

O-462-16

TRADE MARKS ACT 1994

IN THE MATTER OF APPLICATION NO. 3107290

BY STONE & WOOD GROUP PTY LTD

TO REGISTER THE TRADE MARK:

PACIFIC ALE

IN CLASS 32

AND

IN THE MATTER OF OPPOSITION THERETO

UNDER NO. 404952

BY CERVECERÍA DEL PACIFICO, S. DE R.L. DE C.V.

Background and pleadings

1. On 6 May 2015, Stone & Wood Group Pty Ltd (“the applicant”) applied to register the trade mark **PACIFIC ALE** for the following goods:

Class 32 Beers, ales.

The application was published for opposition purposes on 29 May 2015.

2. The application is opposed by Cervecería del Pacifico, S. de R.L. de C.V. (“the opponent”). The Notice of Opposition was filed on 28 August 2015.

3. The opposition is based upon sections 3(1)(b), 3(1)(c), 3(1)(d) and 5(2)(b) of the Trade Marks Act 1994 (“the Act”). Under each ground, the opposition is directed against all of the goods in the application. In its Notice of Opposition, the opponent claims, in summary:

- (i) That the application “is a combination which is liable to be used by undertakings as an indication of the geographical origin and of the category of services provided. The combination must, in the public interest, remain available to those undertakings to indicate the geographical origin and kind of their goods. In addition, the term ‘pacific ale’ would be used to denote that the kind of goods would be a ale [sic] from the Pacific” (paragraph 15);
- (ii) That the application “is used to denote the type of alcoholic drink offered and its geographical origin and therefore does not possess distinctive character to identify the product in respect of which registration is applied as originating from a particular undertaking and thus to distinguish that product from those of other undertakings” (paragraph 17);

(iii) That “[t]he term ‘Pacific Ale’ is used by undertakings, other than the Applicant, to denote the type of alcoholic drink being offered under a mark. Consumers would expect the product to be an ale deriving from the Pacific” (paragraph 18);

(iv) That there is a likelihood of confusion, including a likelihood of association, because the application is highly similar to an earlier trade mark owned by the opponent and because the goods are identical or highly similar to the goods and services of the earlier mark.

4. For its opposition under section 5(2)(b), the opponent relies upon its European Union trade mark (“EUTM”) registration number 3953569 for the trade mark **PACIFICO**, applied for on 2 August 2004 and for which the registration procedure was completed on 21 October 2005. The opponent relies upon the following goods and services in its registration:

Class 32 Beers.

Class 35 Retailing of beer in shops and electronically.

5. The opponent stated in its Notice of Opposition that it has used its mark in relation to all of the goods and services relied upon. This statement is made because the earlier mark is subject to the proof of use provisions contained in section 6A of the Act.

6. The applicant filed a counterstatement in which it denies the basis of the opposition. In particular, it claims that:

“The inherent distinctiveness of the opposed mark means that it is not captured by Section 3(1)(b) and/or (c) of the Act. For example, consumers will see the term Pacific within the opposed application as reference to the Pacific Ocean. The goods or the ingredients used to produce the goods cannot and do not originate from the Pacific Ocean” (paragraph 5).

7. The applicant also asserts that “the opposed mark is not a generic term and it has not become customary in the current language or in trade practices for the goods in question as mere use of a term does not make it customary or generic” (paragraph 8).

8. In respect of section 5(2)(b), the applicant admits that the applied-for goods are identical or similar to those of the earlier mark but denies that the marks are sufficiently similar for there to be a likelihood of confusion (paragraph 2).

9. Both parties have been professionally represented throughout the proceedings, the applicant by The Trade Marks Bureau and the opponent by Novagraaf UK. Both sides filed evidence and both filed written submissions during the evidence rounds. Neither party asked to be heard and neither filed submissions in lieu of attendance at a hearing. This decision is taken following a careful reading of the papers.

10. I intend to begin by considering the opposition under section 5(2)(b). In the summary that follows, I will focus on the evidence which goes to that ground. Should it be necessary, I will return to the evidence regarding the objections under section 3 later in this decision.

Evidence

Opponent's evidence

11. This consists of the witness statement of François Uyttenhove, with seven exhibits. Mr Uyttenhove is the “Senior IP Manager and Proxi Holder” of the opponent, a position he has held since 2013. Mr Uyttenhove provides a brief history of the opponent company, explaining that it is owned by Grupo Modelo and that it is a subsidiary of Anheuser-Busch InBev (paragraph 3). He states that goods under the PACIFICO mark are distributed in the UK by AB InBev UK Ltd (paragraph 5).

12. Mr Uyttenhove indicates that the on-trade alcohol market is estimated to be worth in excess of £23 billion per year and that it is “estimated that there are over 25million consumers of beer products in the UK, with annual retail sales in excess of £18 billion per year” (paragraph 9). Mr Uyttenhove provides, at Exhibit FU1, sales data for the UK market for the years 2013, 2014 and 2015. The document is dated 28 November 2015 and shows the “MAT”, which Mr Uyttenhove explains is the “Moving Annual Total”, or the rolling total value of a variable over the previous twelve months. For “total beer” sales, AB InBev’s category share is 12.3% (“2 Yr MAT”), 11.5% (LY MAT”) and 10.8% (“TY MAT”). This is not broken down further and no figure is given for the market share enjoyed by the earlier mark.

13. Mr Uyttenhove states that “PACIFICO” has been in continuous use in the EU and UK since 1990 (paragraphs 14 and 18). At Exhibit FU2, a number of invoices are provided with dates from 29 January 2013 to 27 August 2013. For all of these invoices, the importer is given as GMODELO EUROPA, S.A.U., with an address in Madrid. The distributor for 27 of the 32 invoices is given as MOLSONCOORS BREWING COMPANY (UK) LTD, with a UK address; the remaining distributors are also in the EU, with addresses in the Netherlands (pp. 12, 15, 41 and 42) and Austria (p. 40). The goods listed on the invoices include the name “Pacifico” and, for those invoices with a distributor in the UK, the amount invoiced is €9,072. There are an additional two invoices included in this exhibit but they are dated in 2016 and are, therefore, outside the relevant period.

14. At Exhibit FU3, Mr Uyttenhove provides what is said to be an internal spreadsheet showing sales of PACIFICO in the UK. The exhibit is not dated but the net revenue for the year is £673,667, which ties in with Mr Uyttenhove’s statement, at paragraph 19, that “[i]n the UK, it is estimated that **4,958 HL** of PACIFICO were sold in 2015 [...], with a net revenue of **£673,667**” [original emphasis].

15. Exhibit FU4 consists of prints showing the opponent’s goods on sale via www.drinksupermarket.com, groceries.asda.com, www.beersofeurope.co.uk and

www.amanthusdrinks.com (the images are reproduced at paragraph 38, below). The price on all of these sites is given in pounds sterling. None of the images is dated.

16. Mr Uyttenhove provides, at Exhibit FU5, images of drinks menus from a range of establishments, which he says are in the UK and where he indicates that the opponent's goods are on sale. The establishments are said to be in various locations, such as London (for example, pp. 56, 57, 58), Liverpool (pp. 64, 68), Lincoln, Bradford and Huddersfield (p. 65), Manchester (pp. 66, 70) and Edinburgh (p. 71). Some of the establishments are said to operate nationwide (e.g. pp. 59 and 60). The word "Pacifico"/"PACIFICO" is visible in the beer section of all of these menus, sometimes in conjunction with the word "Clara"/"CLARA" (e.g. pp. 57 and 68). The prints are not dated.

17. At Exhibit FU6 are exhibited two purchase orders, which include "PACIFICO CLARA"/"Pacifico Clara" among the goods listed. However, both are dated 8 January 2016, which is outside the relevant period.

18. Exhibit FU7 consists of invoices and delivery notes from AB InBev UK Limited, which include references to "PACI CLAR". These documents are dated in December 2015 or January 2016 and are, therefore, outside the relevant period.

Applicant's evidence

19. This consists of the witness statement of Jamie Cook, with nine exhibits. Mr Cook states that he is a Director of the applicant company, a position he has held since the company's formation in 2007. Mr Cook describes his experience in the brewing industry, the history of the applicant and the main beer brands produced by the company.

20. At paragraphs 26-29, Mr Cook lists the outlets where the applicant's "Pacific Ale Beer" was sold in 2013, 2014, 2015 and 2016. With one exception (HONEST BREW,

Greenbank, Saxby Road, LE13 1TF (paragraphs 28 and 29)), all of these establishments appear to have a London postcode.

21. At Exhibit JAC1, Mr Cook provides examples of the applicant's mark in use on bottle labels and on packaging. At Exhibit JAC2 are examples of the applicant's mark in use on promotional material, such as posters and tap heads. Exhibit JAC3 also includes promotional material featuring the applicant's mark, such as on badges and t-shirts. All of the images are said to show the mark in use within the relevant period.

22. Mr Cook states that the applicant has sold its PACIFIC ALE in the UK since 2012.¹ He provides, at Exhibit JAC9, seven invoices for goods including "Pacific Ale". One of these is addressed to Euroboozer Ltd in Abbots Langley, Herts (p. 207), while the remaining invoices which list Pacific Ale are to Camden Town Brewery in London. All fall within the relevant period. The amounts are in Australian dollars but are not negligible amounts. Also included in this exhibit is a "customer invoice report". A number of customers are identified, some of which have "UK" in their name. The report is said to be in British pounds. However, there is no indication of the goods to which the figures relate and the document does not, therefore, assist the applicant.

Opponent's evidence in reply

23. The opponent's reply evidence all relates to the opposition under section 3 and I will return to it later in this decision, if it becomes necessary.

24. That concludes my summary of the evidence. The first issue to be determined is whether, or to what extent, the opponent has shown genuine use of the earlier mark and it is to that matter that I now turn.

¹ Paragraph 31.

Proof of use

25. The relevant statutory provisions are as follows:

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

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

26. Section 100 of the Act is also relevant, which reads:

“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”.

27. When considering whether genuine use has been shown, I must apply the same factors as if I were determining an application for revocation based on grounds of non-use. What constitutes genuine use has been subject to a number of judgments. In *The London Taxi Corporation Limited v Frazer-Nash Research Limited & Ecotive Limited*, [2016] EWHC 52 (“*London Taxi*”), 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]”.

28. In *Laboratoire de la Mer Trade Mark* [2006] FSR 5, the Court of Appeal held that sales under the mark to the trade may qualify as genuine use. Mummery L.J. stated that:

“31. After some hesitation I have reached a different conclusion from Blackburne J. on the application of the Directive, as interpreted in *Ansul* and *La Mer* , to the rather slender facts found by Dr Trott.

32. Blackburne J. interpreted and applied the rulings of the Court of Justice as placing considerably more importance on the market in which the mark comes to the attention of *consumers and end users* of the goods than I think they in fact do. I agree with Mr Tritton that the effect of Blackburne J.'s judgment was to erect a quantitative and qualitative test for market use and market share which was not set by the Court of Justice in its rulings. The Court of Justice did not rule that the retail or end user market is the only relevant market on which a mark is used for the purpose of determining whether use of the mark is genuine.

33. Trade marks are not only used on the market in which goods bearing the mark are sold to consumers and end users. A market exists in which goods bearing the mark are sold by foreign manufacturers to importers in the United Kingdom. The goods bearing the LA MER mark were sold by Goëmar and bought by Health Scope Direct on that market in arm's length transactions. The modest amount of the quantities involved and the more restricted nature of the import market did not prevent the use of the mark on the goods from being genuine use on the market. The Court of Justice made it clear that, provided the use was neither token nor internal, imports by a single importer could suffice for determining whether there was genuine use of the mark on the market.

34. There was some discussion at the hearing about the extent to which Goëmar was entitled to rely on its intention, purpose or motivation in the sales of the goods bearing the mark to Health Scope Direct. I do not find such factors of much assistance in deciding whether there has been genuine use. I do not understand the Court of Justice to hold that subjective factors of that kind are relevant to genuine use. What matters are the objective circumstances in which the goods bearing the mark came to be in the United Kingdom. The presence of the goods was explained, as Dr Trott found, by the UK importer buying and the French manufacturer selling quantities of the goods bearing the mark. The buying and selling of goods involving a foreign manufacturer and a UK importer is evidence of the existence of an economic market of some description for the goods delivered to the importer. The mark registered for the goods was used on *that* market. That was sufficient use for it to be genuine use on the market and in *that* market the mark was being used in accordance with its essential function. The use was real, though modest, and did not cease to be real and genuine because the extinction of the importer as the single customer in the United Kingdom prevented the onward sale of the goods into, and the use of the mark further down, the supply chain in the retail market, in which the mark would come to the attention of consumers and end users”.

29. Neuberger L.J. (as he then was) stated that:

“48. I turn to the suggestion, which appears to have found favour with the judge, that in order to be “genuine”, the use of the mark has to be such as to be communicated to the ultimate consumers of the goods to which it is used. Although it has some attraction, I can see no warrant for such a requirement, whether in the words of the directive, the jurisprudence of the European Court, or in principle. Of course, the more limited the use of the mark in terms of the person or persons to whom it is communicated, the more doubtful any tribunal may be as to whether the use is genuine as opposed to token.

However, once the mark is communicated to a third party in such a way as can be said to be “consistent with the essential function of a trademark” as explained in [36] and [37] of the judgment in *Ansul* , it appears to me that genuine use for the purpose of the directive will be established.

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

30. The correct approach to assessing the evidence is to view the picture as a whole, including whether individual exhibits corroborate each other.²

31. As the opponent’s mark is an EUTM, the comments of the Court of Justice of the European Union (“CJEU”) in *Leno Merken BV v Hagelkruis Beheer BV*, Case C-149/11, are relevant. It 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

² See the comments of Mr Geoffrey Hobbs QC, sitting as the Appointed Person in *Brandconcern BV v Scooters India Limited (“Lambretta”)* BL O/065/14.

“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)”.

32. 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".

33. In *London Taxi* 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".

34. The General Court ("GC") 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 the registrar 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.

35. 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 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
- v. The geographical extent of the use shown

36. According to section 6A(3)(a) of the Act, the relevant period in which genuine use must be established is the five-year period ending on the date of publication of the applied for mark. The relevant period is, therefore, 30 May 2010 to 29 May 2015.

37. Although the relevant invoices provided at Exhibit FU2 only cover the period between January and August 2013, they show that the opponent sold in excess of £250,000 worth of a beverage described as “Pacifico” to an importer in Spain. The majority of these sales were destined to a distributor in the UK. Moreover, Mr Uyttenhove has stated, and his evidence has not been challenged, that sales of “PACIFICO” in the UK in 2015 are estimated to have generated a net revenue of over £673,667.³ Even taking into account that the relevant period ended in May 2015, the evidence shows that net revenue for the first five months of 2015 exceeded £280,000. No information has been provided about the size of the relevant EU market but it is

³ Exhibit FU3

likely to be huge. Nevertheless, the nature of the evidence of use provided persuades me that there have been sales sufficient to constitute genuine use in the relevant period.

38. Only limited evidence of the form in which the trade mark has been used has been provided by the opponent. Images showing the use to which the average consumer would be most readily exposed, i.e. on labels affixed to bottles or on packaging containing several bottles, are found at Exhibit FU4 and are reproduced below:



(www.drinksupermarket.com)



(groceries.asda.com)



(www.amanthusdrinks.com)

39. The word “PACIFICO” appears in a stylised dark blue font, underneath the word “CERVEZA”, which is in a different, smaller typeface and is red in colour. Beneath the word “PACIFICO” is the word “CLARA”. This word is smaller than the word “PACIFICO” and is in red, in a different typeface. There also appears a logo of a lifebuoy, in the centre of which is an anchor and a roughly triangular red shape. It is unclear from the evidence what this red shape might represent.

40. In *Colloseum Holdings AG v Levi Strauss & Co.*, Case C-12/12, which concerned the use of one mark with, or as part of, another mark, the CJEU found that:

“32. [...] as is apparent from paragraphs 27 to 30 of the judgment in *Nestlé*, the ‘use’ of a mark, in its literal sense, generally encompasses both its independent use and its use as part of another mark taken as a whole or in conjunction with that other mark.”

33. As the German and United Kingdom Governments pointed out at the hearing before the Court, the criterion of use, which continues to be fundamental, cannot be assessed in the light of different considerations according to whether the issue to be decided is whether use is capable of giving rise to rights relating to a mark or of ensuring that such rights are

preserved. If it is possible to acquire trade mark protection for a sign through a specific use made of the sign, that same form of use must also be capable of ensuring that such protection is preserved.

34. Therefore, the requirements that apply to verification of the genuine use of a mark, within the meaning of Article 15(1) of Regulation No 40/94, are analogous to those concerning the acquisition by a sign of distinctive character through use for the purpose of its registration, within the meaning of Article 7(3) of the regulation.

35 Nevertheless, as pointed out by the German Government, the United Kingdom Government and the European Commission, a registered trade mark that is used only as part of a composite mark or in conjunction with another mark must continue to be perceived as indicative of the origin of the product at issue for that use to be covered by the term ‘genuine use’ within the meaning of Article 15(1) [emphasis added].

41. It is clear from the case law cited above that use in conjunction with another mark falls within the ambit of genuine use. I consider that this applies to the present case. The earlier trade mark appears as a separate element both from the words “CERVEZA” and “CLARA” and from the logo, due to its position, size and the use of a different colour and typeface. I acknowledge that the mark as used is in a stylised font. However, the stylisation is slight and there are no other additions or changes to the mark which might have an effect on its distinctive character. Although the opponent has not stated explicitly that this is the form in which the mark was used on its goods in the relevant period, the applicant has not raised any doubts to that effect and there is no reason to suppose that the use shown represents a significant departure from the use made in the relevant period. I find that the use shown is use of the mark as registered, or at least use of the mark in a form which does not alter the distinctive character of the mark as registered,⁴ upon which the opponent is entitled to rely.

⁴ Section 6A(4)(a) of the Act refers.

42. The next step is to decide whether the opponent's use entitles it to rely on all of the goods and services for which it has claimed use. In *Euro Gida Sanayi Ve Ticaret Limited v Gima (UK) Limited*, BL O/345/10, Mr Geoffrey Hobbs Q.C., sitting as the Appointed Person, summed up the law as being:

"In the present state of the law, fair protection is to be achieved by identifying and defining not the particular examples of goods or services for which there has been genuine use but the particular categories of goods or services they should realistically be taken to exemplify. For that purpose the terminology of the resulting specification should accord with the perceptions of the average consumer of the goods or services concerned".

43. More recently, in *Roger Maier and Another v ASOS*, [2015] EWCA Civ 220, Kitchen L.J. (with whom Underhill L.J. agreed) set out the correct approach for devising a fair specification where the mark has not been used for all the goods/services for which it is registered. He said:

"63. The task of the court is to arrive, in the end, at a fair specification and this in turn involves ascertaining how the average consumer would describe the goods or services in relation to which the mark has been used, and considering the purpose and intended use of those goods or services. This I understand to be the approach adopted by this court in the earlier cases of *Thomson Holidays Ltd v Norwegian Cruise Lines Ltd* [2002] EWCA Civ 1828, [2003] RPC 32; and in *West v Fuller Smith & Turner plc* [2003] EWCA Civ 48, [2003] FSR 44. To my mind a very helpful exposition was provided by Jacob J (as he then was) in *ANIMAL Trade Mark* [2003] EWHC 1589 (Ch); [2004] FSR 19. He said at paragraph [20]:

"... I do not think there is anything technical about this: the consumer is not expected to think in a pernicky way because the average consumer does not do so. In coming to a fair description

the notional average consumer must, I think, be taken to know the purpose of the description. Otherwise they might choose something too narrow or too wide. ... Thus the "fair description" is one which would be given in the context of trade mark protection. So one must assume that the average consumer is told that the mark will get absolute protection ("the umbra") for use of the identical mark for any goods coming within his description and protection depending on confusability for a similar mark or the same mark on similar goods ("the penumbra"). A lot depends on the nature of the goods – are they specialist or of a more general, everyday nature? Has there been use for just one specific item or for a range of goods? Are the goods on the High Street? And so on. The whole exercise consists in the end of forming a value judgment as to the appropriate specification having regard to the use which has been made".

64. Importantly, Jacob J there explained and I would respectfully agree that the court must form a value judgment as to the appropriate specification having regard to the use which has been made. But I would add that, in doing so, regard must also be had to the guidance given by the General Court in the later cases to which I have referred. Accordingly I believe the approach to be adopted is, in essence, a relatively simple one. The court must identify the goods or services in relation to which the mark has been used in the relevant period and consider how the average consumer would fairly describe them. In carrying out that exercise the court must have regard to the categories of goods or services for which the mark is registered and the extent to which those categories are described in general terms. If those categories are described in terms which are sufficiently broad so as to allow the identification within them of various sub-categories which are capable of being viewed independently then proof of use in relation to only one or more

of those sub-categories will not constitute use of the mark in relation to all the other sub-categories.

65. It follows that protection must not be cut down to those precise goods or services in relation to which the mark has been used. This would be to strip the proprietor of protection for all goods or services which the average consumer would consider belong to the same group or category as those for which the mark has been used and which are not in substance different from them. But conversely, if the average consumer would consider that the goods or services for which the mark has been used form a series of coherent categories or sub-categories then the registration must be limited accordingly. In my judgment it also follows that a proprietor cannot derive any real assistance from the, at times, broad terminology of the Nice Classification or from the fact that he may have secured a registration for a wide range of goods or services which are described in general terms. To the contrary, the purpose of the provision is to ensure that protection is only afforded to marks which have actually been used or, put another way, that marks are actually used for the goods or services for which they are registered”.

44. Taking the evidence as a whole, I have no hesitation in concluding that the opponent has used its mark for “beers”. However, there is no evidence to support the opponent’s claim that it has used its mark for the class 35 services of “retailing of beer in shops and electronically”. For example, there is no evidence of the opponent operating physical retail premises or of it providing retail services electronically: the only evidence regarding retail of beer consists of websites owned by third parties. Consequently, a fair specification for the use made is “beers” and it is on these goods only that the opponent can rely.

Section 5(2)(b)

45. Section 5(2)(b) of the Act reads 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,

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

46. 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.

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 will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

The average consumer and the nature of the purchasing act

47. As the case law above indicates, it is necessary for me to determine who the average consumer is for the respective parties' goods. I must then determine the manner in which these goods are likely to be selected by the average consumer in the course of trade. 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.”

48. The conflicting goods at issue are all alcoholic drinks, the average consumer of which is a member of the adult general public. In my experience, these goods are sold through a range of channels including bars, restaurants and public houses. They are also commonly sold in supermarkets and off-licences and their online equivalents.

49. In retail premises, the goods at issue are likely to be displayed on shelves, where they will be viewed and self-selected by the consumer. A similar process will apply to websites, where the consumer will most likely select the goods having viewed an image displayed on a web page. In restaurants, bars and public houses, the goods are also likely to be on display, for example, in bottles or on optics behind the bar, or on drinks

menus, where the trade mark will be visible. While I do not discount that there may be an aural component in the selection and ordering of the goods in bars, restaurants and public houses, this is likely to take place after a visual inspection of the bottles themselves or a drinks menu (see *Simonds Farsons Cisk plc v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)*, Case T-3/04 (GC)). I am therefore of the view that the selection of the class 32 goods at issue will be primarily visual, although aural considerations will play a part.

50. In general, these goods are not terribly expensive. However, whether selecting the goods in retail or in licensed premises, the average consumer will choose a particular type, flavour or strength of beverage. I consider that the average consumer will pay an average degree of attention to the selection of the goods.

Comparison of goods

51. The competing goods are as follows:

Opponent’s goods	Applicant’s goods
<p><u>Class 32</u> Beers.</p>	<p><u>Class 32</u> Beers, ales.</p>

52. When making the comparison, all relevant factors relating to the goods in the specification should be taken into account. In *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer*, the CJEU stated at paragraph 23 of its judgment:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their

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

53. Guidance on this issue has also come from Jacob J. (as he then was) in the *Treat* case, [1996] R.P.C. 281, where he identified the factors for assessing similarity as:

- 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.

54. The GC confirmed in *Gérard Meric v Office for Harmonisation in the Internal Market*, Case T-133/05, that, even if goods/services are not worded identically, they can still be considered identical if one term falls within the scope of another (or vice versa):

“29. In addition, the goods can be considered as identical when the goods designated by the earlier mark are included in a more general category, designated by trade mark application (Case T-388/00 *Institut fur Lernsysteme v OHIM- Educational Services (ELS)* [2002] ECR II-4301, paragraph 53) or

where the goods designated by the trade mark application are included in a more general category designated by the earlier mark”.

55. The applicant has admitted that the goods at issue are identical or similar, though for those goods which are not identical it does not specify the degree of similarity. Both specifications contain “beers”, which are self-evidently identical. The *Collins English Dictionary* defines “ale” as:

- “1. a beer fermented in an open vessel using yeasts that rise to the top of the brew.
2. (formerly) an alcoholic drink made by fermenting a cereal, esp barley, but differing from beer by being unflavoured by hops.
3. *mainly British another word for beer*”.⁵

56. This confirms my own experience as a member of the public, which is that ales are either a particular product within the larger category of beers, or that “ale” and “beer” are used interchangeably. The goods are therefore identical, either by virtue of “beer” and “ale” being synonyms or on the principle outlined in *Meric*. If that is not right, the goods must be similar to the highest degree, having an identical purpose, method of use, users, shared channels of trade and a competitive relationship.

Comparison of trade marks

57. It is clear from *Sabel BV v. Puma AG* (particularly paragraph 23) that the average consumer normally perceives a trade 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 trade marks must be assessed by reference to the overall impressions created by the trade marks, bearing in mind their distinctive and dominant components.

58. The CJEU stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

⁵ < <http://www.collinsdictionary.com/dictionary/english/ale>>, accessed 23 September 2016

“.....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”.

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

60. The trade marks to be compared are as follows:

Opponent's trade mark	Applicant's trade mark
PACIFICO	PACIFIC ALE

61. The opponent argues that:

“due weight must be given to the distinctive and dominant elements which, in these proceedings is [sic] the element “PACIFICO” and “PACIFIC”, due to the descriptive nature of the “ALE” element. [...] Accordingly, the comparison of the marks must be between “PACIFICO” and “PACIFIC”, which differ only by one letter. The marks are therefore visually and aurally near identical” (submissions dated 11 February 2016, paragraph 9).

62. The applicant maintains that:

“The opposed mark consists of the term PACIFIC and ALE, neither are dominant or distinctive over the other and therefore the mark must be assessed, without artificial dissection, as PACIFIC ALE” (submissions, paragraph 33).

63. The applicant’s mark consists of the dictionary words “PACIFIC ALE”, presented in capital letters. The word “ALE” is descriptive of the goods and has no distinctive character. The word “PACIFIC” therefore has the greatest relative weight and will dominate the overall impression.

64. The opponent’s mark consists of the word “PACIFICO”, presented in capital letters. There are no other elements to contribute to the overall impression, which is contained in the word itself.

65. Visually, both marks share the same letters “P-A-C-I-F-I-C”, at the start of each mark. There is a difference because of the presence of the letter “O” at the end of the opponent’s mark and the word “ALE” in the applicant’s mark. Bearing in mind my assessment of the overall impression, I consider that there is a reasonably high degree of visual similarity.

66. Aurally, the words “PACIFIC ALE” will be pronounced entirely conventionally. The word “PACIFICO” is likely to be pronounced as “PA-SI-FIC-O”. The first three syllables of the marks will therefore be identical, with a difference coming from the additional fourth syllable. I consider that there is a reasonably high degree of aural similarity.

67. Conceptually, while I accept that the word “pacific” has other meanings, I consider that the most likely concept that will be attributed to “PACIFIC” in the application is that of the Pacific Ocean. As far as the earlier mark is concerned, some average consumers may know that “PACIFICO” is a Spanish or Italian word meaning the Pacific Ocean. There is also likely to be a significant proportion of average consumers who, on seeing the word “PACIFICO”, recognise the word “PACIFIC” within the mark and call to mind

the ocean of the same name. For both of these groups of average consumers, the marks share a high degree of conceptual similarity. However, I also acknowledge that a small proportion of average consumers may perceive “PACIFICO” as an invented word, or perhaps as a word of foreign origin, without giving it any particular meaning. For this group, there is a conceptual difference, albeit a non-distinctive difference, as only one mark has a clear conceptual meaning.

Distinctive character of the earlier trade mark

68. The distinctive character of a trade mark can be appraised only, first, by reference to the goods in respect of which registration is sought and, secondly, by reference to the way it is perceived by the relevant public – *Rewe Zentral AG v OHIM (LITE)* [2002] ETMR 91. In determining the distinctive character of a trade mark and, accordingly, in assessing whether it is highly distinctive, it is necessary to make an overall assessment of the greater or lesser capacity of the trade mark to identify the goods for which it has been registered as coming from a particular undertaking and thus to distinguish those goods from those of other undertakings - *Windsurfing Chiemsee v Huber and Attenberger* Joined Cases C-108/97 and C-109/97 [1999] ETMR 585. 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-2779, 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)".

69. The opponent has not made any submissions on the issue of its mark's distinctiveness. The applicant argues that the mark has a "normal" degree of inherent distinctive character (submissions, paragraph 37).

70. Invented words usually have the highest degree of inherent distinctive character. For those average consumers who perceive "PACIFICO" as an invented or foreign word and attribute to it no meaning, the word is inherently highly distinctive. Even for the consumer who perceives "PACIFICO" as alluding to the Pacific Ocean, the mark is not a dictionary word in English and it is still likely to have an average degree of inherent distinctive character.

71. By the opponent's own admission, the evidence does not show that the opponent's mark enjoys a substantial market share.⁶ Although the opponent has shown sales under the mark of £673,667 in 2015, there are no equivalent figures for previous years in the relevant period. The UK market for beer products is said to generate over £18 billion per year in retail sales.⁷ The turnover for the goods sold under the mark is, therefore, likely to represent a tiny fraction of the total market. I do not consider that the level of distinctive character enjoyed by the earlier mark has been enhanced to any material extent through the use shown to be made of it.

⁶ Submissions, paragraph 5(c).

⁷ Uyttenhove witness statement, paragraph 9.

Co-existence/ concurrent use

72. Mr Cook states that he is not aware of any instances of confusion between the marks at issue.⁸ The applicant also relies on the fact that both marks have been in use in the marketplace, stating that the application has “co-existed with the earlier trade mark for approximately 4 years”.⁹

73. Taking the absence of actual confusion first, in *Roger Maier and Another v ASOS*, [2015] EWCA Civ 220, Kitchen L.J. stated that:

“80. [...] the likelihood of confusion must be assessed globally taking into account all relevant factors and having regard to the matters set out in *Specsavers* at paragraph [52] and repeated above. If the mark and the sign have both been used and there has been actual confusion between them, this may be powerful evidence that their similarity is such that there exists a likelihood of confusion. But conversely, the absence of actual confusion despite side by side use may be powerful evidence that they are not sufficiently similar to give rise to a likelihood of confusion. This may not always be so, however. The reason for the absence of confusion may be that the mark has only been used to a limited extent or in relation to only some of the goods or services for which it is registered, or in such a way that there has been no possibility of the one being taken for the other. So there may, in truth, have been limited opportunity for real confusion to occur”.

74. In *The European Limited v The Economist Newspaper Ltd* [1998] FSR 283 Millett L.J. stated that:

⁸ Paragraph 47.

⁹ Submissions, paragraph 41. This is not consistent with Mr Cook’s statement at paragraph 31, where he states that the opponent has sold “PACIFIC ALE” since 2010 but that it has only been sold in the UK since 2012.

"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".

75. There is only limited evidence regarding the use of the mark applied for. Moreover, the evidence provided clearly shows the mark in use with a primary brand ("STONE & WOOD"), so the actual use does not mirror the notional use assessment that must be made in these proceedings. In addition, the evidence of use for the earlier mark is concerned primarily with sales to importers and distributors rather than the general public. There is thus no way for me to determine whether there has been a real opportunity for confusion to occur or whether any absence of actual confusion is due to differences extraneous to the marks themselves.

76. In terms of co-existence in the marketplace, in *Budejovicky Budvar NP v Anheuser-Busch Inc*, Case C-482/09, the CJEU held that:

"74. In that context, it follows from the foregoing that Article 4(1)(a) of Directive 89/104 must be interpreted as meaning that a later registered trade mark is liable to be declared invalid where it is identical with an earlier trade mark, where the goods for which the trade mark was registered are identical with those for which the earlier trade mark is protected and where the use of the later trade mark has or is liable to have an adverse effect on the essential function of the trade mark which is to guarantee to consumers the origin of the goods.

75. In the present case, it is to be noted that the use by Budvar of the Budweiser trade mark in the United Kingdom neither has nor is liable to have an adverse effect on the essential function of the Budweiser trade mark owned by Anheuser-Busch.

76. In that regard, it should be stressed that the circumstances which gave rise to the dispute in the main proceedings are exceptional.

77. First, the referring court states that Anheuser-Busch and Budvar have each been marketing their beers in the United Kingdom under the word sign 'Budweiser' or under a trade mark including that sign for almost 30 years prior to the registration of the marks concerned.

78. Second, Anheuser-Busch and Budvar were authorised to register jointly and concurrently their Budweiser trade marks following a judgment delivered by the Court of Appeal (England & Wales) (Civil Division) in February 2000.

79. Third, the order for reference also states that, while Anheuser-Busch submitted an application for registration of the word 'Budweiser' as a trade mark in the United Kingdom earlier than Budvar, both of those companies have from the beginning used their Budweiser trade marks in good faith.

80. Fourth, as was stated in paragraph 10 of this judgment, the referring court found that, although the names are identical, United Kingdom consumers are well aware of the difference between the beers of Budvar and those of Anheuser-Busch, since their tastes, prices and get-ups have always been different.

81. Fifth, it follows from the coexistence of those two trade marks on the United Kingdom market that, even though the trade marks were identical, the beers of Anheuser-Busch and Budvar were clearly identifiable as being produced by different companies.

82. Consequently, as correctly stated by the Commission in its written observations, Article 4(1)(a) of Directive 89/104 must be interpreted as meaning that, in circumstances such as those of the main proceedings, a

long period of honest concurrent use of two identical trade marks designating identical products neither has nor is liable to have an adverse effect on the essential function of the trade mark which is to guarantee to consumers the origin of the goods or services”.¹⁰

77. The main thrust here is that the longstanding concurrent use has led to a situation in which there will no longer be any (or at least a reduced) adverse impact upon the essential distinguishing function of the trade mark. I note first of all that the CJEU describes the circumstances which led to its finding in that case as “exceptional”. I do not consider that the extent of trade under the marks by the respective businesses in the instant proceedings, as shown in the evidence, gives rise to exceptional circumstances. The case before the CJEU involved use over a period of thirty years, while the use in these proceedings is only over a period of three years and the geographical extent of the use, particularly on the part of the applicant, is unclear. The level of use which has been made will have had little, if any, impact on the likelihood of confusion. It would not, in my view, remove or reduce the potential adverse effect on the essential distinguishing function. In any event, as I have said, the nature of the use shown of the later mark does not reflect the notional test before the tribunal.

Likelihood of confusion

78. In determining whether there is a likelihood of confusion, a number of factors need to be borne in mind. The first is the interdependency principle i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity between the respective goods and services and vice versa. As I mentioned above, it is necessary for me to keep in mind the distinctive character of the opponent’s trade mark, as the more distinctive this trade mark is, the greater the likelihood of confusion. I must also bear in mind the average consumer for the goods and services, the nature of the purchasing process and the fact that the average consumer rarely has

¹⁰ See also *Budejovicky Budvar NP v Anheuser-Busch Inc*, [2012] EWHC Civ 880 (CoA).

the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them he has retained in his mind.

79. Confusion can be direct (the average consumer mistaking one mark for the other) or indirect (where the average consumer realises the marks are not the same but puts the similarity that exists between the marks/goods down to the responsible undertakings being the same or related).

80. I bear in mind that there are some visual and aural dissimilarities between the marks, and that there may be overall conceptual dissimilarity, albeit non-distinctive in nature. However, the goods at issue are identical, the earlier mark enjoys at least an average degree of inherent distinctive character and an average degree of attention will be paid to the purchase of the goods. These are all factors which point towards a likelihood of confusion. Adding to this the level of overall similarity between the marks, as set out above, and the effects of imperfect recollection, I come to the view that there is a likelihood of direct confusion.

Conclusion

81. The opposition succeeds in full.

Final remarks

82. Given that the opposition has been successful in its entirety based upon section 5(2)(b), there is no need to consider the remaining grounds as they do not materially improve the opponent's position.

Costs

83. As the opponent has been successful it is entitled to a contribution towards its costs. Awards of costs are governed by Annex A of Tribunal Practice Notice 4 of 2007. Using that TPN as a guide, I award costs to the opponent on the following basis:

Official fees: £200

Preparing a statement and
considering the other side's statement: £200

Preparing evidence and commenting
on the other party's evidence: £500

Total: £900

84. I order Stone & Wood Group Pty Ltd to pay Cervecería del Pacifico, S. de R.L. de C.V. the sum of **£900**. This sum is to 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 30th day of September 2016

**Heather Harrison
For the Registrar
The Comptroller-General**