

O-344-16

TRADE MARKS ACT 1994

IN THE MATTER OF TRADE MARK APPLICATIONS 3 051 965 AZZURRO AND 3
051 963 CAFFE AZZURRO IN THE NAME OF AZZURRO COFFEE & TEA
SPECIALISTS

AND

IN THE MATTER OF OPPOSITIONS THERETO BY AZUL KAFFEE GMBH & Co
KG

Background and pleadings

1. Azzurro Coffee & Tea Specialists Limited (the applicant) applied to register the trade marks no. 3 051 965 AZZURRO and No. 3 051 963 CAFFE AZZURRO in the UK on 17/04/2014. Both were accepted and published in the Trade Marks Journal on 27/02/2015 in respect of, amongst others, the following goods¹:

Class 30

Coffee; decaffeinated coffee; coffee beans; coffee bean blends; ground coffee; coffee pods; tea; decaffeinated tea; tea leaves; tea bags; green tea; herbal tea; instant coffee; instant tea; cocoa; coffee drinks; tea drinks; coffee beverages; tea beverages; coffee-based beverages; tea-based beverages; prepared coffee and coffee based beverages; prepared tea and tea based beverages; coffee in brewed form; tea in brewed form; coffee mixtures; tea mixtures; artificial coffee; artificial tea; coffee and tea substitutes; drinking chocolate; coffee concentrates; coffee extracts; coffee essence; coffee products; tea concentrates; tea extracts; tea essence; tea products; flavoured coffee; coffee flavourings; flavoured tea; tea flavourings; iced coffee; iced tea; fruit tea; fruit infusions; flavouring syrup; syrup for flavouring coffee and beverages; flour and preparations made from cereals; baked goods; confectionery; bread; pastries; cakes; biscuits; sugar; sweeteners; prepared meals; prepared snacks; snack foods; ices; honey; treacle; spices; ice; salt; sauces; fruit sauces.

2. AZUL Kaffee GmbH & Co KG (the opponent) partially oppose the trade marks (the opposition is in respect of Class 30 only) on the basis of Section 5(2)(b) of the Trade Marks Act 1994 (the Act). This is on the basis of its earlier

¹ The applied for trade mark are also in respect of other goods and services which are unopposed and so are outside the scope of these proceedings.

European Union (formerly Community) Trade Mark No 642 1184 AZUCO. The following goods are relied upon in this opposition:

Class 30:

Cocoa and cocoa powder, in particular instant powder; cocoa and chocolate drinks.

3. The opponent argues that the respective goods are identical or similar and that the marks are similar.
4. The applicant filed a counterstatement denying the claims made (and requesting that the opponent provides proof of use of its earlier trade mark relied upon).
5. Both sides filed evidence in these proceedings. This will be summarised to the extent that it is considered appropriate.
6. Both sides filed written submissions which will not be summarised but will be referred to as and where appropriate during this decision. No hearing was requested and so this decision is taken following a careful perusal of the papers.

Evidence

Opponent's evidence

7. This is a witness statement, dated 5th November 2015, from Joerg Biess, the Managing Director of the opponent, a position he has held since 2008. There is also a second witness statement included in the evidence: from Isa

Goodwn. This is for the purpose of translating part of the exhibits contained within the statement of Mr Biess. This is also dated 5th November 2015. It will not be summarised separately. Rather, the appropriate reference will be made to its content in the context of the witness statement of Mr Biess.

8. The relevant points of Mr Biess's witness statement are as follows:

- The opponent company was first incorporated in 1949 and produces a range of chocolate products.
- AZUCO was first used by the opponent no later than 1970 and has been used continuously since then in relation to cocoa, cocoa powder and drinking chocolate. Within the European Union (EU), such products have been sold in Germany and Austria.
- Exhibit JB2 is a collection of sample packaging produced for AZUCO products, showing how the mark is used in relation to such goods. It is noted that in the translations provided, that these goods are all different types of drinking chocolate.
- Since 2009, the opponent company's turnover in the products is in excess of £12.5 million. Annual figures are also provided: these range between £1.2 million to £1.9 million per year.
- Exhibit JB3 is a collection of copies of invoices for sales of cocoa products from the opponent to customers within Germany, Austria and Hungary. These are dated from 2009 onwards.
- As regards advertising and promotional expenditure, since 2009 a total of 100.000 euros. Exhibit JGB4 is a collection of promotional materials, including product catalogues and promotional flyers. Further, the opponent has attended trade fair BIOFACH in 2013, 2014 and 2015. Exhibit JB5 lists the opponent as an exhibitor.
- Mr Biess asserts that all the aforesaid evidence shows that ACUZO has acquired a substantial reputation in the EU.
- He ends the statement with a claim that "café" and "caffè" are commonly used in Europe and the UK in a descriptive manner in relation to coffee, tea, cocoa

and other foodstuffs and beverages sold in cafes. Exhibit JB6 shows (according to Mr Biess) a collection of materials showing such descriptive use.

9. The remainder of the witness statement contains submissions which will not be summarised here but will be taken into account in reaching this decision.

Applicant's evidence

10. This is a witness statement from Ms Jacqueline McKay, a Trade Mark Attorney and the applicant's representative in these proceedings. The vast majority of the content is comprised of submissions which will not be summarised here, but will be referred to as appropriate during this decision.

Proof of use

11. Relevant statutory provision: Section 6A:

"Raising of relative grounds in opposition proceedings in case of non-use

6A. - (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, and

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(5) In relation to a European Union 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 Union.

(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.”

12. In *The London Taxi Corporation Limited v Frazer-Nash Research Limited & Ecotive Limited*, [2016] EWHC 52, Arnold J. summarised the case law on genuine use of trade marks. He said:

“I would now summarise the principles for the assessment of whether there has been genuine use of a trade mark established by the case law of the Court of Justice, which also includes Case C-442/07 *Verein Radetsky-Order v Bunderversammlung Kamaradschaft 'Feldmarschall Radetsky'* [2008] ECR I-9223 and Case C-609/11 *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR 7, as follows:

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

(2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Centrotherm* at [71]; *Leno* at [29].

(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 to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Centrotherm* at [71]; *Leno* at [29].

(4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the

latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].

(5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d'être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71].

(6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: *Ansul* at [38] and [39]; *La Mer* at [22]-[23]; *Sunrider* at [70]-[71], [76]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34]; *Leno* at [29]-[30], [56].

(7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving 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. Thus there is no *de minimis* rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72]; *Leno* at [55].

(8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].”

13. Section 100 of the Act states that:

“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.”

It is noted that the earlier trade mark relied upon is a European Union (formerly Community) trade mark. As such, its use in the Community must be established. In this respect, the following is taken into account:

14. In *Leno Merken BV v Hagelkruis Beheer BV*, Case C-149/11, the Court of Justice of the European Union noted that:

“36. It should, however, be observed that..... the territorial scope of the use is not a separate condition for genuine use but one of the factors determining genuine use, which must be included in the overall analysis and examined at the same time as other such factors. In that regard, the phrase ‘in the Community’ is intended to define the geographical market serving as the reference point for all consideration of whether a Community trade mark has been put to genuine use.”

And

“50. Whilst there is admittedly some justification for thinking that a Community trade mark should – because it enjoys more extensive territorial protection than a national trade mark – be used in a larger area than the territory of a single Member State in order for the use to be regarded as ‘genuine use’, it cannot be ruled out that, in certain circumstances, the market for the goods or services for which a Community trade mark has been registered is in fact restricted to the territory of a single Member State. In such a case, use of the Community trade mark on that territory might satisfy the conditions both for

genuine use of a Community trade mark and for genuine use of a national trade mark.”

And

“55. Since the assessment of whether the use of the trade mark is genuine is carried out by reference to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark serves to create or maintain market shares for the goods or services for which it was registered, it is impossible to determine a priori, and in the abstract, what territorial scope should be chosen in order to determine whether the use of the mark is genuine or not. A *de minimis* rule, which would not allow the national court to appraise all the circumstances of the dispute before it, cannot therefore be laid down (see, by analogy, the order in *La Mer Technology*, paragraphs 25 and 27, and the judgment in *Sunrider v OHIM*, paragraphs 72 and 77).”

The court held that:

“Article 15(1) of Regulation No 207/2009 of 26 February 2009 on the Community trade mark must be interpreted as meaning that the territorial borders of the Member States should be disregarded in the assessment of whether a trade mark has been put to ‘genuine use in the Community’ within the meaning of that provision.

A Community trade mark is put to ‘genuine use’ within the meaning of Article 15(1) of Regulation No 207/2009 when it is used in accordance with its essential function and for the purpose of maintaining or creating market share within the European Community for the goods or services covered by it. It is for the referring court to assess whether the conditions are met in the main proceedings, taking account of all the relevant facts and circumstances, including the characteristics of the market concerned, the nature of the goods

or services protected by the trade mark and the territorial extent and the scale of the use as well as its frequency and regularity.”

15. In *The London Taxi Corporation Limited v Frazer-Nash Research Limited & Ecotive Limited*, [2016] EWHC 52, Arnold J. reviewed the case law since the *Leno* case and concluded as follows:

“228. Since the decision of the Court of Justice in *Leno* there have been a number of decisions of OHIM Boards of Appeal, the General Court and national courts with respect to the question of the geographical extent of the use required for genuine use in the Community. It does not seem to me that a clear picture has yet emerged as to how the broad principles laid down in *Leno* are to be applied. It is sufficient for present purposes to refer by way of illustration to two cases which I am aware have attracted comment.

229. In Case T-278/13 *Now Wireless Ltd v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* the General Court upheld at [47] the finding of the Board of Appeal that there had been genuine use of the contested mark in relation to the services in issues in London and the Thames Valley. On that basis, the General Court dismissed the applicant's challenge to the Board of Appeal's conclusion that there had been genuine use of the mark in the Community. At first blush, this appears to be a decision to the effect that use in rather less than the whole of one Member State is sufficient to constitute genuine use in the Community. On closer examination, however, it appears that the applicant's argument was not that use within London and the Thames Valley was not sufficient to constitute genuine use in the Community, but rather that the Board of Appeal was wrong to find that the mark had been used in those areas, and that it should have found that the mark had only been used in parts of London: see [42] and [54]-[58]. This stance may have been due to the fact that the applicant was based in Guildford, and thus a finding which still left open the possibility of conversion of the Community trade mark to a national trade mark may not have sufficed for its purposes.

230. In *The Sofa Workshop Ltd v Sofaworks Ltd* [2015] EWHC 1773 (IPEC), [2015] ETMR 37 at [25] His Honour Judge Hacon interpreted *Leno* as establishing that "genuine use in the Community will in general require use in more than one Member State" but "an exception to that general requirement arises where the market for the relevant goods or services is restricted to the territory of a single Member State". On this basis, he went on to hold at [33]-[40] that extensive use of the trade mark in the UK, and one sale in Denmark, was not sufficient to amount to genuine use in the Community. As I understand it, this decision is presently under appeal and it would therefore be inappropriate for me to comment on the merits of the decision. All I will say is that, while I find the thrust of Judge Hacon's analysis of *Leno* persuasive, I would not myself express the applicable principles in terms of a general rule and an exception to that general rule. Rather, I would prefer to say that the assessment is a multi-factorial one which includes the geographical extent of the use."

16. The General Court restated its interpretation of *Leno Marken* in Case T-398/13, *TVR Automotive Ltd v OHIM* (see paragraph 57 of the judgment). This case concerned national (rather than local) use of what was then known as a Community trade mark (now a European Union trade mark). Consequently, in trade mark opposition and cancellation proceedings continues to entertain the possibility that use of an EUTM in an area of the Union corresponding to the territory of one Member State may be sufficient to constitute genuine use of an EUTM. This applies even where there are no special factors, such as the market for the goods/services being limited to that area of the Union.
17. Whether the use shown is sufficient for this purpose will depend on whether there has been real commercial exploitation of the EUTM, in the course of trade, sufficient to create or maintain a market for the goods/services at issue in the Union during the relevant 5 year period. In making the required assessment I am required to consider all relevant factors, including:

- i) The scale and frequency of the use shown
- ii) The nature of the use shown
- iii) The goods and services for which use has been shown
- iv) The nature of those goods/services and the market(s) for them
- iv) The geographical extent of the use shown

18. Looking at the evidence filed, it is clear that the earlier trade mark has been in use since at least 2009. The use shown during the relevant period has occurred in Germany, Austria and also Hungary. Overall turnover has been between £1-2 million per year. There are promotional materials, examples of packaging and invoices to support this. The use has exclusively been in respect of cocoa and drinking chocolates with a number of differing varieties of these products in evidence. It is true that the relevant market is likely to be sizeable and as there is no clear information in this regard, it is difficult to place the turnover figures provided into context. However, taking all matters in the round, it is considered that the evidence provided by the opponent is convincing as regards proving it has genuinely used its mark. Further, it has demonstrated use across the following goods: Cocoa and cocoa powder, in particular instant powder; cocoa and chocolate drinks. The opposition will therefore be considered in respect of all of these goods.

Section 5(2)(b)

19. Sections 5(2)(b) of the Act is as follows:

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

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

Comparison of goods

20. In the judgment of the Court of Justice of the European Union in *Canon*, Case C-39/97, the court stated at paragraph 23 of its judgment that:

“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 intended purpose and their method of use and whether they are in competition with each other or are complementary”.

21. The relevant factors identified by Jacob J. (as he then was) in the *Treat* case, [1996] R.P.C. 281, for assessing similarity were:

- a) The respective users of the respective goods or services;
- b) The physical nature of the goods or acts of services
- c) The respective trade channels through which the goods or services reach the market
- d) In the case of self serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- e) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for

instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

22. The earlier goods relied upon are:

Cocoa and cocoa powder, in particular instant powder, cocoa and chocolate drinks.

23. The goods of the application are:

Class 30:

Coffee; decaffeinated coffee; coffee beans; coffee bean blends; ground coffee; coffee pods; tea; decaffeinated tea; tea leaves; tea bags; green tea; herbal tea; instant coffee; instant tea; cocoa; coffee drinks; tea drinks; coffee beverages; tea beverages; coffee-based beverages; tea-based beverages; prepared coffee and coffee based beverages; prepared tea and tea based beverages; coffee in brewed form; tea in brewed form; coffee mixtures; tea mixtures; artificial coffee; artificial tea; coffee and tea substitutes; drinking chocolate; coffee concentrates; coffee extracts; coffee essence; coffee products; tea concentrates; tea extracts; tea essence; tea products; flavoured coffee; coffee flavourings; flavoured tea; tea flavourings; iced coffee; iced tea; fruit tea; fruit infusions; flavouring syrup; syrup for flavouring coffee and beverages; flour and preparations made from cereals; baked goods; confectionery; bread; pastries; cakes; biscuits; sugar; sweeteners; prepared meals; prepared snacks; snack foods; ices; honey; treacle; spices; ice; salt; sugar; sauces; fruit sauces .

24. On perusing the goods applied for, it is apparent that they fall into three distinct groups: drinking beverages; flavourings for beverages; others, for example snacks, cereals and flour.

25. In this respect, I bear in mind the following:

Separode Trade Mark BL O-399-10 (AP):

“The determination must be made with reference to each of the different species of goods listed in the opposed application for registration; if and to the extent that the list includes goods which are sufficiently comparable to be assessable for registration in essentially the same way for essentially the same reasons, the decision taker may address them collectively in his or her decision.”²

26. I will therefore consider the contested goods according to categories. The first category comprises *“Coffee; decaffeinated coffee; coffee beans; coffee bean blends; ground coffee; coffee pods; tea; decaffeinated tea; tea leaves; tea bags; green tea; herbal tea; instant coffee; instant tea; cocoa; coffee drinks; tea drinks; coffee beverages; tea beverages; coffee-based beverages; tea-based beverages; prepared coffee and coffee based beverages; prepared tea and tea based beverages; coffee in brewed form; tea in brewed form; coffee mixtures; tea mixtures; artificial coffee; artificial tea; coffee and tea substitutes; drinking chocolate; coffee concentrates; coffee extracts; coffee essence; coffee products; tea concentrates; tea extracts; tea essence; tea products; flavoured coffee; flavoured tea; iced coffee; iced tea; fruit tea; fruit infusions”*.

27. It is noted that the later goods include cocoa and drinking chocolate. These are self-evidently identical to the earlier terms. The remaining terms are all either “ready to drink” beverages or are otherwise products to be used in making beverages, such as coffee beans, tea leaves etc. Irrespective of the exact make up of these products, the purpose of all is for the consumer to drink for refreshment. This is the same as that for the earlier goods. They may be in competition with one another or indeed be classed as alternatives to one

² Also: see *BVBA Management, Training en Consultancy v. Benelux-Merkenbureau* [2007] ETMR 35 at paragraphs [30] to [38] (CJEU).

another. Trade channels will coincide as they will be found in the same areas of, for example, a supermarket. Much has been made by the applicant regarding the opponent's market sector, with it claiming that it is limited to the hotel sector. Firstly, the evidence does not appear to be specific in this manner. Secondly, even if it was, the classification of goods does not have the ability to be carved up in the manner of particular market sector as the applicant suggests. It is considered that the remaining goods are similar to the earlier goods, to a moderate degree.

28. The second category comprises "*coffee flavourings; tea flavourings; flavouring syrup; syrup for flavouring coffee and beverages; sweeteners;*". These goods are those what can be purchased as an addition to a drinking beverage, to sweeten or otherwise provide differing flavours. They are a step removed from actual beverages but would still likely have similar trade channels with the same end consumer. There is similarity, but this is pitched as being low.

29. The third category comprises "*flour and preparations made from cereals; baked goods; confectionery; bread; pastries; cakes; biscuits; sugar; prepared meals; prepared snacks; snack foods; ices; honey; treacle; spices; ice; salt; sauces; fruit sauces*". These are a variety of foods, some of which will be eaten alongside a beverage such as a coffee, tea or drinking chocolate. However, this does not render them truly similar as their nature, purpose and method of use differs. They are not in competition with one another, nor are they complementary. They are considered to be not similar. The following goods are most likely to be used in baking: flour, salt, spices, honey and treacle. Or are used to add flavour to foods: sauces and fruit sauces. These are also not similar. This leaves ices which includes ice creams and the like. There is no similarity here either.

30. The sum of all this is that the following goods are considered to be identical: *cocoa and drinking chocolate.*

31. The following are moderately similar: *coffee; decaffeinated coffee; coffee beans; coffee bean blends; ground coffee; coffee pods; tea; decaffeinated tea; tea leaves; tea bags; green tea; herbal tea; instant coffee; instant tea; coffee drinks; tea drinks; coffee beverages; tea beverages; coffee-based beverages; tea-based beverages; prepared coffee and coffee based beverages; prepared tea and tea based beverages; coffee in brewed form; tea in brewed form; coffee mixtures; tea mixtures; artificial coffee; artificial tea; coffee and tea substitutes; coffee concentrates; coffee extracts; coffee essence; coffee products; tea concentrates; tea extracts; tea essence; tea products; flavoured coffee; flavoured tea; iced coffee; iced tea; fruit tea; fruit infusions.*
32. The following are similar to a low degree: *coffee flavourings; tea flavourings; flavouring syrup; syrup for flavouring coffee and beverages; sweeteners.*
33. The following are not similar: *flour and preparations made from cereals; baked goods; confectionery; bread; pastries; cakes; biscuits; sugar; prepared meals; prepared snacks; snack foods; ices; honey; treacle; spices; ice; salt; sauces; fruit sauces.*

Comparison of marks

34. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The Court of Justice of the European Union stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

“.....it is necessary to ascertain, in each individual case, the overall impression made on the target public by the sign for which registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”

35. It would be wrong, therefore, to artificially dissect the trade marks, although, it is necessary to take into account the distinctive and dominant components of the marks and to give due weight to any other features which are not negligible and therefore contribute to the overall impressions created by the marks.

36. The respective trade marks are shown below:

AZUCO	CAFFE AZZURRO AZZURRO
Earlier trade mark	Contested trade marks

37. Before embarking on a comparison between the marks, the respective distinctive and dominant components must be established. In respect of the earlier trade mark and one of the later trade marks, this is straightforward as each are comprised of only one element: AZUCO and AZZURRO. In respect of the remaining later trade mark, CAFFE AZZURRO, bearing in mind the goods to which the mark is attached, it is considered that CAFFE is the relatively weaker element as it is likely to be understood as meaning café or indeed coffee or as having a connection in this regard. It is therefore

considered that AZZURRO is likely to have more relative weight in making a comparison between the respective marks.

38. In comparing AZUCO and AZZURRO, it is noted that the marks have letters in common AZUO which appear in the same or similar order within the marks. There is a letter(s) difference – a C in the earlier mark and a double RR in the later mark. This has a visual impact, at least to some degree. There is also visual impact from the additional letters present in the contested trade mark, notably the double Z and double R which has the effect of lengthening the later mark. Bearing in mind all of the aforesaid, it is considered that overall these marks are visually similar. The degree of similarity is pitched as medium.

39. Aurally, the marks will be articulated as: AZ-U-CO and AZ-U-RO, the additional letters in the contested trade mark having no effect on the stresses of letter sound and little impact on the overall enunciation. The marks are considered to be highly similar aurally.

40. Conceptually, the applicant argues that the earlier trade mark will be understood to mean sugar (or somehow related to sugar) and the later trade mark will be understood to mean blue (as in the Italian football team being referred to the Azzurri “the blues”). There is no evidence whatsoever to support either argument in these proceedings. It is considered to be overwhelmingly more likely than neither will be understood as having any meaning at all. Rather, they will each be viewed either as invented terms or terms having a foreign flavour. In either scenario, any conceptual impact is considered to be neutral.

41. In comparing AZUCO and CAFFE AZZURRO, there is a clear difference in respect of the additional word CAFFE in the later mark which has no counterpart in the earlier mark. The similarities already identified between AZUCO/AZZURRO (above) remain, though there is less overall impact.

Nonetheless a degree of visual similarity remains and this is pitched as being low to medium.

42. Aurally, the addition of CAFFE has an impact and does provide a point of differentiation between the marks when enunciated. However, important similarities remain and so they are considered to be aurally similar to a medium degree.
43. Conceptually, the earlier comments regarding the earlier trade mark apply equally here. It is likely to be understood as an invented term and/or that which is foreign in origin. The later mark includes CAFFE which may be understood as meaning coffee or indeed a café. AZZURRO is (like AZUCO) likely to be seen as invented and/or as having a foreign flavour. For those for whom CAFFE is understood, it is possible that it will create a conceptual gap. For those for whom it does not, any conceptual impact is neutral.

Average consumer and the purchasing act

44. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer, Case C-342/97*.

45. In *Hearst Holdings Inc, Fleischer Studios Inc v A.V.E.L.A. Inc, Poeticgem Limited, The Partnership (Trading) Limited, U Wear Limited, J Fox Limited*, [2014] EWHC 439 (Ch), Birss J. described the average consumer in these terms:

“60. The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the

test is to be applied objectively by the court from the point of view of that constructed person. The words “average” denotes that the person is typical. The term “average” does not denote some form of numerical mean, mode or median.”

46. The goods in question are relatively cheap consumables, purchased frequently by the public at large. They will predominantly be purchased off the shelf at supermarkets (and other similar retail environments), but may also be requested orally (such as in a coffee shop). Due to the goods’ consumable nature and relatively low cost, the level of attention one would expect to be displayed during the purchasing process is at the lower end of the spectrum.

Distinctive character of the earlier trade mark

47. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*, Case C-342/97 the CJEU stated that:

“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the

mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

48. It is noted that the opponent claims it has a reputation in the European Union³. However, the evidence provided, whilst it is sufficient for the purposes of demonstrating use, falls short of establishing a reputation in the EU or elsewhere. As such, AZUCO must be judged on a prima facie basis. It is considered that AZUCO, though it may be seen as having a foreign flavour, will not be understood as having any particular meaning. Rather it will be viewed as an invented term by the public at large in the UK. As such, it is considered to be, prima facie, a highly distinctive trade mark

GLOBAL ASSESSMENT – Conclusions on Likelihood of Confusion.

49. The following principles are gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98, *Matratzen Concord GmbH v OHIM*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04, *Shaker di L. Laudato & C. Sas v OHIM*, Case C-334/05P and *Bimbo SA v OHIM*, Case C-591/12P.

³ It should be noted that even if the opponent had successfully shown reputation in the EU, this would not have had any real impact in these proceedings unless it had also shown reputation in the UK.

The principles

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, 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, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may be dominated by one or more of its components;

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) 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;

(k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

50. A conclusion will be reached on AZUCO/AZZURRO first. The goods have been found to be identical and/or similar. The nature of the purchasing act must also be taken into account and in this regard, I bear in mind the following: In *Quelle AG v OHIM*, Case T-88/05, the General Court found that visual similarity (and difference) is most important in the case of case of goods that are self selected or where the consumer sees the mark when purchasing the goods. The Court stated that:

“68..... If the goods covered by the marks in question are usually sold in self-service stores where consumers choose the product themselves and must therefore rely primarily on the image of the trade mark applied to the product, the visual similarity between the signs will as a general rule be more important. If on the other hand the product covered is primarily sold orally, greater weight will usually be attributed to any phonetic similarity between the signs (*NLSPORT*, *NLJEANS*, *NLACTIVE* and *NLCollection*, paragraph 53 supra, paragraph 49).

69. Likewise, the degree of phonetic similarity between two marks is of less importance in the case of goods which are marketed in such a way that, when making a purchase, the relevant public usually perceives

visually the mark designating those goods (*BASS*, paragraph 56 supra, paragraph 55, and Case T-301/03 *Canali Ireland v OHIM – Canal Jean (CANAL JEAN CO. NEW YORK)* [2005] ECR II-2479, paragraph 55). That is the case with respect to the goods at issue here. Although the applicant states that it is a mail order company, it does not submit that its goods are sold outside normal distribution channels for clothing and shoes (shops) or without a visual assessment of them by the relevant consumer. Moreover, while oral communication in respect of the product and the trade mark is not excluded, the choice of an item of clothing or a pair of shoes is generally made visually. Therefore, the visual perception of the marks in question will generally take place prior to purchase. Accordingly, the visual aspect plays a greater role in the global assessment of the likelihood of confusion (*NLSPORT, NLJEANS, NLACTIVE and NLCollection*, paragraph 53 supra, paragraph 50). The same is true of catalogue selling, which involves as much as does shop selling a visual assessment of the item purchased by the consumer, whether clothing or shoes, and does not generally allow him to obtain the help of a sales assistant. Where a sales discussion by telephone is possible, it takes place usually only after the consumer has consulted the catalogue and seen the goods. The fact that those products may, in some circumstances, be the subject of discussion between consumers is therefore irrelevant, since, at the time of purchase, the goods in question and, therefore, the marks which are affixed to them are visually perceived by consumers.”

51. As such it is likely to be visual considerations that are the most important and it has already been found that there is a medium degree of visual similarity between the marks. It is also true that aural considerations must not be ignored and here, a high degree of similarity has been found. Further, these goods are those which are purchased frequently and are relatively inexpensive. As such only a low degree of attention will be displayed during the purchasing process. This is important and it is considered that this is likely to increase the chances of imperfect recollection occurring. Finally, the earlier

trade mark is highly distinctive, which also falls in the opponent's favour. In respect of the identical goods, confusion is considered highly likely to occur. In respect of similar goods, confusion is likely, even for those goods found to be similar to only a low degree. The same reasoning as has already been outlined applies equally in respect of similar goods.

52. As such, the opposition against AZZURRO succeeds in respect of those goods found to be identical or similar, namely:

Coffee; decaffeinated coffee; coffee beans; coffee bean blends; ground coffee; coffee pods; tea; decaffeinated tea; tea leaves; tea bags; green tea; herbal tea; instant coffee; instant tea; cocoa; coffee drinks; tea drinks; coffee beverages; tea beverages; coffee-based beverages; tea-based beverages; prepared coffee and coffee based beverages; prepared tea and tea based beverages; coffee in brewed form; tea in brewed form; coffee mixtures; tea mixtures; artificial coffee; artificial tea; coffee and tea substitutes; drinking chocolate; coffee concentrates; coffee extracts; coffee essence; coffee products; tea concentrates; tea extracts; tea essence; tea products; flavoured coffee; coffee flavourings; flavoured tea; tea flavourings; iced coffee; iced tea; fruit tea; fruit infusions; flavouring syrup; syrup for flavouring coffee and beverages; sweeteners .

53. Now to consider AZUCO/CAFFE AZURRO. Many of the same factors apply here as have already been discussed: a highly distinctive earlier mark, a low degree of attention displayed during the purchasing process and so the impact of imperfect recollection is potentially greater. In terms of the marks, though the addition of CAFFE in the later mark will clearly not go unnoticed, it is considered that AZZURRO will have greater relative weight as it is clearly the more distinctive element. This is true even in respect of goods for which CAFFE is not even allusive; of the two elements, it is AZZURRO rather than CAFFE which provides the key distinctive hook in the minds of the average consumer. As such, in respect of identical goods, with a low degree of attention and imperfect recollection, confusion is considered likely. In respect

of the moderately similar goods, it is noted that these are all types of beverages, they will be sold alongside each other and so similar considerations apply. It is considered that there is also a likelihood of confusion here. Lastly, in respect of those goods found to be similar to only a low degree, again they are additions to the core products, namely the drinks, and will provide flavouring and sweetness. Indeed some of the flavourings are specifically produced to perform this function in respect of beverages. They will also all be sold on the same shelves in a supermarket. On balance, confusion is considered to also be likely in this scenario.

54. The sum of all this is that the opposition against CAFFE AZZURRO succeeds in respect of those goods found to be identical or similar, namely:

Coffee; decaffeinated coffee; coffee beans; coffee bean blends; ground coffee; coffee pods; tea; decaffeinated tea; tea leaves; tea bags; green tea; herbal tea; instant coffee; instant tea; cocoa; coffee drinks; tea drinks; coffee beverages; tea beverages; coffee-based beverages; tea-based beverages; prepared coffee and coffee based beverages; prepared tea and tea based beverages; coffee in brewed form; tea in brewed form; coffee mixtures; tea mixtures; artificial coffee; artificial tea; coffee and tea substitutes; drinking chocolate; coffee concentrates; coffee extracts; coffee essence; coffee products; tea concentrates; tea extracts; tea essence; tea products; flavoured coffee; coffee flavourings; flavoured tea; tea flavourings; iced coffee; iced tea; fruit tea; fruit infusions; flavouring syrup; syrup for flavouring coffee and beverages; sweeteners .

Final Remarks

55. In her witness statement, Ms Mckay requests clarification of the ownership of the earlier trade mark relied upon, arguing that there is a potential discrepancy between AZUL Kaffee GmbH & Co KG and Azul Kaffee GmbH &

Co Kommanditgesellschaft. In its reply evidence, the opponent assures it is the same entity with KG being an abbreviation for Kommanditgesellschaft in the same manner as a UK “Limited” company can also use “Ltd”. Bearing in mind all of the aforesaid, it is considered that there is no need to comment further.

56. Ms McKay also advances a number of other arguments:

- That the applicant has an earlier registration for CAFFE AZZURRO which predates the earlier trade marks relied upon by the opponent;
- That the applicant has also used CAFFE AZZURRO prior to the applicant’s earlier trade marks;
- That there has been no confusion in the marketplace.

57. In respect of all these arguments, I note the contents of Tribunal Practice Notice 4/2009, which is reproduced in full below:

“Trade mark opposition and invalidation proceedings - defences

Defences including a claim that the applicant for registration/registered proprietor has a registered trade mark that predates the trade mark upon which the attacker relies for grounds under sections 5(1) and 5(2) of the Act.

1. A number of counterstatements in opposition and invalidation actions have sought to introduce as a defence that the applicant for registration/registered proprietor has a registered trade mark (or trade mark application) for the same or a highly similar trade mark to that which is the subject of the proceedings that predates the earlier mark upon which the attacker relies.

2. Sections 5(1) and 5(2) of the Act turn upon whether the attacker has an earlier trade mark compared to the mark under attack, as defined by section 6 of the Act. Whether the applicant for registration/registered proprietor has another registered trade mark (or trade mark application) that predates the

earlier mark upon which the attacker relies cannot affect the outcome of the case in relation to these grounds.

3. The position was explained by the Court of First Instance in *PepsiCo, Inc v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) T-269/02*:

"24 Nor did the applicant claim, and even less prove, that it had used its earlier German mark to obtain cancellation of the intervener's mark before the competent national authorities, or even that it had commenced proceedings for that purpose.

25 In those circumstances, the Court notes that, quite irrespective of the question whether the applicant had adduced evidence of the existence of its earlier German mark before OHIM, the existence of that mark alone would not in any event have been sufficient reason for rejecting the opposition. The applicant would still have had to prove that it had been successful in having the intervener's mark cancelled by the competent national authorities.

26 The validity of a national trade mark, in this case the intervener's, may not be called in question in proceedings for registration of a Community trade mark, but only in cancellation proceedings brought in the Member State concerned (*Case T 6/01 Matratzen Concord v OHIM - Hukla Germany (MATRATZEN) [2002] ECR II 4335, paragraph 55*). Moreover, although it is for OHIM to ascertain, on the basis of evidence which it is up to the opponent to produce, the existence of the national mark relied on in support of the opposition, it is not for it to rule on a conflict between that mark and another mark at national level, such a conflict falling within the competence of the national authorities."

The position with regard to defences based on use of the trade mark under attack which precedes the date of use or registration of the attacker's mark

4. The viability of such a defence was considered by Ms Anna Carboni, sitting as the appointed person, in *Ion Associates Ltd v Philip Stainton and Another*, BL O-211-09. Ms Carboni rejected the defence as being wrong in law.

5. Users of the Intellectual Property Office are therefore reminded that defences to section 5(1) or (2) grounds based on the applicant for registration/registered proprietor owning another mark which is earlier still compared to the attacker's mark, or having used the trade mark before the attacker used or registered its mark are wrong in law. If the owner of the mark under attack has an earlier mark or right which could be used to oppose or invalidate the trade mark relied upon by the attacker, and the applicant for registration/registered proprietor wishes to invoke that earlier mark/right, the proper course is to oppose or apply to invalidate the attacker's mark.

Reliance on the Absence of Confusion in the Marketplace

6. Parties are also reminded that claims as to a lack of confusion in the market place will seldom have an effect on the outcome of a case under section 5(2) of the Act.

7. In *Compass Publishing BV v Compass Logistics Ltd* [2004] RPC 41 Laddie J held:

"22. It is frequently said by trade mark lawyers that when the proprietor's mark and the defendant's sign have been used in the market place but no confusion has been caused, then there cannot exist a likelihood of confusion under Article 9.1(b) or the equivalent provision in the Trade Marks Act 1994 ("the 1994 Act"), that is to say s. 10(2). So, no confusion in the market place means no infringement of the registered trade mark. This is, however, no more than a rule of thumb. It must be borne in mind that the provisions in the legislation relating to infringement are not simply reflective of what is happening in the market. It is possible to register a mark which is not being used. Infringement in such a case must involve considering notional use of the registered mark. In such a case there can be no confusion in practice, yet it is possible for

there to be a finding of infringement. Similarly, even when the proprietor of a registered mark uses it, he may well not use it throughout the whole width of the registration or he may use it on a scale which is very small compared with the sector of trade in which the mark is registered and the alleged infringer's use may be very limited also. In the former situation, the court must consider notional use extended to the full width of the classification of goods or services. In the latter it must consider notional use on a scale where direct competition between the proprietor and the alleged infringer could take place."

8. (In *Rousselon Freres et Cie v Horwood Homewares Limited* [2008] EWHC 881 (Ch) Warren J commented:

"99. There is a dispute between Mr Arnold and Mr Vanhegan whether the question of a likelihood of confusion is an abstract question rather than whether anyone has been confused in practice. Mr Vanhegan relies on what was said by Laddie J in *Compass Publishing BV v Compass Logistics Ltd* [2004] RPC 41 at paragraphs 22 to 26, especially paragraph 23. Mr Arnold says that that cannot any longer be regarded as a correct statement of the law in the light of *O2 Holdings Ltd v Hutchison 3G Ltd* [2007] RPC 16. For my part, I do not see any reason to doubt what Laddie J says...")

9. In *The European Limited v The Economist Newspaper Ltd* [1998] FSR 283 Millett 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.""

58. Bearing in mind the content of the TPN, the claims from the applicant cannot succeed and so must be set aside.

OUTCOME

59. The oppositions succeed in respect of:

Class 30:

Coffee; decaffeinated coffee; coffee beans; coffee bean blends; ground coffee; coffee pods; tea; decaffeinated tea; tea leaves; tea bags; green tea; herbal tea; instant coffee; instant tea; cocoa; coffee drinks; tea drinks; coffee beverages; tea beverages; coffee-based beverages; tea-based beverages; prepared coffee and coffee based beverages; prepared tea and tea based beverages; coffee in brewed form; tea in brewed form; coffee mixtures; tea mixtures; artificial coffee; artificial tea; coffee and tea substitutes; drinking chocolate; coffee concentrates; coffee extracts; coffee essence; coffee products; tea concentrates; tea extracts; tea essence; tea products; flavoured coffee; coffee flavourings; flavoured tea; tea flavourings; iced coffee; iced tea; fruit tea; fruit infusions; flavouring syrup; syrup for flavouring coffee and beverages; sweeteners.

60. The oppositions fail in respect of:

Class 30:

Flour and preparations made from cereals; baked goods; confectionery; bread; pastries; cakes; biscuits; sugar; prepared meals; prepared snacks; snack foods; ices; honey; treacle; spices; ice; salt; sauces; fruit sauces.

COSTS

61. Though each party has achieved a measure of success, the opponent has been proportionately more successful than the applicant and as such is

entitled to a contribution towards its costs. In the circumstances I award the opponent the sum of £900 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

Statement of case and official fees - £400

Preparing evidence and commenting on other side's evidence - £500

TOTAL - £900

62. I therefore order Azzurro Coffee & Tea Specialists Limited to pay AZUL Kaffee GmbH & Co KG the sum of £900. The above sum should be paid within fourteen days of the expiry of the appeal period or within fourteen days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 18th day of July 2016

Louise White
For the Registrar