

**TRADE MARKS ACT 1938 (AS AMENDED)
AND TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NO. 1513324 BY
ORLANDO WYNDHAM GROUP PTY LTD TO REGISTER
THE MARK ST. HUGO IN CLASS 33**

AND

**IN THE MATTER OF OPPOSITION THERETO UNDER NO. 42557
BY BODEGAS VITORIANAS S.A.**

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DECISION

On 22 September 1992 Orlando Wyndham Group Pty Ltd applied under Section 17 of the Trade Marks Act 1938 to register the mark ST. HUGO for "wines, spirits and liqueurs; all included in Class 33".

The application is numbered 1513324.

On 7 June 1995 Bodegas Vitorianas S.A. filed notice of opposition to this application. In summary the grounds are as follows:-

- (i) under Section 11 by reason of the opponents' use of the mark DON HUGO
- (ii) under Section 12 by reason of the registration of the mark DON HUGO in Class 33 for alcoholic beverages (No 1336692).

They also ask for the application to be refused in the exercise of the Registrar's discretion.

The applicants filed a counterstatement denying the above grounds and claiming that they were in any case entitled to have their mark registered on the basis of honest concurrent use (Section 12(2) of the Act).

Both sides ask for an award of costs in their favour.

Both sides filed evidence. The matter came to be heard on 13 July 1999 when the applicants were represented by Ms D McFarland of Counsel instructed by Haseltine Lake Trademarks and the opponents by Mr F B Meeks of Brewer & Son.

By the time this matter came to be heard, the Trade Marks Act 1938 had been repealed in accordance with Section 106(2) and Schedule 5 of the Trade Marks Act 1994. In accordance with the transitional provisions set out in Schedule 3 to that Act however, I must continue to apply the relevant provisions of the old law to these proceedings. Accordingly all references in the later parts of this decision are references to the provisions of the old law.

Opponents' evidence

The opponents filed statutory declarations as follows:

5 Jose Luis Fernandez Ruiz - dated 2 July 1996
 Frank Burton Meeks - dated 30 July 1996

Mr Ruiz is a director of the opponent company. He is conversant with the English language.

10 He says the mark DON HUGO has been used to identify wines which have been distributed throughout the United Kingdom and Ireland since the year 1990.

Sales have been as follows:

15 1990 86,000 bottles
 1991 280,000 "
 1992 454,000 "
 1993 422,000 "
 1994 420,000 "
20 1995 410,000 "

The main distributing agents in the UK are Somerfield (Gateway) and Waitrose.

The following sums have been spent in promoting the mark

25 1990 1,000,000 ptas
 1991 3,000,000 "
 1992 4,000,000 "
 1993 4,000,000 "
30 1994 4,500,000 "
 1995 5,000,000 "

The purpose of Mr Meeks' declaration is to exhibit a statutory declaration by Mary Rose O'Connor by way of background information. This appears to relate to parallel proceedings
35 between the parties in Ireland. I do not consider that I need to summarise this material which in any case overlaps with the information set out above by Mr Ruiz.

Applicants' evidence

40 The applicants filed a statutory declaration dated 8 July 1997 by Stephen Scott Couche. Mr Couche is a director of the applicants. He says that

45 "In 1986 a subsidiary of my Company, Orlando UK, opened an office in the United Kingdom which imported wine from my Company bearing the ST. HUGO mark into the United Kingdom. This was distributed indirectly to retailers. Caxton Tower Wines Limited (hereinafter referred to as Caxton) of 4 Harlequin Avenue, Brentford, Middlesex, was a retail wholesaler through which Orlando UK indirectly distributed

wine to retailers. Caxton took over the importation by Orlando UK of my Company's wine in 1991."

and

"My Company requested through its United Kingdom Trade Mark agents, Haseltine Lake Trade Marks of Imperial House, 15 - 19 Kingsway, London, Caxton to provide, for the period 1986 to 1996, their approximate turnover and advertising figures regarding wine bearing the mark ST. HUGO. The following information was supplied by Mr Simon Ladenburg, Executive Director of Caxton:

<u>Year</u>	<u>Approx. Turnover at retail £</u>	<u>Approx. Number of Bottles Provided</u>	<u>Approx. Advertising Expenditure £</u>
1986	9,600	1,600	100
1987	47,000	7,900	100
1988	107,000	15,400	100
1989	84,000	12,000	100
1990	181,000	26,000	100
1991	94,000	13,400	100
1992	63,000	9,000	100
1993	73,000	10,300	100
1994	137,000	19,500	750
1995	64,000	8,100	250
1996	52,000	6,600	400

I have been shown a copy of the Declaration made by Mr Trevor Wayne McPeake on the 29 April 1994 filed in respect of the application to register the ST. HUGO mark. For convenience a copy is enclosed as Exhibit SCC 4. I have referred to material upon which the statements of that Declaration were based. Within that Declaration in paragraph 4 the "turnover" figure refers to Orlando Wyndham's FOB (free on board) whilst the figures given by Caxton are FOB+ (free on board plus licence fee plus taxes/import duties plus margin). Within that Declaration in paragraph 4 the "unit" figure refers to a carton of 12 bottles.

I represent the approximate annual turnover and units sold figures referred to in paragraph 4 hereof excepting that the "unit" has been recalculated as bottles rather than cartons:

<u>Year</u>	<u>Approx. Turnover at wholesale £</u>	<u>Approx. Number of Bottles Provided</u>	<u>Approx. Advertising Expenditure £</u>
1986	5,043	1,596	1,200
1987	24,834	7,860	
1988	48,531	15,360	750
1989	45,024	12,000	500
1990	69,867	21,060	

1991	45,225	13,632	600
1992	14,730	4,440	750
1993	31,349	10,356	500

5 The figures given in paragraph 5 hereof represent the turnover and number of units
figures sold by my Company to Orlando UK, and the advertising expenditure figures
are those of Orlando UK promoting wine sold under the mark ST. HUGO. The
figures given in paragraph 3 hereof represent the turnover, number of units and
advertising figures of Caxton.”

10 Mr Couche adds that the discrepancies for the years 1990 and 1992 of approximately 5000
bottles are due to differences between shipments made by his company and the stock holdings
and depletions out of Caxton’s own stores.

15 He says that advertisement of the goods sold under the Mark ST. HUGO in the United
Kingdom has been by way of advertisements placed in the press and magazines including the
Morning Advertiser (3rd November 1989), Off Licence News (2nd November 1989) and
Harpers (16th May 1986). A selection of advertising material showing use of the said mark is
at Exhibit SSC 5.

20 The Mark ST. HUGO also appears in a number of wine guides in relation to wines produced
by the Company, In Exhibit SSC 6 are extracts of 1988 WHICH? WINE GUIDE and
WEBSTER’S WINE GUIDE 1989. Examples of promotional material and packaging and
labelling are exhibited at SSC 7 and 8. The goods have been advertised and sold through local
25 retailers in a variety of towns and cities throughout the UK. The company is also said to have
supplied J Sainsbury and Oddbins for approximately eight years. Further supporting material
underlining a history of the company and copy invoices etc. are exhibited at SSC 9 and 10.

30 Mr Couche says that wine sold under the Mark ST. HUGO is produced to be of premium
quality. This is indicated in the Company’s promotional material and recognised in
WEBSTER’S WINE GUIDE 1989. The Company only produces as much wine sold under
the Mark ST. HUGO as any particular vintage has grapes from the Coonawarra vineyards of
sufficient quality. Accordingly, production of wine bearing the Mark ST. HUGO is limited
and variable due to particular vintages.

35 I go on to consider the grounds of opposition beginning with those under Sections 11 and 12
of the Act. These read as follows:-

40 "11. It shall not be lawful to register as a trade mark or part of a trade mark any
matter the use of which would, by reason of its being likely to deceive or cause
confusion or otherwise, be disentitled to protection in a court of justice, or would be
contrary to law or morality, or any scandalous design.

45 12.-(1) Subject to the provisions of subsection (2) of this section, no trade mark shall
be registered in respect of any goods or description of goods that is identical with or
nearly resembles a mark belonging to a different proprietor and already on the register
in respect of:-

- a. the same goods
- b. the same description of goods, or
- 5 c. services or a description of services which are associated with those goods or goods of that description."

10 The reference in Section 12(1) to a near resemblance is clarified by Section 68(2B) of the Act which states that references in the Act to a near resemblance of marks are references to a resemblance so near as to be likely to deceive or cause confusion.

15 The established tests for objections under these provisions are set down in Smith Hayden and Company Ltd's application (Volume 1946 63 RPC 101) later adapted, in the case of Section 11, by Lord Upjohn in the BALI trade mark case 1969 RPC 496. Adapted to the matter in hand, these tests may be expressed as follows:-

20 **(Under Section 11)** Having regard to the user of the mark DON HUGO is the tribunal satisfied that the mark applied for, ST HUGO, if used in a normal and fair manner in connection with any goods covered by the registration proposed will not be reasonably likely to cause deception and confusion amongst a substantial number of persons?

25 **(Under Section 12)** Assuming user by the opponents of their mark DON HUGO in a normal and fair manner for any of the goods covered by the registration of that mark, is the tribunal satisfied that there will be no reasonable likelihood of deception among a substantial number of persons if the applicants use their mark normally and fairly in respect of any goods covered by their proposed registration?

30 I will deal firstly with the Section 12 ground. It is apparent from the respective specifications that the same goods and/or goods of the same description are involved and, in fact, within the terms of the specifications, both sides trade in wine. The matter, therefore, turns essentially on my view of the marks themselves. I was referred at the hearing to the well known test propounded by Parker J in Pianotist Co's application. I accept that this is the proper test to apply. The relevant passage reads as follows:-

35 "You must take the two words. You must judge of them both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances; and you must further
40 consider what is likely to happen if each of these trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion - that is to say - not necessarily that one will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public, which will lead to confusion in
45 the goods - then you may refuse the registration, or rather you must refuse the registration in that case."

Mr Meeks also referred me to passages from *ARISTOC v RYSTA*, 62 RPC 65, as regards the risks arising from imperfect recollection. Ms McFarland pointed to the differences that are apparent on the face of the marks; the fact that DON (whether taken as a christian name or a Spanish title) is quite different from ST; and the importance of the first element of marks. A
5 further factor which I think I should bear in mind is the importance of bearing in mind the essential features of marks - see for instance the following passages from *SAVILLE PERFUMERY*, 1941 RPC 117 at page 162 lines 1-9:

10 "In the present case, for example, the evidence makes it clear that traders who have to deal with a very large number of marks used in the trade in which they are interested, do not, in practice, and indeed cannot be expected to, carry in their heads the details of any particular mark, while the class of customer among the public which buys the goods does not interest itself in such details. In such cases the mark comes to be remembered by some feature in it which strikes the eye and fixes itself in the
15 recollection. Such a feature is referred to sometimes as the distinguishing feature, sometimes as the essential feature, of the mark"

and again at lines 18-20:

20 "Now the question of resemblance and the likelihood of deception are to be considered by reference not only to the whole mark, but also to its distinguishing or essential features, if any".

25 I cannot see that the marks would be confused visually or aurally. The difference in the first elements is sufficient in my view to avoid that risk. The key issue is whether HUGO is such a dominant and essential feature of each mark that the presence of that word will override, or at least more than counteract, the otherwise distinguishing element ST in terms of the overall impact of the marks and the way they will be remembered. In this respect I accept
30 Ms McFarland's submission that the first element of each of the marks is unlikely to be dropped in use. However HUGO is not altogether a common name and for that reason the impact is perhaps rather greater than a more familiar name such as John. It is quite conceivable, therefore, that it is this word which will impress itself on the mind of a customer. Although it is in my view a finely balanced decision I have come to the view that the use of the
35 applicants' mark on identical goods could lead to confusion. The applicants have not discharged the onus on them to persuade me otherwise. Accordingly the opposition succeeds under Section 12.

40 Before going on to consider the applicants' claim under Section 12(2) I will deal very briefly with the Section 11 position. It is clear from the unchallenged evidence of the parties that the applicants have priority of user by some four years and that the honesty of that use is not in doubt. In these circumstances it is the opponents' later use and not the applicants' that would be likely to result in confusion. The opponents' case under Section 11 must inevitably fail.

45 I now turn to the applicants' claim under Section 12(2). This Section reads:

"12.-(2) In case of honest concurrent use, or of other special circumstances which in the opinion of the Court or the Registrar make it proper so to do, the court or the

Registrar may permit the registration by more than one proprietor in respect of:-

- a. the same goods
- b. the same description of goods or
- c. goods and services or descriptions of goods and services which are associated with each other,

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of marks that are identical or nearly resemble each other, subject to such conditions and limitations, if any, as the Court or Registrar, as the case may be, may think it right to impose.

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The main matters for consideration under Section 12(2) were laid down by Lord Tomlin in the *PIRIE* case 1933 RPC 147. They are:

- (i) the extent of use in time and quantity and the area of trade;
- (ii) the degree of confusion likely to ensue from the resemblance of the marks, which is, to a large extent, indicative of the measure of public inconvenience;
- (iii) the honesty of the concurrent use;
- (iv) whether any instances of confusion have been proved;
- (v) the relative inconvenience which would be caused if the mark in suit was registered, subject if necessary to any conditions and limitations.

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I take note also of Mr Meeks other authorities in relation to this Section - GRANADA Trade Mark, 1979 RPC 303, LION BRAND, 1940 RPC 248 and BUD Trade Mark 1988 RPC 535.

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Mr Meeks' submissions concentrated particularly on items (i), (ii) and (v) of Lord Tomlin's criteria, there being no dispute about the honesty of the applicants' use and no instances of proven confusion (items (iii) and (iv)). I need only consider the applicants' position against the remaining sub-heads.

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So far as the extent of use is concerned the applicants have, as already indicated, been using their mark since 1986 and thus had some six years use by the filing date. The turnover figures are not overwhelmingly large but equally are not insubstantial reflecting no doubt Mr Couche's explanation that the company "only produces as much wine sold under the mark ST. HUGO as any particular vintage has grapes from our Coonawarra vineyards of sufficient quality. Accordingly production of wine bearing the mark ST. HUGO is limited and variable due to particular vintages". There can be no dispute about the wide geographical spread of sales and the fact that wines bearing the mark have been sold through outlets such as J. Sainsbury and Oddbins has no doubt exposed the brand to a large number of actual or potential customers. It is true that the opponents' volume of sales (in bottle terms at least) is larger but this does not undermine the applicants' position.

The degree of confusion likely to ensue from the resemblance of the marks (point (ii)) entitles me, I think, to weigh in the balance the degree of similarity in the marks in coming to a view on the measure of public inconvenience. I have found under Section 12 that the marks are similar but, as noted above, I found it by no means an easy decision to reach. It follows that the obstacle the applicants had to overcome in terms of the measure of public inconvenience is not that high.

In terms of the relative inconvenience to the parties (point (v)), given the lengthy trade of the applicants there would be real inconvenience to them if they were denied a registration. Against that I can see no great inconvenience to the opponents whose activities can, and no doubt will, continue without any evidence of likely loss of business or other adverse consequence as a result of the applicants' activities.

In reaching a decision under Section 12(2) a balanced view generally needs to be taken having regard to what might be potentially conflicting results arising from the application of the PIRIE criteria. In this case I have no such problem. I have no hesitation in coming to the view that the applicants have a strong case and are entitled to a registration for the goods in respect of which use has been shown. I have not, therefore, needed to consider at length the supplementary argument that the applicants have used a number of 'ST' marks, in addition to the mark applied for, these being ST HILARY and ST HELGA. Thus it is said they have a family of such marks which further strengthens their position. Whilst I have not needed to rely on this factor it is in my view an "other special circumstance" in the applicants' favour.

As a result of the above the application can proceed for a specification of goods which reflects the use shown. I can see nothing in the evidence to indicate use on 'spirits and liqueurs' though these goods clearly conflict with the opponents' registration. The application will, therefore, be allowed to proceed to registration if, within one month of the end of appeal period for this decision, the applicants file a Form TM21 amending their specification to "Wines included in Class 33".

The opposition has been partly successful insofar as the application can only proceed for a limited specification. However the opponents have been unsuccessful in relation to the goods that appear to be of primary interest to both parties, that is to say wines. In the circumstances I propose to make no award of costs. The opponents will, however, be free to apply for an order if the applicants do not amend their specification in the manner set out above.

Dated this 23 day of July 1999

M REYNOLDS
For the Registrar
the Comptroller General