

O-255-10

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION No. 2466422  
BY BAKO (UK BAKERS BUYING) LIMITED TO REGISTER THE TRADE  
MARK**

**BAKO**

**IN CLASSES 1, 2, 3, 29, 30, 35 and 39**

**AND IN THE MATTER OF OPPOSITION  
THERE TO UNDER NO 96820  
BY ARLA FOODS AMBA**

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**BACKGROUND**

1. On 10<sup>th</sup> September 2007, Bako (UK Bakers Buying) Limited of Littleburn Industrial Estate, Langley Moor, Durham DH7 8HR (hereafter “Bako”) applied to register the mark, “BAKO”, in Classes 1, 2, 3, 29, 30, 35 and 39. Much of the specification is not relevant for my purposes as it not opposed. The relevant part of the specification, ie the goods that are opposed, is as follows:

*Class 29*

Milk, cheese, diary products; yoghurts, drinking yoghurts, mousses, creams, cream desserts, fats and oils, margarine, spreads, snacks and snack foods.

2. The application was published on 11<sup>th</sup> January 2008 and on 10<sup>th</sup> April 2008 Arla Foods amba of Skanderborgve 277, 8260 Viby J, Denmark (hereafter “Arla”) lodged an opposition against the goods specified above.
3. Arla has an earlier Community mark, 243956, the details of which are as follows:

Mark	Filing and registration dates	Goods and services relied upon under section 5(2)(b)
BUKO	1 <sup>st</sup> April 1996 and 1 <sup>st</sup> February 1999	<i>Class 29</i> Milk and milk products; edible oils and fats.

4. Arla has based its opposition solely upon section 5(2)(b) of the Trade Marks Act 1994 (hereafter “the Act”). They say the respective marks are visually and phonetically close, differing by only one letter. The goods are identical or similar and there is a clear likelihood of confusion.
5. Bako filed a counterstatement denying the ground of the opposition. They say there is no likelihood of confusion as the respective marks are not sufficiently similar. They say their mark has been in use since 1994 in the UK for, inter alia, edible fats. They also put Arla to proof of use of their Community mark.
6. Evidence has been filed by both parties which, insofar as it is relevant, I shall summarise below. Neither party has requested a hearing and instead, both parties are content for a decision to be issued based on the papers. Both parties request costs.

### **Opponent’s evidence**

7. This takes the form of a witness statement dated 26<sup>th</sup> August 2009 by Anders Fisker Oleson, who has been a senior director of Arla since April 2009. He says the mark BUKO has been extensively used in a number of EU countries, including Denmark and Germany, in relation to spreadable cheese. It was first used in Denmark in the 1930’s and in Germany in the 1950’s. Use has been continuous in those countries since those dates.
8. Ex-factory sales in Denmark and Germany are stated as follows

Country	Year	Euros	DKK
Denmark	2006		139,364.400
Germany	2006	25, 859,152	
Denmark	2007		150,388.000
Germany	2007	27,356,730	

9. Advertising spend in Denmark and Germany is stated as follows

Country	Year	Euros	DKK
Denmark	2006		517.100
Germany	2006	2,575,000	
Denmark	2007		2.759.100
Germany	2007	3,483,000	

10. Exhibit AFO 1 is a list of Danish weekly and monthly magazines in which the mark has been advertised in 2007 and examples of advertisements. There are seven weekly magazines listed and six

monthly magazines. The advertisements (in Danish) show various coloured packs of a spreadable cheese, the particular colour indicating a variety, eg yellow equates to a 'light' version, and green the 'classic' version. The mark BUKO is prominent on each carton, against a red rounded rectangular background. The cartons also have the ARLA name in the top right hand corner, also against a red irregular shaped background. The ARLA brand is clearly intended to be the 'house brand', and although it is larger in size, the BUKO name is intended to be a 'secondary' brand. Exhibit AFO2 is a photo of a bus shelter advertisement, widely used in Denmark in 2007.

11. Exhibit AFO3 is a list of three Danish supermarkets: Superbrugsen, Føtex and Netto, all of whom sell BUKO spreads. Their respective market shares in the grocery sector in Denmark are 13.28%, 13.25% and 12.38%. As at December 2007, BUKO enjoyed a 38% share of the Danish market for cream cheese and 8% of the German market. Exhibit AFO4 is a photo of a BUKO display from a Danish supermarket in 2007. It is a large display, showing what I assume to be the full range of varieties. The mark BUKO is prominently displayed. Exhibit AFO5 shows two photos of displays, somewhat smaller in size, in German supermarkets. The mark BUKO is again prominently displayed. Exhibit AFO6 is a promotional recipe from a German magazine referring to BUKO. Exhibit AFO7 is a copy of promotional vouchers issued with BUKO in 2007 in Germany and providing discounted entry to German aquatic centres. Mr Olesen ends by saying that BUKO is sold through many major German supermarkets including METRO, REWE, and EDEKA.

### **Applicant's evidence**

12. This takes the form of a witness statement dated 22<sup>nd</sup> February 2010 from Nicola Jane Goodwill who is a buyer with Bako North Western Limited (one of the independent companies within the Bako Co-operative (the Co-operative is further described at para 15 below)) and has been since 1995. She says her company's mark has been in continuous use in the UK since 1975. As regards the opposed goods she notes that BAKO has been used on:

- edible fats and shortenings under the BAKO QUARTZ range from April 1994 until 2006;
- lard from at least June 1995 and continuously since then;
- sunflower spread commenced in June 2006 and continued until early 2009;
- cheese, use commenced in August 2006;
- sausage rolls, initial launch date May 2001; and

- various pies and pasties launched between December 2001 and 2008.
13. Exhibit NG1 comprises sample packaging showing the BAKO mark on various products and promotional items such as calendars and lists. It is generally used with a device element comprising five bakers. The configuration of the bakers may well have changed over the years. Thus, in a configuration on packaging dated 1995, the bakers are standing statically, facing the front. In packaging from 1996 they are striding side on, carrying a loaf. The presence of the prominent word BAKO is however a constant feature. As regards cheese in particular, the evidence shows that the BAKO mark is used in respect of various well known cheese varieties such as Cheddar, Red Leicester, Stilton and Brie. The evidence does not show use on processed cheese or cheese spreads.
  14. Ms Goodwill says her company is the largest distributor to the bakery industry in the UK. They operate five logistic centres across the UK supplying chilled, frozen, ambient and non-food brands delivered to bakeries and food-to-go markets. They supply both 'own label' goods, of which they have 225 lines comprising 25% of total turnover, as well as other products. Annual turnover figures are provided for the years 2002 (£93 million) through to 2008 (£118 million) and these figures show a steady increase in the intervening years.
  15. She says that extensive advertising is undertaken and this includes such publications as British Baker Directory, OOH (Out of Home Magazine), Food Manufacture Directory, British Baker, Independent Caterer and many more. Exhibit NG2 comprises a collection of press articles about the BAKO business. It is worth drawing on one, which comes from 'British Baker' and is dated June 13<sup>th</sup> 199 (last digit indecipherable), which goes some way in explaining the BAKO business concept. The BAKO business comprises five independent companies which buy on behalf of its (then) 5,500 members, to whom it delivers 23,000 tonnes of goods from a choice of 2,000 lines. Mr Keith Miller, the then group purchase and marketing executive of BAKO, explains that members become part-owners in a business that offers a reliable delivery service. He goes on, "Each of the five operating companies has its own conditions of entry but the financial commitment is nominal and, while BAKO doesn't set out to make profits, any that result are kept for investment with some returned to members as annual rebates." In short, BAKO is a wholesale operation that operates as a co-operative for its membership, which comprises mainly the bakery trade, but which also extends into the broader sphere of catering, eg takeaways. The fact that it is a co-operative is underlined later in her evidence when Ms Goodwill says that the name

BAKO is derived from the phrase 'bakers co-operative'. Such co-operative schemes originated in Germany, where they were spelt 'ko-operative', hence use of the letter 'k' rather than 'c' in the BAKO name.

16. Ms Goodwill goes on to explain the promotion of the brand at trade fairs and exhibitions, including National Bakers Buying Fair at G-Mex Manchester 1986, as well as others.
17. Annual advertising figures are given for the years 2002 through to 2008 and these show a steady increase from £465,000 to £590,000 over the period. The name is used on company stationery including wall planners and calendars. BAKO also sponsors awards such as the Baking Industry Awards and Craft Baker of the Year at the OOH Live Exhibition. In 2002 BAKO were awarded an 'Investor in People' award. The remainder of Ms Goodwill's evidence comprises legal submission, with which I shall deal in due course.

## **DECISION**

### **Proof of use**

18. The Trade Marks (Proof of Use, etc) Regulations 2004 apply in respect to the Section 5(2) (b) grounds of this case. The provision reads as follows:

#### **"6A Raising of relative grounds in opposition proceedings in case of non-use**

(1) This section applies where –

(a) an application for registration of a trade mark has been published,

(b) there is an earlier trade mark of a kind falling within section 6(1)(a), (b) or (ba) in relation to which the conditions set out in section 5(1),(2) or (3) obtain, and

(c) the registration procedure for the earlier trade mark was completed before the start of the period of five years ending with the date of publication.

(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.

(3) The use conditions are met if –

(a) within the period of five years ending with the date of publication of the application the earlier trade mark has been

put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered, or

(b) the earlier trade mark has not been so used, but there are proper reasons for non-use.

(4) For these purposes –

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, ...

(5) In relation to a Community trade mark or international trade mark (EC), any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Community.

(6) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services...”

19. With a registration date of 1<sup>st</sup> February 1999, it is clear that under Section 6(1) of the Act, Arla’s mark is an earlier trade mark. Further, as it completed its registration procedure more than five years before the publication of the contested mark (being 11<sup>th</sup> January 2008), it is subject to the proof of use requirement set out in section 6A of the Act. The relevant 5 year period ends on 11<sup>th</sup> January 2008 and starts on 12<sup>th</sup> January 2003.

20. Consideration has to be taken, also, of section 100 of the Act which states:

“100. If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

Consequent upon section 100, the onus is upon the registered proprietor to prove that it has made use of the trade mark in suit, or that there are proper reasons for non-use.

21. The basis of what constitutes genuine use was decided by the European Court of Justice (ECJ) in *Ansul BV v Ajax Brandbeveiliging BV*, Case C-40/01 [2003] ETMR 85 at paragraph 47 (“*Ansul*”):

“1. Article 12(1) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that there is “genuine use” of a trade mark where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services; genuine use does not include token use for the sole purpose of preserving the rights conferred by the mark. When assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark is real, particularly whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods or services protected by the mark, the nature of the goods or services at issue, the characteristics of the market and the scale and frequency of use of the mark. The fact that a mark that is not used for goods newly available on the market but for goods that were sold in the past does not mean that its use is not genuine, if the proprietor makes actual use of the same mark for component parts that are integral to the make-up or structure of such goods, or for goods or services directly connected with the goods previously sold and intended to meet the needs of customers of those goods.”

22. In *La Mer Technology Inc v Laboratoires Goemar SA* [2004] FSR 38, the ECJ considered the extent of use, the amount of use and the types of use that can be considered when deciding whether there has been genuine use of a trade mark:

“20. It follows from those considerations that the preservation by a trade mark proprietor of his rights is predicated on the mark being put to genuine use in the course of trade, on the market for the goods or services for which it was registered in the Member State concerned.

21. Moreover, it is clear from paragraph 39 of *Ansul* that use of the mark may in some cases be sufficient to establish genuine use within the meaning of the Directive, even if that use is not quantitatively significant. Even minimal use can therefore be sufficient to qualify as genuine, on condition that it is deemed to be justified, in the economic sector concerned, for the purpose of

preserving or creating market share for the goods or services protected by the mark.

22. The question whether use is sufficient to preserve or create market share for those products or services depends on several factors and on a case-by-case assessment which is for the national court to carry out. The characteristics of those products and services, the frequency or regularity of the use of the mark, whether the mark is used for the purpose of marketing all the identical products or services of the proprietor or merely some of them, or evidence which the proprietor is able to provide, are among the factors which may be taken into account.

23. Similarly, as emerges from paragraphs 35 to 39 of *Ansul* set out above, the characteristics of the market concerned, which directly affect the marketing strategy of the proprietor of the mark, may also be taken into account in assessing genuine use of the mark.

24. In addition, use of the mark by a single client which imports the products for which the mark is registered can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor of the mark.”

23. In *Laboratoires Goemar S.A. v La Mer Technology Inc* [2005] ETMR 114, Neuberger LJ held that:

“45 The notion that the use of the trade mark must be substantial or significant before it qualifies as "genuine" seems to me to run into two difficulties in any event. The first is that it does not involve attributing the word "genuine" its natural meaning, although this point of course potentially substantially weakened by the fact that the equivalent word used in the text in Art.10 in other languages may carry with it a slightly different meaning.

46 Secondly, once one imposes a requirement of significance or substantiality, it becomes potentially difficult, time-consuming, and expensive to decide whether, in any particular case, that requirement is satisfied. In this connection, Mr Tritton made a fair point when he suggested that the introduction of a test of significant use could lead to detailed arguments about the precise nature and extent of the market in which a particular trade mark is to be used, as well as a detailed enquiry in many cases as to the precise nature and extent of the use of the particular mark over the relevant five-year period. I do not regard that as a particularly desirable outcome.

47 Although the use of the instant mark within the jurisdiction can be said to be close to exiguous, I do not think it could be characterised as *de minimis*. Even if it could be so characterised, I do not consider that that concept would be a useful or helpful one to invoke or apply, even if it had not been effectively ruled out by the European Court.

48 I turn to the suggestion, which appears to have found favour with the judge, that in order to be "genuine", the use of the mark has to be such as to be communicated to the ultimate consumers of the goods to which it is used. Although it has some attraction, I can see no warrant for such a requirement, whether in the words of the Directive, the jurisprudence of the European Court, or in principle. Of course, the more limited the use of the mark in terms of the person or persons to whom it is communicated, the more doubtful any tribunal may be as to whether the use is genuine as opposed to token. However, once the mark is communicated to a third party in such a way as can be said to be "consistent with the essential function of a trade mark" as explained in [36] and [37] of the judgment in *Ansul*, it appears to me that genuine use for the purpose of the Directive will be established.

49 A wholesale purchaser of goods bearing a particular trade mark will, at least on the face of it, be relying upon the mark as a badge of origin just as much as a consumer who purchases such goods from a wholesaler. The fact that the wholesaler may be attracted by the mark because he believes that the consumer will be attracted by the mark does not call into question the fact that the mark is performing its essential function as between the producer and the wholesaler."

24. In *The Sunrider Corp v Office for Harmonization in the Internal Market (TradeMarks and Designs) (OHIM)*, Case C-416/04 P, the ECJ stated:

"72 It follows that it is not possible to determine a priori, and in the abstract, what quantitative threshold should be chosen in order to determine whether use is genuine or not. A *de minimis* rule, which would not allow OHIM or, on appeal, the Court of First Instance, to appraise all the circumstances of the dispute before it, cannot therefore be laid down (see, to that effect, order in *La Mer Technology*, paragraph 25). Thus, when it serves a real commercial purpose, in the circumstances referred to in paragraph 70 of this judgment, even minimal use of the trade mark can be sufficient to establish genuine use (order in *La Mer Technology*, paragraph 27)."

25. A further, helpful synthesis of the ‘legal learning’ from these cases has been provided in the appointed person case, *Sant Ambroeus* (BL O-371-09), as follows:

“42. The hearing officer set out most of the key extracts from *Ansul* and *La Mer* in his decision, so I shall not reproduce them here. Instead, I try to summarise the “legal learning” that flows from them, adding in references to *Silberquelle GmbH v Maselli-Strickmode GmbH* Case C-495/07, [2009] ETMR 28 (*Silberquelle*) where relevant:

(1) Genuine use means actual use of the mark by the proprietor or third party with authority to use the mark: *Ansul*, [35] and [37].

(2) The use must be more than merely “token”, which means in this context that it must not serve solely to preserve the rights conferred by the registration: *Ansul*, [36].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin: *Ansul*, [36]; *Silberquelle*, [17].

(4) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, i.e. exploitation that is aimed at maintaining or creating an outlet for the goods or services or a share in that market: *Ansul*, [37]-[38]; *Silberquelle*, [18].

(a) Example that meets this criterion: preparations to put goods or services on the market, such as advertising campaigns: *Ansul*, [37].

(b) Examples that do not meet this criterion: (i) internal use by the proprietor: *Ansul*, [37]; (ii) the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle*, [20]-[21].

(5) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including in particular, the nature of the goods or services at issue, the characteristics of the

market concerned, the scale and frequency of use of the mark, whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them, and the evidence that the proprietor is able to provide: *Ansul*, [38] and [39]; *La Mer*, [22] - [23].

(6) Use of the mark need not always be quantitatively significant for it to be deemed genuine. There is no *de minimis* rule. Even minimal use may qualify as genuine use if it is the sort of use that is appropriate in the economic sector concerned for preserving or creating market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor: *Ansul*, [39]; *La Mer*, [21], [24] and [25].”

#### *Arla's own use and what the evidence shows*

26 I do not understand, from their written submissions, that Bako are challenging the fact that Arla has made genuine use of their Community trade mark within the Community. In Ms Goodwill's evidence at para 14 she seems to acknowledge that genuine use (in the sense in which it is defined and explained in the case law referred to above) has been shown in Denmark and Germany but notes that no evidence has been shown of use in the UK. I simply note that as the earlier mark is a Community mark, in accordance with Section 6A(5) of the Act, provided use is shown in the Community then this is sufficient. I would add also, that even though genuine use has not been shown throughout the whole of the territory of the Community, I have no doubt that use within the territories of Denmark and Germany at least, meets any territorial requirement or threshold.

27 I also do not understand Bako to be taking any issue in connection with the question of “use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered”. I will therefore simply observe that although Arla has registered BUKO as a plain script, word only mark and used it against a red rectangular, lozenge type background, the differences between the mark as registered and as used do not in my opinion alter the distinctive character of the mark. That is to say that the distinctive character of the mark as registered plainly lies in the word BUKO, and whilst the additional elements of the red background in actual use may be registered (ie noticed) by the average consumer, they would not alter in any way the overwhelmingly distinctive character of the word BUKO. In other words, the way the mark has been used is an acceptable variant of the mark as registered.

28 In light of my discussion above, I find that genuine use has been made of the earlier mark.

29 The next question is, what would a 'fair specification' be, bearing in mind the use made by Arla? Arla's mark is registered for, milk and milk products, edible oils and fats. This covers a fairly broad range of goods and I must decide if the evidence reflects use on such a range of goods and if not, what would be a fair specification. I therefore move on to consider the scope of goods that use has been shown. In doing so, I keep in mind the guidance in *Thomson Holidays Ltd v Norwegian Cruise Lines Ltd* [2003] RPC 32 in relation to determining what constitutes a fair specification, namely:

"29 I have no doubt that Pumfrey J. was correct to reject the approach advocated in the Premier Brands case. His reasoning in paras [22] and [24] of his judgment is correct. Because of s.10(2), fairness to the proprietor does not require a wide specification of goods or services nor the incentive to apply for a general description of goods and services. As Mr Bloch pointed out, to continue to allow a wide specification can impinge unfairly upon the rights of the public. Take, for instance, a registration for "motor vehicles" only used by the proprietor for motor cars. The registration would provide a right against a user of the trade mark for motor bikes under s.10(1). That might be understandable having regard to the similarity of goods. However, the vice of allowing such a wide specification becomes apparent when it is envisaged that the proprietor seeks to enforce his trade mark against use in relation to pedal cycles. His chances of success under s.10(2) would be considerably increased if the specification of goods included both motor cars and motor bicycles. That would be unfair when the only use was in relation to motor cars. In my view the court is required in the words of Jacob J. to "dig deeper". But the crucial question is--how deep?

30 Pumfrey J. was, I believe, correct that the starting point must be for the court to find as a fact what use has been made of the trade mark. The next task is to decide how the goods or services should be described. For example, if the trade mark has only been used in relation to a specific variety of apples, say Cox's Orange Pippins, should the registration be for fruit, apples, eating apples, or Cox's Orange Pippins?

31 Pumfrey J. in *Decon* suggested that the court's task was to arrive at a fair specification of goods having regard to the use made. I agree, but the court still has the difficult task of deciding what is fair. In my view that task should be carried out so as to limit the

specification so that it reflects the circumstances of the particular trade and the way that the public would perceive the use. The court, when deciding whether there is confusion under s.10(2), adopts the attitude of the average reasonably informed consumer of the products. If the test of infringement is to be applied by the court having adopted the attitude of such a person, then I believe it appropriate that the court should do the same when deciding what is the fair way to describe the use that a proprietor has made of his mark. Thus, the court should inform itself of the nature of trade and then decide how the notional consumer would describe such use.”

30. The comments of Mr Justice Jacob (as he then was) in *Animal Trade Mark* [2004] FSR 19 are also relevant:

“20 The reason for bringing the public perception in this way is because it is the public which uses and relies upon trade marks. I do not think there is anything technical about this: the consumer is not expected to think in a pernicky way because the average consumer does not do so. In coming to a fair description the notional average consumer must, I think, be taken to know the purpose of the description. Otherwise they might choose something too narrow or too wide. Thus, for instance, if there has only been use for three holed razor blades imported from Venezuela (Mr T.A. Blanco White's brilliant and memorable example of a narrow specification) "three-holed razor blades imported from Venezuela" is an accurate description of the goods. But it is not one which an average consumer would pick for trade mark purposes. He would surely say "razor blades" or just "razors". Thus the "fair description" is one which would be given in the context of trade mark protection. So one must assume that the average consumer is told that the mark will get absolute protection ("the umbra") for use of the identical mark for any goods coming within his description and protection depending on confusability for a similar mark or the same mark on similar goods ("the penumbra"). A lot depends on the nature of the goods--are they specialist or of a more general, everyday nature? Has there been use for just one specific item or for a range of goods? Are the goods on the High Street? And so on. The whole exercise consists in the end of forming a value judgment as to the appropriate specification having regard to the use which has been made.”

31 Finally, I am also mindful of the guidance provided by *Reckitt Benckiser (España), SL v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) (ALADIN)* Case T-126/03:

“42 The Court observes that the purpose of the requirement that the earlier mark must have been put to genuine use is to limit the likelihood of conflict between two marks by protecting only trade marks

which have actually been used, in so far as there is no sound economic reason for them not having been used. That interpretation is borne out by the ninth recital in the preamble to Regulation No 40/94, which expressly refers to that objective (see, to that effect, *Silk Cocoon*, cited at paragraph 27 above, paragraph 38). However, the purpose of Article 43(2) and (3) of Regulation No 40/94 is not to assess commercial success or to review the economic strategy of an undertaking, nor is it to restrict trade-mark protection to the case where large-scale commercial use has been made of the marks (Case T-334/01 *MFE Marienfelde v OHIM – Vétoquinol (HIPOVITON)* [2004] ECR II-0000, paragraph 32, and Case T-203/02 *Sunrider v OHIM – Espadafor Caba (VITAFRUIT)* [2004] ECR II-0000, paragraph 38).

43 Therefore, the objective pursued by the requirement is not so much to determine precisely the extent of the protection afforded to the earlier trade mark by reference to the actual goods or services using the mark at a given time as to ensure more generally that the earlier mark was actually used for the goods or services in respect of which it was registered.

44 With that in mind, it is necessary to interpret the last sentence of Article 43(2) of Regulation No 40/94 and Article 43(3), which applies Article 43(2) to earlier national marks, as seeking to prevent a trade mark which has been used in relation to part of the goods or services for which it is registered being afforded extensive protection merely because it has been registered for a wide range of goods or services. Thus, when those provisions are applied, it is necessary to take account of the breadth of the categories of goods or services for which the earlier mark was registered, in particular the extent to which the categories concerned are described in general terms for registration purposes, and to do this in the light of the goods or services in respect of which genuine use has, of necessity, actually been established.

45 It follows from the provisions cited above that, if a trade mark has been registered for a category of goods or services which is sufficiently broad for it to be possible to identify within it a number of subcategories capable of being viewed independently, proof that the mark has been put to genuine use in relation to a part of those goods or services affords protection, in opposition proceedings, only for the subcategory or sub-categories relating to which the goods or services for which the trade mark has actually been used actually belong. However, if a trade mark has been registered for goods or services defined so precisely and narrowly that it is not possible to make any significant sub-divisions within the category concerned, then the proof of genuine use of the mark for the goods or services necessarily covers the entire category for the purposes of the opposition.

46 Although the principle of partial use operates to ensure that trade marks which have not been used for a given category of goods are not rendered unavailable, it must not, however, result in the proprietor of the earlier trade mark being stripped of all protection for goods which, although not strictly identical to those in respect of which he has succeeded in proving genuine use, are not in essence different from them and belong to a single group which cannot be divided other than in an arbitrary manner. The Court observes in that regard that in practice it is impossible for the proprietor of a trade mark to prove that the mark has been used for all conceivable variations of the goods concerned by the registration. Consequently, the concept of 'part of the goods or services' cannot be taken to mean all the commercial variations of similar goods or services but merely goods or services which are sufficiently distinct to constitute coherent categories or sub-categories.

...

53 First, although the last sentence of Article 43(2) of Regulation No 40/94 is indeed intended to prevent artificial conflicts between an earlier trade mark and a mark for which registration is sought, it must also be observed that the pursuit of that legitimate objective must not result in an unjustified limitation on the scope of the protection conferred by the earlier trade mark where the goods or services to which the registration relates represent, as in this instance, a sufficiently restricted category."

32. From their submissions I understand Arla to be claiming that a fair specification based on their use would be "cheese". However, it is clear from the evidence that the products actually sold are likely to be known by the trade and average consumer as "cheese spreads, including cream cheese". That is to say that Arla do not sell unprocessed or 'raw' cheese but a processed derivative which is capable of being spread from, eg tubs. Mr Olesen himself, at para 2 of his witness statement, refers to use of the mark in relation to 'spreadable cheese'. I do not think however this term would properly reflect the category of goods in respect of which Arla has used their mark. This is because, eg Brie, or any soft cheese for that matter, happens to be a 'spreadable' cheese but, as I have said, Arla's products are processed in some way, rather than the 'base' cheese product or type.

33. As the authorities to which I have referred state, this is a sometimes tricky 'value judgment' and, as I write this decision I am aware that there is some uncertainty that the various UK and European authorities to which I have referred are wholly consistent (see, eg the appointed person's recent decision in BL O-217-10 *Extreme*, especially para 15). The potential

difference is said to be that the English Courts approach is based upon the perception of the average consumer (and may therefore be more generous in outcome) and the General Court's approach provides no clear yardstick for determining when a 'sub-category' of products cannot be further divided.

34. I am not entirely convinced there is a difference of approach, or more importantly, assuming there was that it would lead me to any different conclusion as to what a fair specification would be in this particular case. Arla's specification is, inter alia, for "milk and milk products". The use by Arla does not support that breadth of specification. I believe that "cheese spreads including cream cheese" is, (a) how the products would be recognised in trade by the consumer, and (b) does not represent an arbitrary whittling down of the specification, such that Arla are deprived of the 'umbra' of their protection. That is to say that "cheese spreads, including cream cheese" represents a discernible category of product within which arbitrary varietal groups may exist, such as those contained in tubs, those in tubes and those in triangles, or those made from skimmed milk, those from semi-skimmed and so forth, *but* which are all "***in essence***" the same. Cheese spreads are not however to be confused or conflated with 'cheese' itself. The consumer and trade would understand the difference, and to allow Arla to have 'cheese' within the 'umbra' of their protection would neither be justified on the evidence nor the *ratio legis* behind the provision. I will now proceed to consider the issue of likelihood of confusion on the basis of my finding that Arla has shown genuine use on "cheese spreads, including cream cheese".

### Section 5(2)(b)

35. The opposition is founded firstly upon Section 5(2) (b) of the Act. This reads:

"(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."

36. In my consideration of a likelihood of confusion, I take into account the guidance from the settled case law provided by the European Court of Justice ("ECJ") in *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd*

*Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG & Adidas Benelux BV* [2000] E.T.M.R. 723, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH* C-120/04 and *Shaker di L. Laudato & C. Sas v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) C-334/05 P* (LIMONCELLO). It is clear from these cases that:

(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v Puma AG*,

(b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v Puma AG*, who is deemed to be reasonably well informed and reasonably circumspect and observant - but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind; *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel B.V.*,

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v Puma AG*,

(d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV v Puma AG*,

(e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.*,

(f) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either per se or because of the use that has been made of it; *Sabel BV v Puma AG*,

(g) in determining whether similarity between the goods or services covered by two trade marks is sufficient to give rise to the likelihood of confusion, the distinctive character and reputation of the earlier mark must be taken into account; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.*,

(h) 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*,

(i) 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 and Adidas Benelux BV*,

(j) 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.*,

(k) assessment of the similarity between two marks means more than taking just one component of a composite trade mark and comparing it with another mark; the comparison must be made by examining each of the marks in question as a whole, which does not mean that the overall impression conveyed to the relevant public by a composite trade mark may not, in certain circumstances, be dominated by one or more of its components; *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*

(l) it is only when all other components of a complex mark are negligible that it is permissible to make the comparison on the basis of the dominant element; *Shaker di L. Laudato & C. Sas v OHIM*

### ***The average consumer and nature of the purchase***

37. The average end consumer for both parties' products, in a notional sense, will be the general public, but along the way both parties' products are likely to be handled through wholesalers or intermediaries.

38. I know from the evidence that Bako's actual operation is a wholesale co-operative, so it is unclear that any of their actual products are sold to the public under the 'BAKO' name, but what matters is the notional position in my analysis. Neither parties' specification contains any limitation as to their rights and it is well established under European law that the analysis of likelihood of confusion carries with it an acceptance that the circumstances under which goods are marketed may vary at some time in the future (see, eg *Devinlec Développement Innovation Leclerc SA v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T- 147/03*). On that basis the analysis ought not to be diverted into the particular way that goods or services may be marketed by either party at any given point in time.

39. As the consumer for both parties' goods will both be drawn from the general public as well as wholesalers and intermediaries, I must assume

there is identity and commonality as far as the question as to who the respective average consumers are is concerned.

40. As far as the purchasing process is concerned, both parties' products are relatively inexpensive and everyday purchases and therefore not a great degree of attention will be paid by the consumer in the purchasing process. Nonetheless the public do have favourite food brands and consumers will be nothing other than reasonably circumspect and observant in their selection. As far as the wholesale traders and intermediaries are concerned, their purchases are likely to more of the bulk variety and apt to be based upon established contractual or other relationships.

### ***Comparison of marks***

41. The case law makes it clear that I must undertake a full comparison of both marks in their totalities, taking account of all differences and similarities. The comparison needs to focus on the visual, aural and conceptual identities of both marks.
42. Visually, Arla's mark presents as a single word mark comprising four letters, B-U-K-O. Bako's mark presents also as a single word comprising four letters, B-A-K-O. There is only one letter difference and that letter is the second letter in the respective marks. The marks therefore begin and end in the same way. Overall, I consider the marks to be visually similar to a high degree.
43. Phonetically, Arla's mark will be pronounced BOO-KO, or alternatively, BUCK-O. I believe the former pronunciation is the most likely amongst UK consumers. Bako's mark will be pronounced BAKE-O, or alternatively BACK-O. It is difficult to say which would be the most likely pronunciation as regional dialect may play a role. Overall however, I consider the marks to be aurally similar to a high degree.
44. Conceptually, I am aware that Ms Goodwill's evidence draws attention to two possible meanings of BUKO, firstly as the name of a village in Germany, and secondly as the name of a small coconut in the Philippines. She nevertheless acknowledges that the name is unlikely to convey any meaning to the average consumer in the UK. It is most unlikely that the average consumer in the UK will be aware that BUKO is the name of a German village unless there were some evidence establishing a strong tourist trade from the UK to that part of Germany existed but there is no such evidence in this case. As far as the name of a Philipino coconut is concerned, there is no evidence for example that such a coconut is imported into the UK under that name, and so that interpretation must again be ruled out. I conclude that BUKO is unlikely to convey either of the two possible meanings noted by Ms Goodwill (or any others for that

matter) and that instead, it will simply come across as an invented word without any derivation. In contrast, there is a probability that BAKO will be viewed as an invented word, but having a clear derivation from the known word, BAKE. That is, especially in the context of its usage in relation to, amongst other things, baked products. In the circumstances I do not believe it is open to me to find that there is conceptual dissonance (in the sense that there would be if the respective marks were both known, but completely unrelated words), but that nevertheless given the probability that BAKO would be seen by some as an invented but derived word linked to BAKE, I find that the respective marks have a degree of conceptual dissimilarity.

45. Taking the visual, aural and conceptual elements together I find that the respective marks nonetheless share a high degree of similarity.

### ***Comparison of the goods***

46. In assessing the similarity of the goods, it is necessary to apply the approach advocated by case law and to take account of all the relevant factors relating to the services in the respective specifications. In *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* the ECJ stated at paragraph 23 of the Judgment:

‘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.’

47. Other factors have been identified in *British Sugar Plc v James Robertson & Sons Limited (Treat)* [1996] R.P.C. 281, such as the nature of the users and the channels of trade.
48. It is important to recognise that even though the factual evidence on similarity is sparse to say the least, I nevertheless have the statements of case, submissions and am able to draw upon commonly known facts. Mr Geoffrey Hobbs QC sitting as the appointed person said in *Raleigh International trade mark* [2001] R.P.C. 11, at para 20, that such evidence will be required if the goods or services specified in the opposed application for registration are not identical or self-evidently similar to those for which the earlier trade mark is registered. But where there is self-evident similarity, and especially in relation to everyday items, evidence may not be necessary. He also stated that the tribunal may, in an appropriate case, consider the question of similarity from the viewpoint of the notional member of the relevant purchasing public.

49. I should also mention a further case in terms of the application of legal principle, and that is the European Court of First Instance (“CFI”) in *Gérard Meric v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) (“Meric”)* Case T-133/05, where, at para 29, it is stated:

“In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by the trade mark application (Case T-388/00 *Institut für Lernsysteme v OHIM – Educational Services (ELS)* [2002] ECR II-4301, paragraph 53) or when the goods designated by the trade mark application are included in a more general category designated by the earlier mark (Case T-104/01 *Oberhauser v OHIM – Petit Liberto (Fifties)* [2002] ECR II-4359, paragraphs 32 and 33; Case T-110/01 *Vedial v OHIM – France Distribution (HUBERT)* [2002] ECR II-5275, paragraphs 43 and 44; and Case T-10/03 *Koubi v OHIM – Flabesa (CONFORFLEX)* [2004] ECR II-719, paragraphs 41 and 42).”

50. The respective goods to be compared are as follows:

Arla’s goods, on which use has been shown	Bako’s goods
<p><i>Class 29</i></p> <p>Cheese spreads, including cream cheese</p>	<p><i>Class 29</i></p> <p>Milk, cheese, dairy products; yoghurts, drinking yoghurts, mousses, creams, cream desserts, fats and oils, margarine, spreads, snacks and snack foods.</p>

51. Applying the *Meric* case, it is clear that “dairy products, spreads, snacks and snack foods” are all identical to “cheese spreads, including cream cheese” on the basis that cheese spreads are included within the broader ‘general categories’ of goods specified by Bako.

52. *Cheese* is highly similar to cheese spreads on the basis that in terms of physical properties, the latter is but a processed version of the former; they would be sold through the same distribution channels and would be in close proximity on, eg supermarket shelves, or more probably chilled cabinets. I recognise that it could be argued that in fact ‘cheese spreads’ are identical to ‘cheese’ on the *Meric* principle that the former is included

within the general category of the latter, but both are in essence the same. However, bearing in mind in particular my comments at para 33 above, I believe the two products are, in fact and in trade, distinct and should be treated as such. For the avoidance of any doubt on the point, my overall conclusion on likelihood of confusion would not have been affected by a finding that the two products are identical instead of, as I have found, that they are highly similar.

53. *Fats and oils and margarine* would be less similar than cheese, but nonetheless similar, on the basis of their physical properties such as the capacity to be spread, and again and in particular, their proximity on the supermarket shelves to cheese spreads.
54. Somewhat less similar still would be: *milk, yoghurts, drinking yoghurts, mousses, creams and cream desserts*. There is no evidence from either party on any particular pattern of trade, whereby the consumer may be educated to expect that the same undertaking may be responsible for any of the above, as well as cheese spreads. In this respect I would accept that there is a likelihood that all these products and cheese spreads would be available in the same area, such as a chilled cabinet, in a supermarket. However, they may not be in immediate proximity; as the evidence shows, cheese spreads may, eg be sold on separate individual displays apart from chilled cabinets. Moreover, and with the exception of milk and creams, all the other items would be known to the consumer as desserts. Cheese spread is not a dessert as such, but a snack food to be consumed usually with something else, such as on bread or crispbread. In addition, I do not accept that cheese spreads complement (in the legal sense of being 'indispensable' to the other products (see, eg General Court cases *SERGIO ROSSI (Case T-169/03) [2005] ECR II 685*, and *EL CORTE INGLES SA (Case T-443/05)*). Considering all these factors my view would that all these products are similar to a moderate degree.

### **Likelihood of confusion**

55. Before proceeding to bring all my findings together in an overall global assessment I need to make an assessment of the distinctive character of the earlier mark. An invented word having no derivation from known words is, in its inherent characteristics, very high on the scale of distinctiveness. Such is the case here, and the word BUKO to the UK consumer will be regarded as highly distinctive. As no use has been shown in the UK I do not have to consider the question whether the inherent distinctiveness of the mark has been enhanced through use. In the circumstances, given the extremely high inherent distinctiveness of the earlier mark it is questionable that use would or could have enhanced this in any event.

56. I have found above that the respective marks share a high degree of similarity, that the goods vary between being identical through to being similar to a moderate degree. I have also found the earlier mark to be highly distinctive and the identity of the respective average consumers to have identity and commonality.
57. I also bear in mind that I must consider marks as a whole and factor in imperfect recollection. Taking into account of all the relevant factors, but in particular the highly distinctive nature of the earlier mark and the high degree of similarity between the marks, ***I find that the opposition succeeds in respect of all the goods opposed.***
58. A final question to address, having found likelihood of confusion is the question whether the applicant's concurrent or parallel use prior to the filing date, and as shown in the evidence, may have any impact on my finding. Whilst it is well established that evidence of what is often referred as "parallel trading" may be a factor which could potentially assist in any determination, such evidence needs to establish that the respective marks have actually been put to use in the same market (as opposed to the notional use which is normally considered), without the consumer being confused regarding economic origin. If such evidence is forthcoming then this can inform the tribunal's decision. Alan Steinfield QC, sitting as a deputy judge of the High Court, in *Fiorelli Trade Mark* [2007] RPC 18 gave weight to an absence of confusion in the marketplace, however, this should be tempered by a number of decisions which express caution about the circumstances in which it is appropriate to give these factors weight (see the Court of Appeal in *The European Ltd v. The Economist Newspaper Ltd* [1998] FSR 283 at page 291, Laddie J in *Compass Publishing BV v Compass Logistics Ltd* [2004] RPC 41 at 809 and the Court of Appeal in *Phones 4U Ltd v Phone 4u. co. uk Internet Ltd* [2007] RPC 5 at paras 42 to 45.) In the first of the above cases Millet LJ stated:
- "Absence of evidence of actual confusion is rarely significant, especially in a trade mark case where it may be due to differences extraneous to the plaintiff's registered trade mark."
59. In the circumstances of this case the evidence does not establish that the respective marks have been put to use in the same market. Far from it. As I have already said, such use as Bako has made of its mark is in the context of its operation as a wholesale co-operative, selling products to the trade, and as far as Arla is concerned there has been no use of its mark in the UK. It follows that parallel or concurrent use does not disturb my finding of likelihood of confusion.

## Costs

60. Arla Foods amba has been totally successful in its opposition. Accordingly, it is entitled to a contribution towards its costs. I take account of the fact that that the decision has been reached without a hearing taking place. In the circumstances I award Arla the sum of £1200 as a contribution towards the costs of the proceedings. The sum is calculated as follows:

1. Filing fee for opposition - £200
2. Preparing a statement and considering counterstatement - £200
3. Preparing evidence and considering and commenting on other sides evidence - £500
4. Preparing submissions - £300

Total £1200

61. I order Bako North Western Ltd to pay Arla Foods amba the sum of £1200. The sum should 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 22 day of July 2010**

**Edward Smith  
For the Registrar,  
the Comptroller-General**