

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK Application
No. 2025980 to register trade a marks in the name of
5 Kraft Jacobs Suchard Limited**

**AND IN THE MATTER OF Opposition
No. 44117 by Nestlé UK Limited.**

10 **Decision**

Kraft Foods UK Ltd, St. George's House, Bayshill Road, Cheltenham, Gloucestershire GL50
3AE applied on 4th July 1995 to register on the mark 'Kenco, the Real Coffee Experts' for
15 goods in Class 30:

'Coffee; mixtures of coffee and chicory, coffee essence and coffee extracts; chicory and
chicory mixtures, all for use as substitutes for coffee; cappuccino.'

The application is opposed by Nestlé UK Limited on the basis of s 3(3)(b) and s 3(6) of the
20 Act. They also state that '.. registration of the Mark could unfairly prejudice both it and other
traders in the legitimate course of their business(es) to the extent that the mark contains
misleading and deceptive material and therefore asks that the application in suit be refused in
the exercise of the discretionary powers vested in the Registrar.' The Registrar has no
25 discretion as such, and can only refuse registration of a mark if it, in one or more respects, fails
to meet the requirements of the Act.

The applicants deny the grounds and both parties ask for their costs.

A Hearing took place on 6 June 2000, with Ms McFarland of Counsel, instructed by Messrs.
30 Boulton, Wade and Tennant, appearing for the applicants, and Ms Emma Himsworth, instructed
by the Nestlé Legal Department, appearing for the opponents.

The Evidence

35 Essentially, the opponents seek to demonstrate their own market dominance in the UK coffee
market, the relatively smaller role played by the applicants and the paucity of material showing
use of the mark at issue. The applicants, not surprisingly, seek to redress this.

The opponents provide the following declarations:

40 (1) Declaration by Mark Henry Maxwell Beales, a Marketing Manager for the opponents,
dated 13 February 1997. He states:

45 'Nestlé UK Ltd. and its predecessors in business have made and sold soluble coffees in the
United Kingdom under the trade mark Nescafé since 1939. Although there had been
attempts to develop soluble coffees prior to this date, it was not until 1930 when the
Brazilian Institute of Coffee decided that soluble coffee might be a suitable way to cope

with crop variations and asked Nestlé to find a way of making it that an acceptable product resulted. In 1994 (being the year in which Kraft Jacobs Suchard Limited applied to register the slogan KENCO, THE REAL COFFEE EXPERTS as a trade mark ..). the total annual market for coffee products in the United Kingdom was £657 million. Of this, 89% was accounted for by soluble coffee products and the remainder by roast and ground coffees. Nestlé UK's share of the soluble coffee market was 57.9%. By extrapolation, it can be seen that Nestlé UK's share of the total market for coffee in the UK in 1994 was over 50%. It is true that the company with the next largest share in this market is Kraft Jacobs Suchard Limited. However, in 1994 their share of the total coffee market was 18% i.e. less than half of Nestlé UK Ltd. The remainder of the market is divided between retailers' own brands and various minor branded products none of which individually holds a market share greater than 5%'.

The rest of Mr Beales evidence confirms the market dominance of the opponents' products, and their expertise - for example:

'..it was Nestlé that invented the freeze drying processNescafé Gold Blend, which was the first freeze dried coffee to be sold in the United Kingdom, was launched in 1965. It was not until 1988 that the first Kenco freeze dried coffee was launched by Kraft Jacobs Suchard Limited's predecessors in business and only at the end of 1995 did Kraft Jacobs Suchard open their own freeze drying plant in the United Kingdom.'

A number of Exhibits (MHMB 1 to 14) are included, buttressing the above evidence and giving examples of successful promotion of their products.

(2) Declaration by Peter Kidd, a Quality Assurance Manager at Nestlé UK Limited, dated 28th February 1997. Mr Kidd's Declaration makes a fascinating read - it describes the history of innovation and development undertaken by the opponents - but I do not consider it requires more detailed comment. Mr Kidd states:

'From the invention of soluble coffee onwards, most if not all of the major developments have been invented by Nestlé and this constant investment in product improvements has paid dividends in terms of the success of the products.....I believe that, having regard to the matters set out above, it is not appropriate for Kraft Jacobs Suchard to be granted any proprietary rights in the slogan KENCO, THE REAL COFFEE EXPERTS other than any rights they may already have in their brand name KENCO.'

(3) Declaration by Sarah Dixon, legal adviser in the Legal Department of Nestlé UK Ltd, dated 30 June 1998. Ms Dixon's Declaration was produced in response to the applicants' declarations described below. She gives the results of an investigation into the extent of use of the applicants' mark. Exhibit SD1 consists of a video tape of examples of the opponents advertisements from 1980 onwards and states: '..of the fourteen advertisements which appear, only two include the Slogan and these both date from 1983.' Other Exhibits comprise examples of advertisements from a report prepared for the opponents (referred to by Ms Dixon, but not included in evidence) in 1996, which do not include the slogan (Exhibit SD2) and other examples (Exhibit SD3) some of which include the text '..aroma that can only come from the real coffee experts', apparently dating from 1991.

(4) Declaration from Robert Opie, the Director of the Museum of Advertising and Packaging in Gloucester. Mr Opie examined his archives for examples of advertising and packaging for Kenco coffees. The only example of packaging he found is enclosed in Exhibit RO1. He found no examples of advertising of Kenco products in approximately 300 magazines dating from the 1980's to the early 1990's.

The applicants submitted three declarations:

(1) Declaration of Mr Richard Everett Suthons, one time marketing manager and Marketing Controller for the applicants. He summarises the history of his company (Exhibit RES1) and points out:

'Kenco has sold and marketed high quality roast and ground coffee for 75 years in the United Kingdom, fifteen years longer than Nestlé UK Limited who only started their UK soluble coffee production in 1939. Kenco held a very dominant market share position in the foodservice roast and ground coffee markets from 1975 - 1980, at which point they introduced KENCO, THE REAL COFFEE EXPERTS. By virtue of their long established use, experience and reputation, Kenco were indeed in a position to be able to call themselves, real coffee experts.'

He refers to a commercial - which uses the mark - featuring Steptoe & Son (see Exhibit RES2; a video copy is included in Sarah Dixon's Exhibit SD 1), with supporting material (Exhibit RES 3). This was apparently broadcast in 1980. Exhibit RES4 includes a copy of a catering trade press advertisement (1981), which also uses the mark. Exhibit RES5 consists of a copy of a photograph of Kenco's exhibition at the Hotelympia 1982 show and in Exhibit RES6 is a copy of a photograph of Kenco's exhibition at the Ideal Home Exhibition in about 1984. The mark is used in both cases. Exhibit RES8 encloses copies of packaging of the applicants' products, apparently dating from 1987, some of which include their mark.

The rest of Mr Suthons' evidence seeks to underline the applicants' expertise, and mentions their move into the instant coffee market (see RES7).

(2) Declaration by Tony de Angeli OBE, formerly the Editor of 'The Grocer' magazine, from 1971 to 1996, and who has provided advice on food-related queries to listeners of 'The Jimmy Young Show' on BBC National Radio 2, for 23 years. He states:

'I am familiar with the brands and trade marks that people use in the drinks industry. I recognise the words KENCO, THE REAL COFFEE EXPERTS to be a trade mark of The Kenco Coffee Company Ltd. and I am aware that this trade mark has been used by them in the United Kingdom since 1981 in respect of coffee. I am not aware of anybody else using the words KENCO, THE REAL COFFEE EXPERTS or anything similar in the United Kingdom.'

(3) Declaration from Nicholas Boyd Shepherd, the General Manager for Coffee and Food products of Kraft Jacobs Suchard Limited. He says that the trade mark KENCO, THE REAL COFFEE EXPERTS was first used in the United Kingdom on coffee in 1980, and has been in continuous use from that point onwards. Mr Shepherd states:

‘The operating revenue for coffee sold in connection with this trade mark has risen from just over £20 million in 1991 to nearly £40 million in 1996. During the same period the advertising expenditure has ranged from between £3.5 - £6 million. The sales figures equate to approximate 22 million units per annum...’

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Mr Shepherd also states:

‘The Kenco Coffee products sold by my company have, subject to one exception, always carried the trade mark. The exception was The Kenco Instant Product between March 1996 and March 1997, although the trade mark has now been restored to all packets except Origins. I have read the statement of grounds filed on behalf of Nestlé UK Limited in connection with their Opposition. I disagree strongly with a number of comments made by them. The Kenco Coffee Company Limited, and after its acquisition, Kraft Jacobs Suchard Limited, have been selling coffee in this country under the trade mark since at least 1981. The Kenco Coffee Company was in fact created in 1922 when a cooperative of Kenyan coffee growers joined forces to distribute high quality coffee beans in Britain. In my opinion, the skill, knowledge and experience that Kraft have acquired and developed over these years has resulted in them being coffee experts. Contrary to the statements and claims made in paragraphs 2 and 3 of the Opponent’s Statement of Grounds, there is nothing deceptive in Kraft’s use of KENCO, THE REAL COFFEE EXPERTS, a trade mark which they have used for the last seventeen years. On the basis of their long standing use of KENCO, THE REAL COFFEE EXPERTS, and their experience and reputation in coffee I believe the application was made in good faith. During my period as General Manager of Kraft’s Coffee and Food Division, I am not aware that the trade mark KENCO, THE REAL COFFEE EXPERTS has caused any deception amongst the public. I know of no other person, firm or corporation that uses the trade mark or one similar to it in the united Kingdom in respect of coffee. Douwe Egberts were found recently to be using the phrase “The real coffee experts” on their coffee advertising but following discussions with Kraft, withdrew it and amended their advertising accordingly. There is no one apart from Kraft currently using this phrase in this country.’

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The Decision

The opponents, as a preliminary point at the Hearing, asked that a further ground of opposition be admitted into the proceedings, under s 1(1) of the Act. The applicants were against admission, and so was I.

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I can understand why the opponents wished me to allow pleading of this ground. The strength of the case elsewhere, as will be seen, is unconvincing to say the least. However, the same request has been made, and rejected, during the evidence rounds, as long ago as 7th June 1999, in the face of clear resistance from the applicants. At that time the opponents did not seek an Interlocutory Hearing to consider the matter further, and it was dropped, only to be revived as at this late stage. At the Hearing Ms Himsworth argued that the opponents simply sought to clarify the statement of grounds, and submitted:

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‘..that the sections referred to do not cover what is in substance already in the statement of grounds. In particular, if one looks at the last sentence of paragraph 2: “.... the opponent

believes” the slogan “will be likely to be taken at face value by the general public.” That is to say it is not a trade mark. That is why the section 1(1) issue arises. At the end of paragraph 3: “.... the applicant knew when the application was made that it had no legitimate grounds for styling itself the real coffee experts”. Again it is a reference to itself being a corporate identity of the applicant and not its goods. Again we would say that is a matter for consideration.’

She pointed out that the request had been made in writing shortly before the Hearing (11 May 2000) because:

‘We wanted to make clear which provisions of the Act we were relying on. We simply made the application to amend on that basis. We did that because of the more recent case law whereby the Vice-Chancellor, in particular Richard Scott, has been highly critical of the state of pleadings .. Bearing in mind in particular the decision of Geoffrey Hobbs in *Demon Ale* where he went through all the authorities, that is to say *NASA* and *Club Europe*, it was on that basis that we wrote to the registry and re-opened the question of amendment...’

In response, Ms McFarland stated:

‘I must say that I find my learned friend’s, with the greatest respect, ingenious submission on the formulation of the last sentence of paragraph 2 a surprise. If one reads it: “The claim ‘the real coffee experts’, is factual, capable of precise interpretation and would, the opponent believes, be likely to be taken at face value by the general public.” Carry on: “The opponent therefore believes that the mark as a whole is of such a nature as to deceive the public contrary to section 3(3).”

On a normal reading of paragraphs 2 and 3 the compilation of the last sentence of paragraph 2 and the first sentence of paragraph 3 make it abundantly plain, reading on: “The opponent therefore believes that” it is deceptive, etc., contrary to 3(3). There is no room between the two paragraphs to try to insert into the crack section 1(1).

I can understand why my learned friend is trying to do it now. It is, if I might respectfully say, sir, a desperate attempt to augment the scope of the opposition. This is an attempt which, as I say, in the genesis goes back to 13th July 1998. The first decision was 8th April 1999. On 22nd April 1999 they requested a consideration. On 7th June there was a review of the decision and no appeal pursued after that. The matter was then entirely dormant until 11th May when there was the most recent letter this year.

.....It is right and proper that the pleading circumscribes the points that are going to be put at the hearing. It is essential in most cases that the pleadings are there before the evidence is drafted so that best and most relevant pertinent material is before both parties before the evidence rounds are complete. It is only in exceptional cases that there is ever an amendment after the rounds of evidence are complete, normally only if there has been a change of material circumstances which is certainly not the case here in terms of evidence.’

I agree. My reading of the Statement of Grounds reveals no obscurity requiring clarification. The intention is obvious. The laudable objective of the case law cited by Ms Himsworth - to

foster unambiguous statements of case - cannot be prayed in aid when one is seeking to introduce a new pleading where there is no ambiguity at all.

5 Anyhow, I do not believe an airing of argument under s 1(1) would help the opponents much. The mark clearly performs the function of a trade mark: that is, it indicates the origin of the goods. The level of 'entry' into the 'set' of allowable signs that can perform this function is very low, and this example, in my view, certainly makes the grade.

10 There are, consequently, two grounds to this opposition, under s 3(3)(b) and s 3(6). And both are based on one proposition, explained in the statement of grounds. Against the background of the opponents' dominance of the coffee market in the UK, they do:

15 '.. not believe the Applicant can legitimately claim to be "the real coffee experts" without evidence to prove that this is the case. The claim "the real coffee experts" is factual, capable of precise interpretation and would, the Opponent believe, be likely to be taken at face value by the general public. The Opponent therefore believes that the mark as a whole is of such a nature as to deceive the public in particular as to the nature and quality of the goods in respect of which registration is sought contrary to the provisions of Section 3(3)b of the Trade Marks Act 1994. The Opponent alleges that the application in suit was made in bad faith contrary, to the provisions of Section 3(6) of the Act to the extent that the Applicant knew when the application was made that it no legitimate grounds for styling itself "The real coffee experts".'

25 I think it is helpful to expound the law first, in this matter, before considering the facts as presented in evidence and submissions. This is because I consider much of the latter to be irrelevant to the former.

S 3(3)(b) states:

30 'A trade mark shall not be registered if it is -

(a) ... ,

35 (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).'

40 The explicit purpose of s 3(3)(b) is to forestall the registration of deceptive marks, i.e. those that mislead by misrepresentation. It is a clear, objective test and does not require an assessment of the likelihood of deception.

45 The section makes a express reference to '.. nature, quality or geographical origin of the goods or service' and examples of deception that exist (see Registry Work Manual Chapter 6 Examination and Practice, page 99, August 1998) relate exclusively to these. For example, marks which indicate a particular desirable quality of the goods, such as ORLWOOLA for suits.

The current mark makes a reference to the quality, that is, the expertise, of the supplier, not directly to the goods themselves, but is not, in my view, excluded from consideration under s 3(3)(b) because of this. It could still be arguably deceptive.

5 The opponents state: ‘The claim “the real coffee experts” is factual, capable of precise interpretation and would be likely to be taken at face value by the general public.’ Without proof, this is no more than an assertion of an opinion.

10 Obviously, use of the definite article, joined to an overtly fussy semantic analysis, may lead to the opponents’ conclusion. However, this takes no account of an alternative connotation of its use, to which people are accustomed, is used particularly in advertising, but more generally as well, i.e. that of granting a laudatory promotion to something. For example, to say that a certain motor vehicle is ‘The Car to own’ does not mean it’s the only car to own, but that its special. In my view the average consumer will be familiar with this sort of usage. The mark at
15 issue is no more deceptive than ‘Coca Cola - the Real Thing’. In her submissions on behalf of the opponents Ms Himsworth, commenting on the use made of the applicants’ mark, stated:

‘Members of the public would simply have regarded it as a bit of advertising puff..’

20 I agree entirely. In my view the mark is a subjective description by the applicants and, as such, does not fail the objective standard required by s 3(3)(b).

To do so would require more than the opponents have provided me with in evidence. All they
25 appear to have established is their market dominance and extensive expertise and experience in the manufacturing and supply of coffee. In terms of the latter, the applicants achieve much the same - the opponents admit that the applicants are the next largest player in this market and Mr Suthons points out that the applicants have had a presence in the UK for 75 years, 15
30 years longer than the opponents. I might have been more disposed to consider the objection under this ground if the applicants had demonstrably no experience in coffee marking at all. Under the circumstances, however, a finding in favour of the opponents would require evidence of actual deception, and I have seen none.

On the issue of use of the mark itself, the advice in the Registry Manual referred to above also states:

35 ‘The Registrar is required to consider whether use of a new mark is likely to cause deception if used on some or all of the goods/ services within the specification. However, if the mark has been used in the market place there is no reason why the Registrar’s decision should not be informed by evidence of the public’s reaction to the mark.

40 The 1994 Act recognises that descriptive terms can become distinctive in fact through use. In effect the secondary meaning of the words (as the applicants’ trade mark) can become the primary meaning as far as the public are concerned.

45 For example, METALBOX could, prima facie, be argued to be deceptive if used on boxes which were not made of metal. However, given substantial use of the mark, it could (and probably has) come to be seen only as a trade mark.

As well as giving the usual details, evidence filed to overcome a Section 3(3) objection should include a statement by the declarant confirming that there have been no instances of deception reported to the applicant as a result of use of the mark.'

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Such a declaration was made in Mr Shepherd's Declaration. My review of the evidence, however, suggests that use of the applicants' mark appears to have been consistent, but not extensive. However, none of this, however, disturbs my findings *supra*. Lack of use of a mark can have no effect on its inherent character. The mark is not deceptive and this ground fails.

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S 3(6) states:

'A trade mark shall not be registered if or to the extent that the application is made in bad faith'.

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Although 'bad faith' may extend to matters which fall short of outright dishonesty - see *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, at page 379 (and the decision of Mr Geoffrey Hobbs QC as Appointed Person in *Demon Ale Trade Mark* [2000] RPC 345 at page 356, lines 13 & 14) - a claim that an application was made in bad faith implies some deliberate action by the applicants which they know to be wrong, or as put by Lindsay J in *Gromax* '...includes some dealings which fall short of the standards of acceptable commercial behaviour..'. It is a serious objection which places an onus of proof upon the party making the allegation.

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At paragraph 3 of their Statement of Grounds, the opponents state:

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'The Opponent ... alleges that the application in suit was made in bad faith contrary to the provisions of Section 3 (6) of the Act to the extent that the Applicant knew when the application was made that it had no legitimate grounds for styling itself "The real coffee experts".'

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I have considered the significance of the mark above, and cannot see how the applicants' use of it falls below the standards of acceptable commercial behaviour. I have seen no evidence that would displace this view. This ground also fails.

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The applicants are successful. They are entitled to an award of costs, and I order the opponents to pay to them £800. This sum is to be paid within one month the expiry of the appeal period or within one month of the final determination of this case if any appeal against this decision is unsuccessful.

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Dated this 5th day of July 2000

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**Dr W J Trott
Principal Hearing Officer
For the Registrar
the Comptroller-General**