

O/639/17

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION NO. 3198704  
BY VERISMO INTERNATIONAL LTD FOR THE TRADE MARK**

**VERISMO**

**IN CLASSES 14, 25, 26, 35, 38 AND 41**

**AND**

**THE OPPOSITION THERETO UNDER NUMBER 408417  
BY  
STARBUCKS CORPORATION**

## Background

1. On 25 November 2016, Verismo International Ltd (“the applicant”) filed trade mark application number 3198704, for the mark VERISMO, in respect of goods and services in classes 14, 25, 26, 35, 38 and 41.

2. The application was accepted and published in the *Trade Marks Journal* for opposition purposes on 2 December 2016. Starbucks Corporation (“the opponent”) opposes the application under sections 5(2)(a), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). For section 5(2)(a), the opponent relies upon the following four earlier trade mark registrations:

(i) 2643911

VERISMO

Relying on cleaning goods in class 3. Date of filing: 28 November 2012, claiming a priority date of 26 June from the EU; completion of registration procedure: 1 March 2013.

(ii) 2612966

VERISMO

Relying on goods in classes 7, 16, 21, 29, 30 and 32. Date of filing: 7 March 2012; completion of registration procedure: 8 June 2012.

(iii) 2387978

VERISMO

Relying on goods in class 11. Filing date: 29 March 2005; completion of registration procedure: 16 September 2005.

(iv) EUTM 10992535

VERISMO

Relying on goods in classes 3 and 11. Filing date: 26 June 2012; completion of registration procedure: 21 November 2012.

3. The opponent claims that the marks are identical, which the applicant accepts in its counterstatement. The opponent claims that the goods and services are similar, and that there is, therefore, a likelihood of confusion under section 5(2)(a).

4. For section 5(3) of the Act, the opponent relies upon mark (ii), claiming a reputation in goods in classes 7 and 21, and for coffee in class 30. The opponent claims that its mark is highly distinctive; it is an invented word; and that use of the applicant's mark would take unfair advantage of the distinctive character, and/or cause detriment to the distinctive character of its mark. Under section 5(4)(a) of the Act, the opponent claims that use of the applicant's mark is liable to be prevented under the law of passing off, owing to its goodwill attached to the sign VERISMO, which it claims to have used throughout the UK since 1 January 2013 (at least), in respect of "coffee makers, coffee frothers and parts and fittings for the aforementioned; coffee (in the form of coffee pods/capsules for use with coffee makers)."

5. The applicant filed a defence and counterstatement, denying all the grounds and putting the opponent to proof of use of mark (iii), 2387978. The counterstatement consists of legal submissions, which I bear in mind in making this decision.

6. The opponent is professionally represented by Burges Salmon LLP, whilst the applicant represents itself. The opponent filed evidence and submissions. Neither party chose to be heard and neither filed written submissions in lieu of a hearing.

## Opponent's evidence

7. The evidence comes from Maria Sebastian, Senior Vice President for the opponent's brand operations in Europe, the Middle East and Africa. Her witness statement is dated 3 July 2017.

8. Ms Sebastian states that VERISMO comprises a suite of products created by Starbucks to enable consumers to create great coffee at home. Products in the range include coffee machines/brewers, milk frothers and coffee pods. The goods have been available in the UK since October 2012. At the UK launch, 200 of the opponent's stores sold the goods, and 94 other physical stores sold them, including Harrods, Selfridges, House of Fraser, Fenwicks, Debenhams, Lakeland and John Lewis (Spring 2013). The goods were also available online from the opponent and some of these stores. Exhibit BA1 consists of prints from the opponent's website about the VERISMO goods, although the prints are dated 30 June 2017. Exhibits BA3a to BA3f comprise promotional materials used in the stores and photographs of in-store layouts and displays. Examples of promotion undertaken at the time of the launch include advertisements in the London Underground and in national newspapers. In the financial year 2012 to 2013, £1.2 million was spent on publicity. Exhibit BA6 is said to include a *Daily Telegraph* product review, but it is too small to read. Ms Sebastian states that Exhibit BA5 contains details of further marketing spend, but none of the details are later than 2013. There are no advertising details for the years after 2013.

9. Ms Sebastian gives the following sales figures for VERISMO goods:

	FY2014	FY2015	FY2016	FY2017 (to date)
Pods (Sales in £)	222,700	294,700	161,700	34,400
Pods (unit sales)	38,422	50,152	27,430	5,757
Verismo machines (Sales in £)	47,300	29,900	1,200	400
Verismo machines (unit sales)	647	506	28	8

The opponent has been unable to locate sales figures broken down for 2012 and 2013, but Ms Sebastian states that total VERISMO machine sales in 2012 amounted to £105,180.76 (593 machines) and £79,649.75 (447 machines) in 2013.

## **Decision**

### **Section 5(2)(a) of the Act**

10. 5(2)(a) of the Act states:

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

(a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or

(b) ...

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

11. As the applicant accepts that the marks are identical (which they clearly are), the following principles are relevant, 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, and *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98.

### **The principles**

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

(b) 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;

(c) 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;

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

(e) 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;

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

#### Comparison of goods and services

12. Three of the opponent's earlier marks had been registered for less than five years on the date on which the contested application was published. They are not, therefore, subject to the proof of use provisions under section 6A of the Act. The consequence of this is that the opponent may rely upon all the goods specified in the notice of opposition in the registrations without having to prove that it has made genuine use of them.

13. The exception is earlier mark (iii), 2387978. The opponent refined its statement of use in its written submissions, filed with its evidence, to:

“Electrical apparatus for making or brewing coffee, espresso for domestic or commercial use; parts and fittings for all the aforesaid goods.”

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

“217. In *Stichting BDO v BDO Unibank Inc* [2013] EWHC 418 (Ch), [2013] FSR 35 I set out at [51] a helpful summary by Anna Carboni sitting as the Appointed Person in *SANT AMBROEUS Trade Mark* [2010] RPC 28 at [42] of the jurisprudence of the CJEU in Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439, Case C-259/02 *La Mer Technology Inc v Laboratories Goemar SA* [2004] ECR I-1159 and Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759 (to which I added references to Case C-416/04 *P Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I-4237). I also referred at [52] to the judgment of the CJEU in Case C-149/11 *Leno Merken BV v Hagelkruis Beheer BV* [EU:C:2012:816], [2013] ETMR 16 on the question of the territorial extent of the use. Since then the CJEU has issued a reasoned Order in Case C-141/13 *P Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089] and that Order has been persuasively analysed by Professor Ruth Annand sitting as the Appointed Person in *SdS InvestCorp AG v Memory Opticians Ltd* (O/528/15).

[218] ...

219. 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 Bunderversvereinigung 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].”

15. The onus is on the proprietor to show use because Section 100 of the Act states:

“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.”

16. The evidence does not support the claim to have made genuine use of the mark in relation to coffee machines for commercial use, and for parts and fittings. The opponent’s coffee machines and the associated coffee pods have been sold in department stores and the opponent’s Starbucks stores and are clearly for domestic use. The advertising message was clearly that the machines would enable the purchaser to enjoy Starbucks café standard coffee at home. Commercial coffee makers are large pieces of specialist equipment, not commonly sold in department stores. If the opponent means parts and fittings for all the aforesaid goods to cover the coffee pods which go into the machines, these are proper to class 30, not to class 11.

17. In *Property Renaissance Ltd (t/a Titanic Spa) v Stanley Dock Hotel Ltd (t/a Titanic Hotel Liverpool) & Ors* [2016] EWHC 3103 (Ch), Mr Justice Carr summed up the law relating to partial revocation as follows.

“iii) Where the trade mark proprietor has made genuine use of the mark in respect of some goods or services covered by the general wording of the specification, and not others, it is necessary for the court to arrive at a fair specification in the circumstance, which may require amendment; *Thomas Pink Ltd v Victoria's Secret UK Ltd* [2014] EWHC 2631 (Ch) ("Thomas Pink") at [52].

iv) In cases of partial revocation, pursuant to section 46(5) of the Trade Marks Act 1994, the question is how would the average consumer fairly describe the services in relation to which the trade mark has been used; *Thomas Pink* at [53].

v) It is not the task of the court to describe the use made by the trade mark proprietor in the narrowest possible terms unless that is what the average consumer would do. For example, in *Pan World Brands v Tripp Ltd* (Extreme Trade Mark) [2008] RPC 2 it was held that use in relation to holdalls justified a registration for luggage generally; *Thomas Pink* at [53].

vi) A trade mark proprietor should not be allowed to monopolise the use of a trade mark in relation to a general category of goods or services simply because he has used it in relation to a few. Conversely, a proprietor cannot reasonably be expected to use a mark in relation to all possible variations of the particular goods or services covered by the registration. *Maier v Asos Plc* [2015] EWCA Civ 220 ("Asos") at [56] and [60].

vii) In some cases, it may be possible to identify subcategories of goods or services within a general term which are capable of being viewed independently. In such cases, use in relation to only one subcategory will not constitute use in relation to all other subcategories. On the other hand, 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 to 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; *Mundipharma AG v OHIM* (Case T-256/04) ECR II-449; EU:T:2007:46.”

18. I find that the opponent may rely upon registration 2387978 in relation to “electrical apparatus for making or brewing coffee; espresso machines; all for domestic use.”

19. In comparing the respective specifications, all relevant factors should be considered, as per *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.* where 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.”

20. ‘Complementary’ was defined by the GC in *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-325/06:

“82 It is true that goods are complementary if there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking...”.

21. Additionally, the criteria identified in *British Sugar Plc v James Robertson & Sons Limited (“Treat”)* [1996] R.P.C. 281 for assessing similarity between goods and services also include an assessment of the channels of trade of the respective goods or services.

22. In *YouView TV Ltd v Total Ltd* [2012] EWHC 3158 (Ch) at [12] Floyd J said:

"... Trade mark registrations should not be allowed such a liberal interpretation that their limits become fuzzy and imprecise: see the observations of the CJEU in Case C-307/10 *The Chartered Institute of Patent Attorneys (Trademarks) (IP TRANSLATOR)* [2012] ETMR 42 at [47]-[49]. Nevertheless the principle should not be taken too far. Treat was decided the way it was because the ordinary and natural, or core, meaning of 'dessert sauce' did not include jam, or because the ordinary and natural description of jam was not 'a dessert sauce'. Each involved a straining of the relevant language, which is incorrect. Where words or phrases in their ordinary and natural meaning are apt to cover the category of goods in question, there is equally no justification for straining the language unnaturally so as to produce a narrow meaning which does not cover the goods in question."

23. The goods and services to be compared are shown in the table below.

Earlier marks	Application
Class 3: Decalcifying and descaling preparations for cleaning domestic brewing machines; Cleaning preparations for domestic brewing machines; Cleaner for use on domestic brewing machines.	Class 14: Precious metals; jewellery; precious stones; chronometric instruments.  Class 25: Clothing; footwear; headgear; swimwear; sportswear; leisurewear.
Class 7: Electric coffee grinders for domestic or commercial use; electric milk frothers.	Class 26: Lace; embroidery; ribbons; braid; buttons; hooks and eyes; pins; needles; artificial flowers.
Class 11: Electrical apparatus for making or brewing coffee; espresso machines; all for domestic use; water filters; water filtration and purification units and replacement cartridges and filters therefore.	Class 35: Provision of information and advice to consumers regarding the selection of products and items to be purchased; exhibitions for commercial or advertising purposes; arranging of exhibitions for

<p>Class 16: Paper filters for coffee makers; paper napkins; paper cups; paper coasters; paper bags; paper cup sleeves; boxes and paper packaging; instructional booklets.</p> <p>Class 21: Hand operated coffee grinders and coffee mills; insulated coffee and beverage cups; non-paper reusable coffee filters; non-paper coasters; insulated vacuum bottles; coffee cups, tea cups and mugs; glassware; dishes; plates and bowls; trivets; storage canisters; non-electric drip coffee makers; non-electric plunger-style coffee makers; decorative storage containers for food; non-electric tea kettles; tea infusers; tea pots; tea strainers; candle holders not of precious metal; candlesticks not of precious metal; ceramic figurines; porcelain figurines; non-electric milk frothers; scoops.</p> <p>Class 29: Dried milk powder; powdered milk; milk; flavored milk; milkshakes and milk based beverages; fruit jams; fruit sauces, jellies, spreads, curds and preserves.</p> <p>Class 30: Coffee; ground and whole bean coffee; cocoa; tea and herbal tea; coffee, tea, cocoa and espresso beverages; beverages made with a base of coffee; beverages made with a base of espresso; beverages made with a base of tea; powdered chocolate and vanilla; sauces to add to beverages; chocolate syrup; chocolate sauce; fruit sauces excluding cranberry sauce and applesauce; baked</p>	<p>commercial purposes; demonstration of goods for promotional purposes; Publicity and sales promotion services; provision of business and commercial information; business consultancy services; assistance and advice regarding business organization and management; advertising; advertising particularly services for the promotion of goods; arranging of contracts for the purchase and sale of goods and services, for others; market research and marketing studies; compilation of computer databases; office functions; risk management consultancy [business]; employment agency services; personnel recruitment services; temporary personnel employment services; placement of permanent personnel.</p> <p>Class 38: Telecommunication services; communication services for the electronic transmission of voices; transmission of data; electronic transmission of images, photographs, graphic images and illustrations over a global computer network; transmission of data, audio, video and multimedia files; simulcasting broadcast television over global communication networks, the Internet and wireless networks; provision of telecommunication access to video and audio content provided via an online video-on-demand service; satellite communication services; telecommunications gateway services.</p> <p>Class 41: Production of radio and television shows and programmes; film production</p>
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<p>goods, namely, muffins, scones, biscuits, cookies, pastries and breads, sandwiches, granola; ready-to-drink coffee; ready-to-drink tea; ice cream and frozen confections; chocolate, candy, spice and candy confections, in the nature of beverage topping sprinkles.</p> <p>Class 32: Fruit drinks and soft drinks containing fruit juices; fruit juices; sparkling fruit and juice based beverages and soda beverages; frozen fruit beverages and frozen fruit-based beverages; liquid and powdered beverage mixes; flavoring syrups for beverages.</p>	<p>services; education, teaching and training; entertainment services; presentation of movies; film distribution; provision of non-downloadable films and television programs via a video-on-demand service; arranging and conducting of workshops and seminars; arranging and conducting of congresses; organization of exhibitions for cultural and educational purposes; publication of electronic books and journals online.</p>
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24. In short, applying the case law cited above, none of the opponent's goods are similar to any of the applicant's goods and services. I have considered, in particular, whether provision of information and advice to consumers regarding the selection of products and items to be purchased (class 35) is similar to goods. I have concluded that it is not, on any of the *Canon* criteria. The core meaning of this term is a consumer advice service comparing products and services and providing reviews, not a retail service.

25. The opponent's submissions on perceived similarity between the parties' goods and services are flimsy. The opponent claims that all the goods are aimed at the general public and are goods of the type liable to be used as 'brand extension' products. Brand extension may be relevant under section 5(3) of the Act, but it cannot be relevant to the comparison of goods and services, where the comparison criteria are so clearly established by case law. None of the goods and services are similar when these criteria are applied to the comparison. Nor do I accept the opponent's submission that the opponent's goods have a business element to them and that, therefore, the end user of such goods is likely to be the same as that for the applicant's class 35, 38 and 41 services, namely a person within a business

responsible for procurement or contract negotiation, leading to a low level of similarity. Again, applying the established case law, there is no level of similarity.

26. That, strictly speaking, is the end of the matter as without similarity of goods/services, there can be no likelihood of confusion (*Canon*). However, since the opponent also has grounds under section 5(3) and 5(4)(a) of the Act, it is useful to consider the other aspects of the global comparison.

#### The average consumer and the purchasing process

27. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer, Case C-342/97*. The majority of the parties' goods are aimed at the general public and will be primarily visual purchases, with a level of attention during purchase which is no higher or lower than the norm. A significant portion of the applicant' services are business-to-business services, for which there may be a higher degree of attention paid.

#### Comparison of marks

28. The marks are identical.

#### Distinctive character of the earlier marks

29. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV*<sup>1</sup> 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

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<sup>1</sup> Case C-342/97

goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

30. One of the principles which must be taken into account in deciding whether there is a likelihood of confusion is that 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. With this in mind, I need to assess whether the use made by the opponent of VERISMO has improved the distinctiveness level of the mark. The relevant date for this assessment is the filing date of the contested application, 25 November 2016.

31. The opponent’s evidence is noticeably centred on the launch of VERISMO coffee machines and pods in October 2012. This is four years prior to the relevant date. There is no evidence about advertising after 2013. In the launch year, £1.2 million was spent on publicity, which is £300,000 more than the total sales figures for 2012 to 2017. There was a sharp drop-off in sales after 2015, going from 506 machines to 28 (and only 8 in the first six months of 2017). The sales of coffee pods also declined in 2016. There is no explanation for this; instead, the witness focuses her attention on the launch in 2012. The level of sales, in what is a large market, is unimpressive.



32. VERISMO is an invented word. Invented words, usually, sit at the very top of the scale of distinctiveness because they do not describe or allude to any characteristic of the goods and services. I consider VERISMO to be highly distinctive, *prima facie*, for the opponent's goods. If it were possible to elevate the already high level of distinctiveness through use, then the opponent's evidence does not support a claim to enhanced distinctiveness.

#### Likelihood of confusion

33. Deciding whether there is a likelihood of confusion is not scientific; it is a matter of considering all the factors, weighing them and looking at their combined effect, in accordance with the authorities set out earlier in this decision. One of those principles states that a lesser degree of similarity between goods and services may be offset by a greater degree of similarity between the trade marks, and vice versa (*Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc.*). As said earlier, there is no similarity between the goods and services. There is, therefore, no likelihood of confusion.

#### **Section 5(2)(a) outcome**

34. The section 5(2)(a) ground fails.

#### **Section 5(3) of the Act**

35. Section 5(3) states:

“(3) A trade mark which-

(a) is identical with or similar to an earlier trade mark, shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a Community trade mark or international trade mark (EC), in the European Community) and the use of the later mark without due cause would take unfair

advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

36. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel*, [2009] ETMR 13, Case C-408/01, *Adidas-Salomon*, [2004] ETMR 10 and Case C-487/07, *L’Oreal v Bellure* [2009] ETMR 55 and Case C-323/09, *Marks and Spencer v Interflora*. The law appears to be as follows.

a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors*, paragraph 24.

(b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors*, paragraph 26.

(c) It is necessary for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls the earlier mark to mind; *Adidas Saloman*, paragraph 29 and *Intel*, paragraph 63.

(d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks and between the goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark’s reputation and distinctiveness; *Intel*, paragraph 42

(e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the future; *Intel*, paragraph 68; whether this is the case must also be assessed globally, taking account of all relevant factors; *Intel*, paragraph 79.

(f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious risk that this will happen in future; *Intel, paragraphs 76 and 77*.

(g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel, paragraph 74*.

(h) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality which is liable to have a negative impact on the earlier mark; *L'Oreal v Bellure NV, paragraph 40*.

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark 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. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (*Marks and Spencer v Interflora, paragraph 74 and the court's answer to question 1 in L'Oreal v Bellure*).

37. The conditions of section 5(3) are cumulative. Firstly, the opponent must show that VERISMO has achieved a level of knowledge/reputation amongst a significant part of the public. Secondly, it must be established that the level of reputation and the similarities between the marks will cause the public to make a link between the

marks, in the sense of the earlier mark being brought to mind by the later mark. Thirdly, assuming that the first and second conditions have been met, section 5(3) requires that one or more of the two types of damage claimed (unfair advantage and detriment to distinctive character) will occur. It is unnecessary for the purposes of section 5(3) that the goods and services be similar, although the relative distance between them is one of the factors which must be assessed in deciding whether the public will make a link between the marks.

38. The first condition is reputation. For its section 5(3) ground, the opponent relies upon registration 2612966, in classes 7 and 21, and in class 30 for coffee.

39. The CJEU gave guidance in relation to assessing reputation in *General Motors*:

“24. The public amongst which the earlier trade mark must have acquired a reputation is that concerned by that trade mark, that is to say, depending on the product or service marketed, either the public at large or a more specialised public, for example traders in a specific sector.

25. It cannot be inferred from either the letter or the spirit of Article 5(2) of the Directive that the trade mark must be known by a given percentage of the public so defined.

26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.”

40. The evidence shows that the opponent is not entitled to rely upon a reputation in the class 21 goods.

41. Although at the date of launch, in October 2012, a sizeable investment had been made in promoting the VERSIMO goods, this was not followed up with any advertising after the launch. Sales declined, dwindling to a tiny figure for the machines in 2016, the date the opposed application was made. For the years 2012 to 2016, a total of 2221 coffee machines were sold. Assuming one per household, that is a small figure in a large market. When combined with the lack of publicity after 2012/13, and the short duration of sales before they dipped sharply, the facts do not create a picture of a reputation amongst a significant part of the coffee-machine buying public. Nor do the sales figures for the coffee pods help; these fit the machines and would not be bought just for the coffee. In any case, the UK market for coffee is huge and sales of £161,700 in 2016 is a drop in the ocean.

42. Without a reputation, there will be no link made. As the conditions are cumulative, the section 5(3) ground must fail. However, for the sake of completeness, I will consider the heads of damage claimed, assuming a link was present. However, it must be said that if the reputation was enough to create a link, the link would not be strong because the level of reputation is not strong and there is a large gulf between the respective goods and services.

43. It is hard to see what benefit the applicant would derive from the opponent's mark. If there had been a likelihood of confusion, one could say that this would automatically give the applicant an advantage because it would achieve sales via the public's confusion. However, without confusion, there must be some other basis for unfair advantage. The evidence does not show that there is any cachet, cool, highly technical, luxurious or any other image associated with the opponent's goods such that image transfer may take place. If the opponent's mark had a substantial reputation and/or a desirable image, then the fact that the applicant has chosen to register the exact same, invented, highly distinctive word, would present a more plausible basis for the opponent's claim. As it is, on the facts of this case, there does not appear to be any basis for the unfair advantage claim.

44. In relation to brand extension, it is not an obvious step from coffee machines to clothing branded with the name of coffee machines. This submission does not assist the opponent.

45. Detriment to distinctive character concerns a weakening of the hold in the public's mind of the mark as identifying the goods of the opponent. The opponent describes this as damage to the singularity and exclusiveness of the mark. Again, any link would be weak because the reputation is not of a strong level. Despite the inventedness of the mark, a claim to this head of damage would not succeed. Firstly, there is no evidence of a change in the economic behaviour of the opponent's customers. Secondly, although there does not need to be actual evidence of a change of economic behaviour, there does need to be an evidential basis for deducing, logically and non-hypothetically, that damage would occur.

46. In *Environmental Manufacturing LLP v OHIM*, Case C-383/12P, the CJEU stated that:

“34. According to the Court's case-law, proof that the use of the later mark is, or would be, detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered, consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future (*Intel Corporation*, paragraphs 77 and 81, and also paragraph 6 of the operative part of the judgment).

35. Admittedly, paragraph 77 of the *Intel Corporation* judgment, which begins with the words '[i]t follows that', immediately follows the assessment of the weakening of the ability to identify and the dispersion of the identity of the earlier mark; it could thus be considered to be merely an explanation of the previous paragraph. However, the same wording, reproduced in paragraph 81 and in the operative part of that judgment, is autonomous. The fact that it appears in the operative part of the judgment makes its importance clear.

36. The wording of the above case-law is explicit. It follows that, without adducing evidence that that condition is met, the detriment or the risk of

detriment to the distinctive character of the earlier mark provided for in Article 8(5) of Regulation No 207/2009 cannot be established.

37. The concept of 'change in the economic behaviour of the average consumer' lays down an objective condition. That change cannot be deduced solely from subjective elements such as consumers' perceptions. The mere fact that consumers note the presence of a new sign similar to an earlier sign is not sufficient of itself to establish the existence of a detriment or a risk of detriment to the distinctive character of the earlier mark within the meaning of Article 8(5) of Regulation No 207/2009, in as much as that similarity does not cause any confusion in their minds.

38 The General Court, at paragraph 53 of the judgment under appeal, dismissed the assessment of the condition laid down by the *Intel Corporation* judgment, and, consequently, erred in law.

39. The General Court found, at paragraph 62 of the judgment under appeal, that 'the fact that competitors use somewhat similar signs for identical or similar goods compromises the immediate connection that the relevant public makes between the signs and the goods at issue, which is likely to undermine the earlier mark's ability to identify the goods for which it is registered as coming from the proprietor of that mark'.

40. However, in its judgment in *Intel Corporation*, the Court clearly indicated that it was necessary to demand a higher standard of proof in order to find detriment or the risk of detriment to the distinctive character of the earlier mark, within the meaning of Article 8(5) of Regulation No 207/2009.

41. Accepting the criterion put forward by the General Court could, in addition, lead to a situation in which economic operators improperly appropriate certain signs, which could damage competition.

42. Admittedly, Regulation No 207/2009 and the Court's case-law do not require evidence to be adduced of actual detriment, but also admit the serious risk of such detriment, allowing the use of logical deductions.

43. None the less, such deductions must not be the result of mere suppositions but, as the General Court itself noted at paragraph 52 of the judgment under appeal, in citing an earlier judgment of the General Court, must be founded on ‘an analysis of the probabilities and by taking account of the normal practice in the relevant commercial sector as well as all the other circumstances of the case’.”

47. The level of use/reputation is simply not enough to make that deduction; in fact, the opponent’s sales had dwindled considerably before the date on which the contested application was made. In all the circumstances, the section 5(3) ground is not made out.

### **Section 5(3) outcome**

48. The section 5(3) ground fails.

### **Section 5(4)(a) of the Act**

49. 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.”

50. The requirements to succeed in a passing off action are well established and are summarised in *Halsbury’s Laws of England* 4th Ed. as being that:



i) the claimant's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

ii) there is a misrepresentation by the defendant (whether or not intentional) which is likely to deceive the public into believing that the defendant's goods or services are those of the claimant;

and iii) the claimant has suffered or is likely to suffer damage as a result of the erroneous belief created by the defendant's misrepresentation.

51. There is one possible difference between the position under trade mark law and the position under passing off law. In *Marks and Spencer PLC v Interflora*, [2012] EWCA (Civ) 1501, Lewinson L.J. cast doubt on whether the test for misrepresentation for passing off purposes came to the same thing as the test for a likelihood of confusion under trade mark law. He pointed out that it is sufficient for passing off purposes that "a substantial number" of the relevant public are deceived, which might not mean that the average consumer is confused. As both tests are intended to be normative measures intended to exclude those who are unusually careful or careless (per Jacob L.J. in *Reed Executive Plc v Reed Business Information Ltd* [2004] RPC 40), it is doubtful whether the difference between the legal tests will (all other factors being equal) produce different outcomes.

52. The opponent had sufficient goodwill in coffee makers and coffee (in the form of coffee pods/capsules for use with coffee makers) at the date of application, which is the relevant date (there being no use by the applicant) to bring the complaint of passing off.

53. However, this ground suffers from the same problem as the section 5(2)(a) ground. Despite identity of marks/signs, there is a strong lack of similarity in the parties' fields of trade. Whilst this does not, automatically, lead to a failure for the opponent, in *Harrods Limited v Harrodian School Limited* [1996] RPC 697 (CA), Millet L.J. made the following findings about the lack of a requirement for the parties

to operate in a common field of activity, and about the additional burden of establishing misrepresentation and damage when they do not:

“There is no requirement that the defendant should be carrying on a business which competes with that of the plaintiff or which would compete with any natural extension of the plaintiff’s business. The expression “common field of activity” was coined by *Wynn-Parry J. in McCulloch v. May* (1948) 65 R.P.C. 58, when he dismissed the plaintiff’s claim for want of this factor. This was contrary to numerous previous authorities (see, for example, *Eastman Photographic Materials Co. Ltd. v. John Griffiths Cycle Corporation Ltd.* (1898) 15 R.P.C. 105 (cameras and bicycles); *Walter v. Ashton* [1902] 2 Ch. 282 (The Times newspaper and bicycles) and is now discredited. In the *Advocaat* case Lord Diplock expressly recognised that an action for passing off would lie although “the plaintiff and the defendant were not competing traders in the same line of business”. In the *Lego case Falconer J.* acted on evidence that the public had been deceived into thinking that the plaintiffs, who were manufacturers of plastic toy construction kits, had diversified into the manufacture of plastic irrigation equipment for the domestic garden. What the plaintiff in an action for passing off must prove is not the existence of a common field of activity but likely confusion among the common customers of the parties.

The absence of a common field of activity, therefore, is not fatal; but it is not irrelevant either. In deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration

‘...whether there is any kind of association, or could be in the minds of the public any kind of association, between the field of activities of the plaintiff and the field of activities of the defendant’:

*Annabel's (Berkeley Square) Ltd. v. G. Schock* (trading as Annabel's Escort Agency) [1972] R.P.C. 838 at page 844 per Russell L.J.

In the *Lego case Falconer J.* likewise held that the proximity of the defendant's field of activity to that of the plaintiff was a factor to be taken into account when deciding whether the defendant's conduct would cause the necessary confusion.

Where the plaintiff's business name is a household name the degree of overlap between the fields of activity of the parties' respective businesses may often be a less important consideration in assessing whether there is likely to be confusion, but in my opinion it is always a relevant factor to be taken into account.

Where there is no or only a tenuous degree of overlap between the parties' respective fields of activity the burden of proving the likelihood of confusion and resulting damage is a heavy one. In *Stringfellow v. McCain Foods (G.B.) Ltd.* [1984] R.P.C. 501 Slade L.J. said (at page 535) that the further removed from one another the respective fields of activities, the less likely was it that any member of the public could reasonably be confused into thinking that the one business was connected with the other; and he added (at page 545) that

‘even if it considers that there is a limited risk of confusion of this nature, the court should not, in my opinion, readily infer the likelihood of resulting damage to the plaintiffs as against an innocent defendant in a completely different line of business. In such a case the onus falling on plaintiffs to show that damage to their business reputation is in truth likely to ensue and to cause them more than minimal loss is in my opinion a heavy one.’

In the same case Stephenson L.J. said at page 547:

‘...in a case such as the present the burden of satisfying Lord Diplock's requirements in the *Advocaat* case, in particular the fourth and fifth requirements, is a heavy burden; how heavy I am not sure the judge fully appreciated. If he had, he might not have granted the respondents relief. When the alleged “passer off” seeks and gets no benefit from

using another trader's name and trades in a field far removed from competing with him, there must, in my judgment, be clear and cogent proof of actual or possible confusion or connection, and of actual damage or real likelihood of damage to the respondents' property in their goodwill, which must, as Lord Fraser said in the *Advocaat* case, be substantial.' ”

54. In *Phones 4u Ltd v Phone4u.co.uk. Internet Ltd* [2007] RPC 5, in the Court of Appeal, Jacob LJ said:

“16 The next point of passing off law to consider is misrepresentation. Sometimes a distinction is drawn between "mere confusion" which is not enough, and "deception," which is. I described the difference as "elusive" in *Reed Executive Plc v Reed Business Information Ltd* [2004] R.P.C. 40. I said this, [111]:

"Once the position strays into misleading a substantial number of people (going from 'I wonder if there is a connection' to 'I assume there is a connection') there will be passing off, whether the use is as a business name or a trade mark on goods."

17 This of course is a question of degree—there will be some mere wonderers and some assumers—there will normally (see below) be passing off if there is a substantial number of the latter even if there is also a substantial number of the former.

18 The current (2005) edition of *Kerly* contains a discussion of the distinction at paras 15–043 to 15–045. It is suggested that:

"The real distinction between mere confusion and deception lies in their causative effects. Mere confusion has no causative effect (other than to confuse lawyers and their clients) whereas, if in answer to the question: 'what moves the public to buy?', the insignia complained of is identified, then it is a case of deception."

19 Although correct as far as it goes, I do not endorse that as a complete statement of the position. Clearly if the public are induced to buy by mistaking the insignia of B for that which they know to be that of A, there is deception. But there are other cases too—for instance those in the Buttercup case. A more complete test would be whether what is said to be deception rather than mere confusion is really likely to be damaging to the claimant's goodwill or divert trade from him. I emphasise the word "really."

55. The use of the application would not cause a substantial number of the opponent's customers to be misled into purchasing the applicant's goods and services, believing that they are provided by the opponent.

#### **Section 5(4)(a) outcome**

56. The section 5(4)(a) ground fails.

#### **Overall outcome**

57. The opposition fails under all grounds. The application may proceed to registration.

#### **Costs**

58. The applicant has been successful and is entitled to a contribution towards its costs. Awards of costs in proceedings commenced after 1 July 2016 are governed by Annex A of Tribunal Practice Notice ("TPN") 2 of 2016. As the applicant is unrepresented, at the conclusion of the evidence rounds the tribunal invited it to indicate whether it intended to make a request for an award of costs and, if so, to complete a pro-forma indicating a breakdown of its actual costs, including providing accurate estimates of the number of hours spent on a range of given activities relating to the prosecution of the proceedings. It was made clear to the applicant that if the pro-forma was not completed "no costs, other than official fees arising from the action and paid by the successful party...will be awarded". The applicant did not

respond to that invitation within the timescale allowed (nor has any response been received from it prior to the date of the issuing of this decision). It did not incur any official fees in the proceedings and so I make no award of costs.

**Dated this 12<sup>th</sup> day of December 2017**

**Judi Pike**

**For the Registrar,**

**the Comptroller-General**