

O/691/19

TRADE MARKS ACT 1994

**IN THE MATTER OF THE REQUEST FOR PROTECTION IN THE UK OF
INTERNATIONAL REGISTRATION NO. 1398464
BY LES GRANDS CHAIS DE FRANCE FOR THE TRADE MARK**



IN CLASS 32

AND

**THE OPPOSITION THERETO UNDER NO. 413693
BY CONSORZIO DI TUTELA DELLA DENOMINAZIONE DI ORIGINE
CONTROLLATA PROSECCO**

Background

1. On 10 January 2018, Les Grands Chais De France (“the holder”) requested protection in the UK for the international trade mark registration shown below (number 1398464), claiming a French priority date of 22 November 2017:



Class 32: Non-alcoholic wines; non-alcoholic sparkling wines.

2. The request for protection of the international registration (“IR”) was accepted and it was published in the *Trade Marks Journal* for opposition purposes on 8 June 2018.

3. On 10 September 2018, Consorzio di Tutela della Denominazione di Origine Controllata Prosecco (“the opponent”) opposed the application under sections 3(3)(b), 3(4), 3(6) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”).

4. Under section 5(4)(a) of the Act, the opponent’s original claim was that it and its members have goodwill attached to PROSECCO, which the opponent claims has been used throughout the UK since December 2009 in relation to “wines; sparkling wines; development and support of information, educational, cultural and sporting initiatives and events to promote the Controlled Designation of Origin Prosecco and to promote its image and reputation.” The opponent claims that use of the holder’s mark is liable to be prevented under the law of passing off. The Intellectual Property Office (“IPO”) wrote to the opponent on 17 January 2019 in the following terms:

“On further examination of the notice of opposition, it is noted that the opponent is a trade association.

The courts have stated that a trade association which does not itself trade in the relevant goods has no legal standing to bring a passing off action in its own name (see *Chocosuisse Union des Fabriants Suisse de Chocolat v Cadbury Ltd* [1999] RPC 826 CA), without joining at least one of its members.

Therefore, if the opponent intends to rely upon goodwill in wine/Prosecco (as opposed to the promotional activities of a trade association), it will have to join at least one of its members to the opposition. Failure to do so will result in the ground being struck out insofar as the opponent relies upon the goods.”

5. The opponent was given the opportunity to be heard on the matter in a letter dated 21 February 2019. The opponent neither sought a hearing or joined one of its members to the opposition. The IPO struck out the section 5(4)(a) claim in relation to *wines; sparkling wines*.

6. Under section 3(3)(b) of the Act, the opponent claims that the mark will deceive the public as to the quality, characteristics and origin of the holder’s goods, and to make the public believe that the goods offered under the mark are in some way compliant with or licensed by the Protected Designation of Origin (“PDO”).

7. Under section 3(4) of the Act, the opponent claims that registration should be refused by virtue of Articles 102 and 103(2) of Regulation 1308/2013 of the European Parliament and Council.

8. Under section 3(6) of the Act, the opponent claims that the mark was filed in bad faith “for opportunistic reasons in the full knowledge that consumers will associate the Opposed Mark with the PDO PROSECCO and with the reputation enjoyed in the UK.”

9. The holder filed a defence and counterstatement, denying all the grounds. The holder states that the marks are visually, phonetically and conceptually dissimilar and the goods are dissimilar.

10. Both parties filed evidence. A hearing took place on 17 October 2019 at which the opponent was represented by Ms Fiona Clark, of Counsel, instructed by Bird & Bird LLP, and the holder was represented by Ms Denise McFarland, of Counsel, instructed by Murgitroyd & Company.

Evidence

11. The opponent's evidence comes from its President, Mr Stefano Zanette. His witness statement is dated 18 February 2019. Mr Zanette gives evidence about the history and background to the PDO:

- PROSECCO is a PDO (registered as such on 1 August 2009) which means that it is reserved for wines that meet the conditions and requirements of the PDO: it applies exclusively to wines that derive from a specified grape-growing area in North East Italy and must be made, chiefly, from the Glera grape.
- Prosecco must be marketed in glass bottles, with strict labelling requirements.
- Between 2014 and 2017, exports of Prosecco to the UK rose from 486,644 hectolitres to 971,932 hectolitres (588,097 hectolitres for the first eight months of 2018). In 2017, the UK accounted for 37.4% of the export market for Prosecco, with sales of 112.7 million bottles in the UK that year by July.
- In August 2015, The Telegraph reported that sales of Prosecco had overtaken champagne in the UK for the first time, jumping 72% in that year to a value of £339 million¹.

12. I will refer to the opponent's own activities later in this decision. The opponent has filed evidence showing various references to the holder's goods in the press and

¹ Exhibit SZ10.

in social media² which it states link the holder's mark to PROSECCO; particularly, that the goods are a non-alcoholic version of or are an alternative to Prosecco. Some examples are:

- An article dated 8 June 2018 in www.goodhousekeeping.com, entitled "ASDA launches an alcohol-free Prosecco for summer Welcome 'Nosecco'".
- An article in the online Financial Review dated 17 December 2018, in which the author said "...I have tried and also really like – to my surprise – Nosecco, an alcohol-free version of prosecco that is similar enough to the real thing to be satisfying."
- Various individual's Instagram posts from 2018 which feature hashtags of alcoholfreeprosecco or noalcoholprosecco in conjunction with Nosecco.
- A Tweet dated 3 March 2018 in which the writer said "Mum is having a cocktail night tonight and shes rocked up with a bottle of non alcoholic prosecco for me called 'nosecco'."
- A Tweet dated 1 May 2018 in which the writer said "I've tried something called Nosecco, a non alcoholic prosecco. It smelt of shampoo".
- A Facebook post dated 8 June 2018 by a Spar supermarket: "Introducing NOSECCOalcohol FREE Prosecco!!!".

13. The holder's evidence comes from Anne-Sophie Lickel, who is the holder's in-house Intellectual Property Counsel. Her witness statement is dated 13 May 2019. Ms Lickel accepts that Prosecco is a PDO but states that the holder has never used Prosecco in relation to its non-alcoholic sparkling wine; she states that the whole point of the holder's goods is that they do not contain alcohol. The goods were launched onto the mainstream UK retail market in June 2017 in Asda. The goods retail at £2.50 to £4 per bottle. Between 2017 and 2018, over 290,000 bottles were sold by retailers across the UK, including the major supermarkets. The goods are sold in glass bottles with a cork and wire cage covered by foil as the contents are gaseous; packaging which Ms Lickel states is common to other non-alcoholic sparkling beverages. An example is given in Exhibit ASL5:

² Exhibit SZ13 and SZ14.



14. Ms Lickel states:

“17. The Trade Mark NOSECCO and Label Device was coined as a novel and independent trade name or mark specifically to evoke and highlight the non-alcoholic nature of the goods for which it was intended to be used.

...

21. The term NOSECCO in My Company’s trade mark is a coined term. The suffix “SECCO” means “dry” in Italian. I consider that this is commonly known, and in the wine trade the term “SEC” is known as an indicator of the dry quality of a wine. There is now produced and shown to me Exhibit ASL3 an extract from the Cambridge Italian to English online dictionary.

22. The suffix SECCO being a descriptive term should be freely available for other traders/producers to use and not monopolised by the Opponent. By

prefixing with the ordinary English word NO, to produce a newly coined and distinctive “portmanteau” or combination made-up word NOSECCO I consider it to be clear that the pun or play on words is highlighted to show that the goods so marked are **Not Dry** (but are on the contrary a sweet-style sparkling non-alcoholic wine).”

15. Ms Lickel states that the holder was founded in 1979 and predominantly produces wines and spirits in France. It is ranked as the leading privately-owned winemaker in France, responsible for wines such as J.P. Chenet and Chemin des Papes. It has sold such goods for decades, but has recently begun producing non-alcoholic wines, prompted by the growth of this market sector.

16. Ms Lickel exhibits a copy (with translation) of a decision of the French Institute National de la Propriété Industrielle which concerned a complex mark including the word PROSECCO and the holder’s mark. The parties in the French proceedings were the same as in the present proceedings. The opposition failed. I note from the translation that the decision appears to be wholly concerned with whether there was a likelihood of confusion, the equivalent of an objection under section 5(2)(b) of the Trade Marks Act. That is not a ground of opposition in the present proceedings. I note that Ms Lickel states that the “listing of alcoholic and non-alcoholic beverages is distinct and different in terms of retailers’ product lists and the target market or consumer to which each distinct type of product is aimed.” The translation of the French decision which she exhibits shows that the French IP Office made the following finding, under the section “On the comparison of the goods”:

“WHEREAS the “*alcohol-free wines; alcohol-free sparkling wines*” of the registration application under challenge which, although they do not fall within the category of alcoholic beverages, correspond, however, to the same consumption habits and are similarly consumed at specific times of the day, namely as an aperitif and, as such, they may be presented together on the same table.

Thus, despite their alcohol-free composition, these goods have the same function and purpose as the “*prosecco*” of the earlier cited trade mark and are presented in nearby aisles and shelves.

Thus, these goods are similar and the public [sic] justified in ascribing a common origin to them.”

Decision

Section 3(4) of the Act

17. Section 3(4) of the Act provides:

“(4) A trade mark shall not be registered if or to the extent that its use is prohibited in the United Kingdom by any enactment or rule of law or by any provision of Community law.”

18. The laws said to prohibit the use of the mark are articles 102 and 103(2) of Regulation 1308/2013 of the European Parliament and Council. These regulations govern the use of PDOs for wine and the relationship between them and trade marks. There is no dispute that Prosecco is a PDO and that it was protected before the date that the IR requested protection in the UK.

19. At the hearing, Ms Clark confirmed that she would focus upon Article 103 of the Regulation. Article 103 of the Regulation provides:

“1. A protected designation of origin and a protected geographical indication may be used by any operator marketing a wine which has been produced in conformity with the corresponding product specification.

2. A protected designation of origin and a protected geographical indication, as well as the wine using that protected name in conformity with the product specifications, shall be protected against:

(a) any direct or indirect commercial use of that protected name:

(i) by comparable products not complying with the product specification of the protected name; or

(ii) in so far as such use exploits the reputation of a designation of origin or a geographical indication;

(b) any misuse, imitation or evocation, even if the true origin of the product or service is indicated or if the protected name is translated, transcribed or transliterated or accompanied by an expression such as "style", "type", "method", "as produced in", "imitation", "flavour", "like" or similar;

(c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to the wine product concerned, as well as the packing of the product in a container liable to convey a false impression as to its origin;

(d) any other practice liable to mislead the consumer as to the true origin of the product."

20. Article 103(2)(a) refers to "any direct or indirect commercial use of that protected name" (my emphasis). The PDO is "that protected name", but since the holder's mark does not consist of or contain the PDO, article 103(2)(a) does not apply.

21. However, article 103(2)(b) refers to "any misuse, imitation or evocation [of the PDO]", which is of wider application. The nature of evocation was described by the Court of Justice of the European Union ("CJEU") in *Consorzio per la Tutela del Formaggio Gorgonzola*, Case C-87/97, [1999] ETMR 454:

"25 'Evocation', as referred to in Article 13(1)(b) of Regulation No 081/92, covers a situation where the term used to designate a product incorporates part of a protected designation, so that when the consumer is confronted with

the name of the product, the image triggered in his mind is that of the product whose designation is protected.

26 As the Advocate General states in points 37 and 38 of his Opinion, it is possible, contrary to the view taken by the defendants, for a protected designation to be evoked where there is no likelihood of confusion between the products concerned and even where no Community protection extends to the parts of that designation which are echoed in the term or terms at issue.”

22. It is, therefore, unnecessary for there to be a likelihood of confusion for the operation of Article 103(2)(b). This means that the overall conclusion of the French decision, based upon the likelihood of confusion, is not relevant to this issue. What is required is that the PDO is evoked.

23. The IR covers non-alcoholic wines and non-alcoholic sparkling wines, which includes de-alcoholised wine. Evocation becomes more likely the more similar the goods are to those protected by the PDO. The holder submits that the goods are not similar because its goods do not contain alcohol. This difference means that they are not identical, but it does not make the goods dissimilar. The holder itself submits that the goods are a drink for those who wish to avoid alcohol. They are therefore in competition with alcoholic drinks. The word wine appears in its specification of goods. These are non-alcoholic or de-alcoholised wines. Prosecco is a type of wine. Non-alcoholic wines are sold in close proximity to alcoholic wines in supermarkets. Their purpose is to be drunk in the same way as wine or other ‘sociable’ drinks. The holder’s goods, particularly its non-alcoholic sparkling wines, are highly similar to Prosecco.

24. The IR looks like a typical wine label, with a swirl/crown device and the Italian words EDIZIONE SPECIALE at the top. The device elements will be taken as embellishments and SPECIALE will be approximated to ‘SPECIAL’, even if EDIZIONE is not approximated to ‘EDITION’. By far the most prominent visual component of the mark is NOSECCO. This is also how the mark will be referred to; it is unlikely that EDIZIONE SPECIALE will be articulated.

25. PROSECCO and NOSECCO are similar in length – eight letters and seven letters. Although the first letters differ, the final six letters of each word are identical. The second and third syllables, out of the three syllables in each word, are identical (secc-o) and the vowel in the first syllable is identical (o). Prosecco and NOSECCO are visually and aurally similar to a reasonably high degree.

26. The holder states that the inspiration for its mark comes from the combination of ‘no’, as a negative, and ‘secco’ meaning dry, the whole meaning ‘not dry’. Even if some average consumers see the mark this way, I think a far greater proportion will bring to mind Prosecco. In connection with non-alcoholic wines, average consumers will consider the combination of the ‘no’ element and the visual and aural similarity of NOSECCO to the PDO to reference prosecco or a prosecco-like drink containing no alcohol. This is because far more consumers will bring to mind Prosecco, which was hugely famous in the UK at the relevant date, than will pick out the Italian word for dry and then make sense of it with the word ‘no’ as meaning no dry and therefore sweet, as contended by the holder. They may not confuse the two, but the image of Prosecco will be triggered in their minds on encountering the IR containing NOSECCO, for the goods at issue. Even if the consumer does not interpret NOSECCO as referencing no alcohol, the visual and aural similarities, in conjunction with the goods, will still cause an evocation of Prosecco. It does not matter that the IR contains other components. If anything, the Italian words EDIZIONE SPECIALE strengthen the evocation of the Italian drink Prosecco, as does the appearance of a typical wine label.

27. Paragraph 97 of the recital to the Regulation states:

“Registered designations of origin and geographical indications should be protected against uses which take advantage of the reputation enjoyed by complying products. So as to promote fair competition and not to mislead consumers, that protection should also extend to products and services not covered by this Regulation, including those not found in Annex I to the Treaties.”

28. Taking unfair advantage of reputation was described by the CJEU in *L’Oreal SA and others v Bellure NV and others*, Case C-487/07:

“The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the repute of that mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark’s image.”

29. I consider that the holder will gain a marketing advantage from the use of its mark which I have found evokes the PDO in relation to goods which are similar because the marks will appear instantly familiar to the relevant public. Most of the social media evidence filed by the opponent is dated after the relevant date of 22 November 2017, the product having been launched in the UK a few months earlier, in June 2017. By July of that year, a month after launch, 112.7 million bottles of Prosecco had been sold in the UK since the start of the year. That equates to about two bottles per head in the UK. Prosecco clearly had a vast reputation by the relevant date, so the position is likely to have been the same then as it was a few months later after launch when comments were made on social media platforms. Six months after the relevant date the evidence filed shows other examples linking NOSECCO with alcohol-free or non-alcoholic Prosecco in the press and in social media.

30. Even without this evidence, I conclude that the vast amount of sales that had occurred by the relevant date and the similarity between the PDO and the IR in relation to highly similar goods means that the PDO would be evoked within the meaning of Article 103(2)(b) and the holder will gain an advantage. **The opposition under section 3(4) succeeds.**

Section 3(3)(b) of the Act

31. Section 3(3)(b) of the Act states:

“A trade mark shall not be registered if it is:

(a) ...

(b) of such a nature as to deceive the public (for instance as to the nature, quality or geographical origin of the goods or service).”

32. In *Elizabeth Florence Emanuel v Continental Shelf 128 Ltd*, Case C-259/04, the CJEU stated:

“47 Nevertheless, the circumstances for refusing registration referred to in Article 3(1)(g) of Directive 89/104 presuppose the existence of actual deceit or a sufficiently serious risk that the consumer will be deceived (Case C-87/97 *Consorzio per la tutela del formaggio Gorgonzola* [1999] ECR I-1301, paragraph 41).”

33. For this ground to succeed, such deception must be attributable to the nature of the mark itself, as opposed to the way in which it is used.

34. I have already commented above upon the similarities between Prosecco and NOSECCO. Added to that, the mark as a whole has the appearance of a wine label and includes Italian words, reinforcing the Italian wine message. Prosecco is a famous Italian wine of huge popularity in the UK at the relevant date. The holder’s goods are non-alcoholic wines. I find that, at the relevant date, there was a sufficiently serious risk that the consumer would have be deceived into believing that the holder’s mark denoted goods which in some way were compliant with the PDO, such as being derived from Prosecco; i.e. de-alcoholised Prosecco. The average consumer would be deceived about the nature of the holder’s goods and such a belief was likely to have influenced the purchasing decision. **The opposition under section 3(3)(b) succeeds.**

Section 3(6) of the Act

35. Section 3(6) states:

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

36. The law in relation bad faith was summarised by Arnold J. in *Red Bull GmbH v Sun Mark Limited and Sea Air & Land Forwarding Limited* [2012] EWHC 1929 (Ch) and further summarised by Mr Thomas Mitcheson QC as the Appointed Person in *Loch Employment Law Limited V Philip Adamson Hannay*, BL O/786/18 as follows:

- “1) The relevant date for assessing bad faith is the application date;
- 2) Later evidence may be relevant if it casts light backwards on the position as at the application date;
- 3) A person is presumed to have acted in good faith unless the contrary is proved – given that an allegation of bad faith is a serious allegation, it must be distinctly proved;
- 4) Bad faith includes not only dishonesty, but also "some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined";
- 5) The provisions against bad faith are intended to prevent abuse of the trade mark system, either via the relevant office or via third parties;
- 6) The tribunal must make an overall assessment, taking into account all the factors relevant to the particular case;
- 7) The tribunal must first ascertain what the defendant knew about the matters in question and then decide whether, in the light of that knowledge, the defendant's conduct is dishonest (or otherwise falls short of the standards of

acceptable commercial behaviour) judged by ordinary standards of honest people i.e. objectively.

8) Consideration must be given to the applicant's intention.”

37. The section 3(6) ground is predicated upon a claim that the mark has been applied for “for opportunistic reasons in the full knowledge that consumers will associate the Opposed Mark[s] with the PDO PROSECCO and with the reputation enjoyed in the UK.” This is a weak premise for such the serious allegation of bad faith. Ms Clarke did not greatly press this ground. The holder’s witness has given an explanation for the genesis of NOSECCO. She states that the idea was to combine No with secco, to produce the meaning ‘not dry’. There has been no request to cross-examine Ms Lickel about her explanation. The fact that I consider it far more likely that consumers will evoke Prosecco than ‘not dry’ does not mean that the IR was filed in bad faith. Even if evocation of Prosecco was the stated intention, sailing close to the wind does not, of itself, indicate opportunism or bad faith.

38. The request for protection in the UK was not dishonest and did not fall short of the standards of acceptable commercial behaviour judged by ordinary standards of honest people. **The ground of opposition under section 3(6) fails.**

Section 5(4)(a) of the Act

39. Section 5(4)(a) states:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b)...

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark.”

40. In *Discount Outlet v Feel Good UK*, [2017] EWHC 1400 IPEC, Her Honour Judge Melissa Clarke, sitting as a deputy Judge of the High Court conveniently summarised the essential requirements of the law of passing off as follows:

“55. The elements necessary to reach a finding of passing off are the ‘classical trinity’ of that tort as described by Lord Oliver in the *Jif Lemon* case (*Reckitt & Colman Product v Borden* [1990] 1 WLR 491 HL, [1990] RPC 341, HL), namely goodwill or reputation; misrepresentation leading to deception or a likelihood of deception; and damage resulting from the misrepresentation. The burden is on the Claimants to satisfy me of all three limbs.

56 In relation to deception, the court must assess whether “*a substantial number*” of the Claimants’ customers or potential customers are deceived, but it is not necessary to show that all or even most of them are deceived (per *Interflora Inc v Marks and Spencer Plc* [2012] EWCA Civ 1501, [2013] FSR 21).”

41. As set out at the beginning of this decision, the section 5(4)(a) ground in relation to goods was struck out. The section 5(4)(a) ground is therefore to be determined on the basis of the opponent’s claim in respect of *development and support of information, educational, cultural and sporting initiatives and events to promote the Controlled Designation of Origin Prosecco and to promote its image and reputation.*

42. The concept of goodwill was explained in *Inland Revenue Commissioners v Muller & Co’s Margerine Ltd* [1901] AC 217 at 223:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

43. The evidence of the opponent's own activities which might be said to generate goodwill in the UK is scant:

- Exhibit SZ6: copies of pages from the opponent's brochures (in English) from 2012, 2014, 2015, 2016 and 2017. These pages provide factual information about the history, production, consumption and distribution of Prosecco. There is no information about where the brochures were distributed in the UK, or how many.
- Exhibit SZ7: a page which looks like a copy of a slide from a presentation, the title page of which says "Consorzio Prosecco DOC Vinitaly 10-13 april 2016". The page is entitled "Monitoring and surveillance activities" and appears to be a co-ordinated effort with UK entities such as Trading Standards, the Food Standards Agency and the IPO. Mr Zanette states that it was an alert released by Coventry Trading Standards.
- An announcement was made at the 2016 London Wine Fair that the opponent was to have an office in London to promote Prosecco and protect its reputation (Exhibit SZ10).
- Exhibit SZ11 contains two examples of advertisements for Prosecco placed in the UK mainstream press by the opponent, after the relevant date; a small mention at the bottom of a promotional page about the 2015 Superbikes World Championship in Donnington; and collaboration with the Consortium for the protection of Grana Padano cheese at the Taste of London exhibition in 2014. Most of this exhibit is dated after the relevant date or from elsewhere in Europe.

44. At the hearing, Ms Clarke said that although the opponent did not abandon its section 5(4)(a) ground, she would not press it. In fact, there were hardly any submissions about it beyond the briefest assertion that the opponent had goodwill in its own activities. In the light of the dearth of evidence and the lack of any explanation as to how the IR would result in misrepresentation and damage to the opponent's goodwill, if there was one, I find that this ground is not made out. **The ground of opposition under section 5(4)(a) fails.**

Overall outcome

45. The opposition is successful under sections 3(3)(b) and 3(4) of the Act. The request for protection of the IR in the UK is refused.

Costs

46. The opponent has been successful and is entitled to a contribution towards its costs, based upon the scale published in Tribunal Practice Notice 2/2016. I award costs to the opponent as follows:

Official fee	£200
Filing the opposition and considering the counterstatement	£300
Filing evidence and considering the holder's evidence	£800
Preparing for and attending a hearing	£800
Total	£2100

47. I order Les Grands Chais De France to pay to Consorzio di Tutela della Denominazione di Origine Controllata Prosecco the sum of **£2100**. This sum is to be paid within twenty-one days of the expiry of the appeal period or within twenty-one days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 13th day of November 2019

Judi Pike

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