

O-233-04

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 2215929
BY CALIFORNIA DIRECT LIMITED TO REGISTER A
TRADE MARK IN CLASSES 32 AND 33**

AND

**IN THE MATTER OF OPPOSITION No. 51024
BY WINGARA WINE GROUP PTY LTD**

TRADE MARKS ACT 1994

**IN THE MATTER OF Application No. 2215929
by California Direct Limited to register a
Trade Mark in Classes 32 and 33**

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**IN THE MATTER OF Opposition No. 51024
by Wingara Wine Group Pty Ltd**

Background

1. On 1 December 1999 California Direct Limited applied to register the following mark in respect of 'beers' (Class 32) and 'alcoholic beverages, wines' (Class 33):



PRODIGY

The application is numbered 2215929.

2. On 31 May 2000 Wingara Wine Group Pty Ltd filed notice of opposition to this application. They are the proprietors of the mark PRODIGY registered as a Community Trade Mark (No. 1617406) in respect of wines. That registration has a filing date of 18 April 2000 but a priority claim date of 4 November 1999, that is to say a date earlier than that of the application under attack. Objection is taken under Section 5(1) and 5(2)(b) of the Act.

3. The applicants filed a counterstatement denying the above grounds and noting that No. 1617406 was a pending application at the time the opposition was lodged. However, it has since progressed to registration. It seems from the opponents' reply evidence and the papers on file that their CTM was opposed by the current applicants. I understand that, in the event, the opposition was determined in the current opponents' favour. I note that the applicants also refer to Article 107 of Council Regulation No. 40/94 dealing with certain prohibitions on the use of Community Trade Marks. The applicants do not explain the relevance of this provision in helping them to achieve registration of their mark in the UK in the face of the opponents' earlier trade mark.

4. Both sides ask for an award of costs in their favour.
5. Both sides filed evidence. Neither side has asked to be heard. Only the opponents filed written submissions, this being under cover of a letter dated 15 July 2004 from Castles, their professional representatives in this matter. Acting on behalf of the Registrar I give this decision.

The evidence

6. For the record the evidence before me in this case is as follows:

Opponents' evidence in chief

Declaration by David Yunghanns
Statutory declaration by Stephen Mark Waine

Applicants' evidence

Witness statement by Jason Korman

Opponents' reply evidence

Statutory declaration by Louise Knight

7. I do not propose to offer a full evidence summary as it is unnecessary for the purposes of deciding the issues before me. Suffice to say that both parties appear to have independently arrived at the name PRODIGY for use in connection with wines. They did so at about the same time. Mr Yunghanns, the Chief Executive of Wingara, claims in his evidence that the mark was first conceived in May 1999 and selected from a range of possible brands in or about November 1999. It was first released to the trade at the London International Wine Trade Fair between 16 and 18 May 2000.

8. Mr Korman, the applicants' Managing Director, indicates that his company conceived the name between 21 April 1999 and 17 May 1999. The first of these dates is when a project brief was given to the applicants' advertising agency. A UK and CTM trade mark search was conducted at the second of these dates. Sales commenced quite quickly after this with samples of the products going to Oddbins in June 1999 and the first orders being placed in July 1999. It is not clear that there was any significant exposure outside the Oddbins' chain and their customers.

9. It would appear, therefore, that this is a rather unfortunate circumstance of parties adopting marks independently at about the same time.

The Law

10. This action is brought under Section 5(1) and/or Section 5(2)(b). The relevant part of the statute reads as follows:

“5.-(1) A trade mark shall not be registered if it is identical with an earlier trade mark and the goods or services for which the trade mark is applied for are identical with the goods or services for which the earlier trade mark is protected.

(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.”

11. The term “earlier trade mark” is itself defined in Section 6 of the Act which, in so far as is relevant, reads:

“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,
- (b)
- (c)

(2) References in this Act to an earlier trade mark include a trade mark in respect of which an application for registration has been made and which, if registered, would be an earlier trade mark by virtue of subsection (1)(a) or (b), subject to its being so registered.”

12. It is to be noted that under sub-paragraph (a) of Section 6(1) that the calculation of dates must take account of the priorities claimed. Further, in the case of a pending application Section 6(2) provides that its status as an earlier trade mark is subject to it achieving registration. The opponents’ mark has achieved this latter step. Nevertheless, the opponents’ claim is still dependent on their priority claim. Without it they would have a later filing date than the applicants. Furthermore, the applicants’ counterstatement put the opponents to proof of their claim.

13. On 2 April 2002 the Hearing Officer who was dealing with the case at the time wrote to the opponents' attorneys, utilising the provisions of Rule 57 and requesting that the opponents substantiate their priority claim (the evidence having failed to do so up to that point). The necessary priority document was subsequently provided under cover of a letter from the opponents' attorneys dated 8 May 2002 (copied to the applicants' attorneys). The Registry wrote to the parties on 28 May 2002 indicating that the Hearing Officer considered that the documentation provided was acceptable and confirmed the basis for the priority claim. I do not understand the applicants to take further issue on this point.

14. The next issue is whether the opponents succeed under Section 5(1) of the Act on the basis that there are (some) identical goods and identical marks. There is no doubt that wines are present in both parties' specifications. The broad term 'alcoholic beverages' must also be taken to include wines and hence also falls into the identical category. The issue for debate under Section 5(1) thus turns on the marks themselves.

15. There is now guidance from the European Court of Justice on what constitutes identity in *LTJ Diffusion SA and Sadas Vertboudet SA* [2003] ETMR 83:

“The criterion of identity of the sign and the trade mark must be interpreted strictly. The very definition of identity implies that the two elements compared should be the same in all respects. Indeed, the absolute protection in the case of a sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered, which is guaranteed by Article 5(1)(a) of the Directive, cannot be extended beyond the situations for which it was envisaged, in particular, to those situations which are more specifically protected by Article 5(1)(b) of the directive.

There is therefore identity between the sign and the trade mark where the former reproduces, without any modification or addition, all the elements constituting the latter.

However, the perception of identity between the sign and the trade mark must be assessed globally with respect to an average consumer who is deemed to be reasonably well informed, reasonably observant and circumspect. The sign produces an overall impression on such a consumer. That consumer only rarely has the chance to make a direct comparison between signs and trade marks and must place his trust in the imperfect picture of them that he has kept in his mind. Moreover, his level of attention is likely to vary according to the category of goods or services in question (see, to that effect. Case C-342/97 *Lloyd Schuhfabrik Meyer* [1999] ECR I-3819), paragraph 26).

Since the perception of identity between the sign and the trade mark is not the result of a direct comparison of all the characteristics of the elements compared, insignificant differences between the sign and the trade mark may go unnoticed by an average consumer.”

16. The case of *Reed Executive and another v Reed Business Information Ltd and others* [2004] ETMR 56, offers further judicial analysis and guidance on this point. It will be sufficient for

current purposes to record that Jacob LJ was of the view that “You can only have “identity” if there is both aural and visual identity”.

17. I have little doubt that both marks here will be referred to as PRODIGY. On that basis there is aural identity. The fact that the word PRODIGY can be readily discerned in the applied for mark may tend to suggest that there is also visual identity. But merely being able to identify a word as being the distinctive and dominant component in a mark is not in itself enough to achieve identity. On the other hand insignificant differences may go unnoticed by the average consumer.

18. I have come to the conclusion here that the marks cannot be said to be identical. The applied for mark is not in any obvious or normal typeface. It has the appearance of having been designed with eye appeal in mind. The bordering to, and irregular size of, the letters contribute to this effect. The final letter in particular is of unusual appearance. The context in which it is used tends to yield the fact that it is a letter Y. Taken on its own there might be some doubt as to whether it is a letter or a device of some kind. These things mount up. Taken together the stylistic features of the mark are in my view sufficient to hold that it is not identical to the word PRODIGY in plain block capitals within the terms of the guidance in *LTJ Diffusion and Sadas*. The Section 5(1) objection must, therefore, fail.

19. Confusion is an assumed consequence where there is identity of marks and goods. Where there is no such identity then the matter falls to be considered under Section 5(2)(b). The likelihood of confusion must be assessed in accordance with the factors identified in the following judgments from the ECJ – *Sabel BV v Puma AG* [1998] E.T.M.R. 1, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2001] F.S.R. 77 and *Marca Mode CV v Adidas AG* [2000] E.T.M.R. 723.

20. An exhaustive analysis is not necessary in this case at least so far as the parties’ core product (wine) is concerned. The goods are plainly identical and the respective marks, though not identical, are very closely similar. I do not understand the applicants to challenge such a finding or the consequences thereof in terms of likelihood of confusion. Their denial of the ground of opposition is based on (i) no admission being made as to the validity of the opponents’ (then) application and priority claim and (ii) the fact that it was not at that (counterstatement) stage registered and was to be the subject of opposition by the applicants. The fact that the opponents’ mark has now been registered (and is prima facie valid – see Section 72) and the priority claim has been substantiated means that these aspects of the applicants’ defence have fallen away. The opposition must succeed under Section 5(2)(b) in relation to the Class 33 goods. The limited concurrent exposure of products under the respective marks is not in itself enough to persuade me that, contrary to my view of the matter, the public has learnt to distinguish between the trade source of the goods (if that was the intended purpose of the applicants’ evidence).

21. That leaves the Class 32 goods, namely beer. The opponents contend for similarity between beers and wines. The applicants have not specifically commented on or denied the point. It may be of marginal interest to them in view of the fact that the focus of their trade appears to be wines. Nevertheless, I can make no assumptions one way or the other as to their future trading intentions. I will give brief consideration to the point but bearing in mind that I do so without

any clear indication from the applicants as to their views on the issue of similarity. The starting point in considering the matter must be the guidance of the ECJ in the *Canon* case:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their end users and their method of use and whether they are in competition with each other or are complementary.”

22. In *British Sugar Plc v James Robertson & Sons Ltd* (TREAT) [1996] RPC 281 it was also held that channels of trade should be brought into the reckoning. I am also mindful of the following considerations from the *BALMORAL Trade Mark* case [1998] RPC 297 where similarity between whisky and wines was in issue:

“At the heart of the argument addressed to me on behalf of the application is the proposition that whisky and wines are materially different products which emanate (and are known to emanate) from producers specialising in different and distinct fields of commercial activity. This was said to render it unlikely that a producer of whisky would become (or be expected to become) a wine producer and unlikely that a producer of whisky who did become a wine producer would market (or be expected to market) his whisky and wines under the same trade mark. I was urged to accept that this made it possible for one producer to use a mark for whisky and another producer to use the same mark concurrently for wines without any real likelihood of confusion ensuing.

I am willing to accept that wine production and the production of whisky are activities which call for the exercise of perceptibly different skills directed to the production of qualitatively different alcoholic drinks. It may be the case that few undertakings produce both whisky and wines and it may be the case that the same trade mark is seldom used to signify that whisky and wines emanate from one and the same producer. However, I am not able to say on the basis of the materials before me whether there is any substance in either of those points. Beyond that, I consider that the arguments advanced on behalf of the applicant over-emphasise the part played by producers and under-emphasise the part played by other traders in the business of buying and selling whisky and wines.

It is common to find whisky and wines bought and sold by merchants whose customers expect them to stock and sell both kinds of products. Many such merchants like to be known for the range and quality of the products they sell. The goodwill they enjoy is affected by the judgment they exercise when deciding what to offer their customers. In some cases the exercise of judgment is backed by the use of “own brand” or “merchant-specific” labelling. Those who supply retail customers may be licensed to do so under an “off-licence” or a licence for “on and off sales” in appropriate circumstances. It is not unusual for resellers of whisky and wines to be suppliers of bar services as well.

When the overall pattern of trade is considered in terms of the factors identified by Jacob J. in the *British Sugar* case (uses, users and physical nature of the relevant goods and services; channels of distribution, positioning in retail outlets, competitive leanings and market segmentation) it seems clear to me that suppliers of wines should be regarded as trading in close proximity to suppliers of whisky and suppliers of bar services. In my view the degree of proximity is such that people in the market for those goods or services

would readily accept a suggestion to the effect that a supplier of whisky or bar services was also engaged in the business of supplying wines.”

23. The goods in issue there were whisky and wines. But I can see no basis for coming to a different view where beers and wines are concerned bearing in mind the observations of the Appointed Person in relation to the importance of the merchandising of the goods and channels of trade.

24. Likelihood of confusion is ultimately a matter of global appreciation taking into account the net effect of the similarities and differences between marks and goods. The marks here are nearly identical, or certainly very closely similar; they are also highly distinctive in the context of the goods at issue; the goods are similar; and consumers may be expected to take a reasonable but not the very highest degree of care in selecting and purchasing alcoholic beverages. The result is that I find there is a likelihood of confusion in relation to the Class 32 goods as well.

25. The opponents have been successful and are entitled to an award of costs.

26. Their written submissions contain the following:

“With respect to costs, we would ask for the Registrar to award costs on the higher end of the scale. The evidence which has been filed by the Applicant is long and complex but does not support in any way the Applicant’s position in this matter. It was necessary for the Opponent’s agents to review all of this evidence and carry out work to disprove same. The cost to the Opponent’s has therefore been higher because of the Applicant filing evidence which did not in any way support its arguments.”

27. I believe that overstates the length and complexity of the evidence filed by the applicants and the amount of time and effort required to review it. Furthermore, if the opponents considered that the applicants’ evidence “did not in any way support the arguments” there should have been no need for reply evidence. The matter could have been dealt with briefly (if necessary) in submissions. I decline to make an award at the higher end of the scale.

28. I order the applicants to pay the opponents the sum of £1,400. 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 4th day of August 2004

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