	572,000 Euros
2001	25,060	225,542	491,000 Euros

10) At exhibit AG2 Mr Ghilardi provides invoices for the period June 96-January 2002 which show sales of goods under the following descriptions: “PEACHCANEI”, “CANEI BIANCO”, “CANEI ROSSO”, “CANEI LAMBRUSCO”, “CANEI ROSE”, and “CANEI PEACH”. The only ones showing “PEACHCANEI” were dated June 96, October 96 and July 97. Although the invoices are in Italian and the printing is not entirely clear it would appear that each invoice relates to 2,860 x 75cl bottles of what is described as “COCKTAIL AROM.BASE PROD VITIVIN”.

11) Mr Ghilardi states that the products are sold throughout the UK via cash and carry outlets, retail stores, bars and nightclubs. At exhibit AG3 he provides a copy of the statement of Mr Paillier detailed in paragraphs 5-8 above. Mr Ghilardi also provides figures for the advertising and promotion of the three marks in the UK as follows:

Year	Amount
1995	109 Million Lira
1996	99 Million Lira
1997	146 Million Lira
1998	141 Million Lira
1999	200 Million Lira
2000	119,000 Euros
2001	62,000 Euros

12) Mr Ghilardi states his view that his company has a reputation under its trade marks.

13) The third witness statement, dated 29 September 2003, is by Stephen Richard Maly a Director of The Redbox Agency. He describes his company as a marketing and advertising agency and states that they also carry out research as part of the marketing process. He states that his company has been responsible for market research for goods bearing the trade mark CANEI since the 1990s. He states that the first project that his company was involved in was the re-launch of the brand in 1998.

14) Mr Maly states that goods in the alcoholic drinks sector are traditionally split between beer, spirits, wine and, more recently, alcopops. He states that goods bearing the CANEI mark would be “classified as wines and on a par with alcopops”.

15) He states that his company carried out research for the registered proprietor at the beginning of 2001. The research was designed to provide background information about the target market, their drinking patterns and opinions and the different flavours of the brand. The research was also designed to provide information on previous campaigns and the drink itself. From previous work carried out for the registered proprietor Mr Maly states that his company had a good idea of the target audience which in this case is described as being “largely Afro-Caribbean”. Mr Maly states that: “A vast majority of the Afro-Caribbean population of the UK lives in London and as a result, much of the company’s research has been focussed here.”

16) As well as providing a copy of the research at exhibit SRM1 Mr Maly states that the research “established that CANEI is a leading brand in its target market and that the introduction of new flavours would be popular”. He states that as a result of the research, posters were devised which were then used in a marketing campaign.

17) Mr Maly also states that “Market research companies hold databases of different types of people, for example according to age, sex, race and earnings. Once the target audience for a specific product has been identified, then a focus group of people belonging to that audience is assembled. Focus groups are made up from people on the street, existing contacts etc.”

18) Exhibit SRM1 is not dated. It states that there were three discussion groups each comprising 7-8 people. The three groups were categorised as follows:

- a) Male and female participants aged 18-24
- b) Female participants aged 25-34
- c) Male participants aged 25-34

19) The questions evoked various responses but the overwhelming attitude from the 20 or so people questioned seemed to suggest that CANEI was seen as a teenagers drink or a drink for girls.

### **APPLICANT'S EVIDENCE**

20) The applicant filed a witness statement, dated 3 March 2004, by Giannienrico Martini the President of the applicant company. He identifies himself as "Giannienrico Martini of Cossano Belbo". Most of his evidence relates to the opposition case between the two parties which is not relevant to these proceedings.

21) Mr Martini states that the products of the two companies are very different with his company selling wine as opposed to the registered proprietor's alco-pop.

22) At exhibit GM5 he provides a copy of an article said to have been published by the previous proprietor of the registered proprietor's mark which describes how the registered proprietor's product was conceived and marketed. According to the article it was once described as "Coca-Cola, Italian-style" and reference is made to the bottle as follows: "In fact, the Canei bottle could not fit in normal wine shelving in stores, and as a result Canei was displayed in supermarkets in different areas than most wines."

23) Mr Martini claims that: "the mark CANEI should be considered as a designation as it is a direct reference to the Italian town of Canelli, which is known for its wine production" and "The word CANEI is a local manner of pronouncing Canelli and it should therefore be denied registration as it is widely recognised as an origin or appellation and use on goods not emanating from Canelli would be deceptive". At exhibit GM6 he provides an Internet print out giving details of the wine making traditions of Canelli. This does not refer to how to pronounce the town's name nor is it ever referred to other than in its full spelling.

### **REGISTERED PROPRIETOR'S ADDITIONAL EVIDENCE**

24) The registered proprietor filed a witness statement, dated 24 September 2004, by Alison Elizabeth Fraser Simpson the registered proprietor's Trade Mark Attorney. She refutes the allegation made by the applicant that the products of the two parties are displayed in different areas. At exhibit AS1 she provides copies of photographs taken at a cash and carry these show that both parties products are stored with other wines. At exhibit AS2 a receipt is provided showing that both products are available from the same cash and carry outlet.

25) That concludes my review of the evidence. I now turn to the decision.

## DECISION

26) The request for the declaration of invalidity is made under the provisions of Section 47(1) & (2) of the Act. These state:

“47.-(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).

Where the trade mark was registered in breach of subsection (1)(b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

(2) The registration of a trade mark may be declared invalid on the ground -

- (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or
- (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied,

unless the proprietor of that earlier trade mark or other earlier right has consented to the registration.”

27) I first consider the position under section 5(2)(b) which reads:

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

- (a)....
- (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.”

28) An “earlier trade mark” 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,”

29) The applicant for invalidity is relying upon three trade marks shown in paragraph 2 above all of which are clearly earlier trade marks.

30) In determining the question under section 5(2)(b), I 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-Meyer Inc.* [1999] E.T.M.R. 1, *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. 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-Meyer 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-Meyer Inc.*

31) In essence the test under section 5(2)(b) 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 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 in the goods, the category of goods in question and how they are marketed. Furthermore, I must compare the registered proprietor's marks and the marks relied upon by the applicant on the basis of their inherent characteristics assuming normal and fair use of the marks on a full range of the goods covered within the respective specifications.

32) For ease of reference the registered proprietor's specifications and the specifications of the three marks relied upon by the applicant are reproduced below:

Registered proprietor's specifications	Applicant's specification
1114411:Wines.	922600: Wines, spirits (beverages) and liqueurs.
1336613: Wine, being peach flavoured or made from peaches; all included in Class 33.	947641: Alcoholic beverages consisting of mixtures of tequila, with perry, cider, mineral waters, lime juice, peppermint or with wine.
1493906: Wines, spirits and liqueurs; all included in Class 33.	955968: Wines and spirits (beverages).

33) I have to consider each of the registered proprietor's specifications against all three of the specifications relied upon by the applicant. Clearly, the registered proprietor's mark 1114411 is encapsulated by 922600 and 955968 and must be regarded as identical. Whilst there are slight differences between 1114411 and 947641 they are relatively minor and the specifications must be regarded as very similar.

34) The registered proprietor's specification under 1336613 refers to wine which is peach flavoured or made from peaches. The marks 922600 and 955968 have in their specifications the term "wine" which would include wine which is peach flavoured or made from peaches. These specifications are therefore identical. The specification of 947641 refers to a mixture of, inter alia, tequila with wine. There is no restriction of the flavour of the wine and so it must include wine made from peaches or being peach flavoured. They are therefore very similar.

35) The registered proprietor's specification in 1493906 is identical to 922600. It is identical to 955968 with the exception of the "liqueurs" aspect. But "liqueurs" would be regarded as very similar to "wines and spirits". Similarly, the specification of 947641 whilst not identical to 1493906 would be regarded as being similar.

36) It is clear from the above cases that in the overall assessment of a likelihood of confusion, the similarity of goods is but one aspect. Due regard should be given to the closeness of the respective marks, the reputation the earlier marks enjoy in respect of the goods for which they are registered, and any other relevant factors.

37) I shall now consider the marks of the two parties, which are reproduced below for ease of reference:

Registered Proprietor's marks	Applicant's marks
1114411: CANEI	955968: CANTOR
1336613: PEACHCANEI	947641: CANTINO
1493906:  <p>In use in relation to goods covered by the specification other than sweet sparkling wine the mark will be varied by the substitution of the name and description of such goods for the words "vino Frizzante Dolce". The Italian words "Vino Frizzante Dolce" appearing in the mark mean "Sweet Sparkling Wine".</p>	922600:  <p>Registration of this mark shall give no right to the exclusive use of the word "Caney". The Spanish word "Caney" appearing in the mark means "Log Cabin".</p>

38) I will first compare the registered proprietor's mark 1114411 "CANEI" with the marks relied upon by the applicant. Compared to CANTOR visually there is an initial similarity with both marks beginning with "CAN". However, the endings are very different. Aurally the marks share the same start but have very different overall sounds. Neither mark, in my view, has any conceptual meaning. Whilst it is accepted that the beginnings of words are more important than the endings this does not mean that one can ignore the endings of marks, particularly when they are comparatively short marks. To my mind the differences in the marks outweighs any similarities.

39) Next I compare the registered proprietor's mark 1114411 "CANEI" with the mark "CANTINO". Visually there is an initial similarity with both marks beginning with "CAN", although the endings are very different. Aurally the marks share the same start but have very different overall sounds. The registered proprietor's mark does not have a conceptual meaning. The mark relied upon by the applicant may bring to mind the word "Canteen" particularly with regard to its "flask" meaning. The word "Cantino" also has a distinct Italian feel to it. Whilst it is accepted that the beginnings of words are more important than the endings this does not mean that one can ignore the endings of marks, particularly when they are comparatively short marks. To my mind the differences in the marks outweighs any similarities.

40) Comparing the registered proprietor's mark 1114411 "CANEI" with the mark "CANEY" and device. Visually there is an initial similarity with both marks beginning with "CAN", although the endings are very different, and of course the applicant's mark has the device of a straw hut as well as a black border and inner circle elements. Aurally the marks share the same start but have very different overall sounds. Although the word "Caney" is a Spanish word meaning "Log Cabin" I doubt that, despite the drawing of a straw hut, the average consumer in the UK would be

aware of the word, as the British are renowned for being monolingual. I also have to take into account that the mark relied upon by the applicant has a disclaimer attached to the word “Caney” and so rights in the word *solus* are not pursuable (*Paco Life* [2000] RPC451). In case this issue is disputed I will in any case compare the marks. Whilst it is accepted that the beginnings of words are more important than the endings this does not mean that one can ignore the endings of marks, particularly when they are comparatively short marks. To my mind the differences in the marks outweighs any similarities.

41) I now move to compare the registered proprietor’s mark 1336613: “PEACHCANEI” with the marks relied upon by the applicant. Compared to CANTOR visually there is no similarity. Aurally the marks are very different. Neither mark, in my view, has any conceptual meaning, other than for the obvious reference to “peach” in the registered proprietor’s mark. The marks are not similar. Even if I were to accept the contention, which I do not, that the word “peach” is totally descriptive and should be ignored I would be left with the word “canei” which I have compared in paragraphs 38-40 above and found not to be similar.

42) I next compare the “PEACHCANEI” with the mark “CANTINO”. There is no visual or aural similarity between the marks. The registered proprietor’s mark does have a conceptual meaning in the word “peach” whilst the mark relied upon by the applicant may bring to mind the word “Canteen” particularly with regard to its “flask” meaning. The word “Cantino” also has a distinct Italian feel to it. The marks are clearly not similar.

43) Comparing the mark “PEACHCANEI” with the mark “CANEY” and device. Visually and aurally there is no similarity. I do not believe that the average consumer will attach a conceptual meaning to the mark CANEY despite the presence of the device element whilst the registered proprietor’s mark will only bring to mind an image of a peach. I also take into account the disclaimer as described at paragraph 40 above. To my mind the marks are not similar.

44) Regarding the registered proprietor’s mark 1493906: “CANEI Vino Frizzante Dolce” even if I were to ignore the descriptive element contained in the Italian words for “sweet sparkling wine” my earlier comments in paragraphs 38-40 would apply and the marks would not be seen as similar. With the descriptive words also considered this view is merely strengthened.

45) I also have to consider whether the marks that the applicant is relying upon have a particularly distinctive character either arising from the inherent characteristics of the marks or because of the use made of them. The applicant has not filed any evidence of use of these marks and so none of them can enjoy an enhanced level of protection. When considering inherent distinctiveness one must consider the goods and/or services for which the mark is registered. None of the marks that the applicant is relying upon would appear to be descriptive of the goods for which they are registered and so I accept that they are all inherently distinctive.

46) The effect of reputation on the global consideration of a likelihood of confusion under Section 5(2)(b) of the Act was recently considered by David Kitchen Q.C.

sitting as the Appointed Person in *Steelco Trade Mark* (BL O/268/04). Mr Kitchen concluded at paragraph 17 of his decision:

“The global assessment of the likelihood of confusion must therefore be based on all the circumstances. These include an assessment of the distinctive character of the earlier mark. When the mark has been used on a significant scale that distinctiveness will depend upon a combination of its inherent nature and its factual distinctiveness. I do not detect in the principles established by the European Court of Justice any intention to limit the assessment of distinctiveness acquired through use to those marks which have become household names. Accordingly, I believe the observations of Mr. Thorley Q.C in *DUONEBS* should not be seen as of general application irrespective of the circumstances of the case. The recognition of the earlier trade mark in the market is one of the factors which must be taken into account in making the overall global assessment of the likelihood of confusion. As observed recently by Jacob L.J. in *Reed Executive & Ors v Reed Business Information Ltd & Ors*, EWCA Civ 159, this may be particularly important in the case of marks which contain an element descriptive of the goods or services for which they have been registered. In the case of marks which are descriptive, the average consumer will expect others to use similar descriptive marks and thus be alert for details which would differentiate one mark from another. Where a mark has become distinctive through use then this may cease to be such an important consideration. But all must depend upon the circumstances of each individual case.”

47) In the present case it is my view that the opponent’s marks are all inherently distinctive but none has been shown to have goodwill or reputation.

48) I must also consider the average consumer for the types of goods covered by all of the specifications outlined in paragraph 32 above. In my opinion, they would be the general public aged over 18 who are reasonably well informed and reasonably circumspect and observant. In my view, alcohol is not purchased without some consideration, with wines in particular often having their labels scrutinised. Although I must take into account the concept of imperfect recollection.

49) Taking all of the above factors into account I have no hesitation in finding that there is no likelihood of confusion between any of the three trade marks relied upon by the applicant and the registered proprietor’s three trade marks despite the identical or very similar nature of the goods. The ground of invalidity under section 5(2)(b) of the Trade Marks Act 1994 fails.

50) I next turn to the grounds of invalidity under Sections 3(1)(b), 3(1)(c), 3(1)(d) and 3(3)(b) of the Trade Marks Act 1994. All of these grounds are said to have been breached due to the single contention that the word “CANEI” which forms the entirety of or is incorporated in each of the marks is a well known Italian dialect term for the town of Canelli which is said to have a reputation for wine production.

51) That the town of Canelli has a reputation for its production of wine is not disputed by the registered proprietor. However, it is disputed that the average consumer in the UK would be aware that the term “CANEI” is a reference to the town of Canelli. The

only evidence on this point comes from the President of the applicant company who introduces himself as “Giannierico Martini of Cossano Belbo”. From this and his position at the head of an Italian company I take it that he is an Italian national who lives and works in Italy. I do not dispute his contention that “CANEI” is a well known Italian dialect term for the town of Canelli. However, I must consider the position from the perspective of the average consumer in the UK. There is no evidence that the average consumer would associate the term CANEI with the town of Canelli. Nor is there any evidence that the town of Canelli is well known or has a reputation in the UK. To my mind the average UK consumer of wine would not pronounce the mark CANEI and the town Canelli in anything like the same manner. The applicant has failed to provide any evidence other than that outlined to support this contention. I have no hesitation in rejecting these grounds for invalidity.

52) Lastly, I turn to the ground for invalidity under Section 3(6) of the Trade Marks Act 1994 which reads:

“3.(6) A trade mark shall not be registered if or to the extent that the application is made in bad faith.”

53) Section 3(6) has its origins in Article 3(2)(d) of the Directive, the Act which implements Council Directive No. 89/104/EEC of 21 December 1988 which states:

“Any Member State may provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where and to the extent that...

(c) the application for registration of the trade mark was made in bad faith by the applicant.”

54) The Directive gives no more clue as to the meaning of “bad faith” than the Act. Subsequent case law has avoided explicit definition, but has not shirked from indicating its characteristics. In *Gromax Plastics Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, Lindsay J stated at page 379:

“I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.”

55) In *Harrison v Teton Valley Trading Co* [2004] EWVA Civ 1028, the Court of Appeal confirmed that bad faith is to be judged against a combined objective and subjective test. At paragraphs 25 and 26 of their decision they said:

“25. Lord Hutton went on to conclude that the true test for dishonesty was the combined test. He said:

“36. ....Therefore I consider.....that your Lordships should state that dishonesty requires knowledge by the defendant that what he was doing would be regarded as dishonest by honest people, although he should not escape a finding of dishonesty because he sets his own standards of honesty and does not regard as dishonest what he knows would offend the normally accepted standards of honest conduct.”

26. For my part, I would accept the reasoning of Lord Hutton as applying to considerations of bad faith. The words “bad faith” suggest a mental state. Clearly when considering the question of whether an application to register is made in bad faith all the circumstances will be relevant. However, the court must decide whether the knowledge of the applicant was such that his decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.”

56) The applicant contends that the registered proprietor did not have the intention and still does not have the intention of using the marks in respect of all the goods for which they are registered. The applicant contends that the only product that the marks in suit have been used on is “sweet sparkling wine”. The marks in suit are registered for “Wines”, “Wine, being peach flavoured or made from peaches; all included in Class 33” and “Wines, spirits and liqueurs; all included in Class 33”. The applicant has filed no evidence which shows that the registered proprietor acted in bad faith when seeking these registrations or indeed that it has subsequently acted in bad faith. The applicant accepts that the marks have been used on a form of wine, which is the entirety of the specifications of two of the marks. During the course of the hearing reference was made by the applicant’s representative to the product being sold as being an alco-pop and also to the product being a “sort of Coca-Cola Italian style”. Also in the evidence the product is shown alongside Bacardi Breezer. It seems to me that the registered proprietor was and is selling a wine based product which may or may not have spin-offs which would be defined as a spirit or a liqueur. The applicant’s case under Section 3(6) does not begin to get off the ground.

57) As the applicant was unsuccessful under all the grounds on which the invalidity actions were based the registered proprietor is entitled to a contribution towards its costs. I have taken into account the fact that this case was one of three where the evidence was effectively identical and a single hearing took place. However, the action did include an allegation of bad faith which was completely unfounded yet was contested through to and including the hearing. I order the applicant to pay the registered proprietor the sum of £4000. 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 27th day of April 2005

George W Salthouse  
For the Registrar,  
the Comptroller-General