

O-349-20

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION NO. 3365872
BY ZESTFULNESS LIMITED IN RESPECT OF THE FOLLOWING SERIES OF
TWO TRADE MARKS**

ZESTE^A AND zestea

IN CLASS 32

**AND IN THE MATTER OF OPPOSITION THERETO UNDER NO. 416150 BY
SOCIETE DES PRODUITS NESTLE S.A.**

BACKGROUND AND PLEADINGS

1) Zestfulness Limited (hereafter “the applicant”) applied, on 9 January 2019, to register a series of two trade marks (“the contested application”) that was subsequently published for opposition purposes on 1 February 2019. The relevant details are:

3365872

ZESTEAM/Zestea

Class 32: *Non-alcoholic beverages; beers; mineral and aerated waters; flavoured waters; fruit drinks and fruit juices; vegetable juice drinks; vegetable juices; energy drinks and sports drinks; fruit and vegetable smoothies; syrups, concentrates and other preparations for making beverages.*

2) Societe des Produits Nestle S.A. (“the opponent”) opposed the application on the basis of sections 5(2)(b), 5(3) and 5(4)(a) of the Trade Marks Act 1994 (“the Act”). In respect of the first two grounds, the opponent relies upon an EU trade mark and an International Trade Mark (“IR”) designating the EU, the relevant details of which are shown below. The opponent claims a reputation in respect of all the goods listed in IR 1341950 and in respect of all the relied upon goods except *beer* in respect of EU 3338704:

IR 1341950

Colours claimed: Green and white
Date of designation of the EU: 8 December 2016 (priority claim of 13 October 2016; Switzerland)
Date of protection granted in EU: 3 October 2017

Class 30: *Coffee, coffee extracts, coffee-based beverages and preparations; iced coffee; artificial coffee, artificial coffee extracts, artificial coffee-based beverages and preparations; chicory (coffee substitute); tea, tea extracts, tea-based beverages and preparations; iced tea; malt-based preparations for human consumption; cocoa and cocoa-based beverages and preparations; chocolate, chocolate products, chocolate-based beverages and preparations; confectionery, sugar confectionery, candy; sugar; chewing gum not for medical use; natural sweeteners; bakery products, bread, yeast, pastries; biscuits, cookies, cakes, wafers, caramels, puddings; edible ices, water ices, sherbets, frozen confectionery, frozen cakes, ice creams, frozen yogurts, powders and binding agents (included in this class) for making edible ices and/or water ices and/or sherbets and/or frozen confectionery and/or frozen cakes and/or ice creams and/or frozen yogurts; breakfast cereals, muesli, corn flakes, cereal bars, ready-to-eat cereals; cereal preparations.*

Class 32: *Flavored waters; fruit-flavored beverages and fruit-based beverages, fruit juices and vegetable juices, nectars, lemonades, soda water and other non-alcoholic beverages; syrups, extracts and essences and other preparations for making non-alcoholic beverages (excluding essential oils); whey beverages; soy-based beverages; non-alcoholic malt beverages; isotonic beverages.*

EU 3338704

NESTEA

Filing date: 5 September 2003 (with seniority claimed in respect of the UK from 26 February 1948 and 8 July 1965)

Date of entry on the register: 1 June 2005

Goods relied upon:

Class 30: *Tea, tea extracts, teas-based preparations and beverages; iced tea.*

Class 32: *Beers; still waters, aerated or carbonated waters, treated waters, spring waters, mineral waters, flavoured waters; fruit-flavoured and fruit-based beverages, fruit and vegetables juices, nectars, carbonated soft drinks, fizzy drinks and other non-alcoholic beverages; syrups, extracts and essences and other preparations for making non-alcoholic beverages (except essential oils); beverages based on milk ferments; soya-based beverages; malt-based beverages; isotonic drinks.*

3) The opponent's marks are both earlier marks within the meaning of section 6(1) of the Act because they have an earlier filing date/date of designation than the contested application. The first of these completed its registration procedure less than five years before the application date of the contested application and, as a result, it is not subject to the proof of use provisions contained in section 6A of the Act. The second, by virtue of having been registered for more than five years before the application date of the contested application mark is potentially subject to the proof of use provisions.

4) The opponent relies upon both earlier marks for its grounds based upon sections 5(2) and section 5(3) of the Trade Marks Act 1994 ("the Act").

5) In respect of the grounds based upon section 5(2)(b), the opponent claims that:

- its marks have been used extensively throughout Europe and that its marks have an enhanced distinctive character;
- the marks are highly similar;
- the respective goods are identical or highly similar, and;
- there exists a likelihood of confusion.

6) The opponent asserts that the contested application is open to objection under section 5(3) of the Act and claims that its earlier marks have a reputation in respect of all the goods relied upon. It asserts that the relevant public will believe the respective marks are used by the same undertakings or that there is an economic

connection between them. It claims that, as a result, use of the applicant's mark will result in it:

- taking unfair advantage of, and damaging the distinctiveness of, the opponent's marks;
- benefiting from the positive image built up by the opponent in its marks and to it riding on the coattails of the opponent's investment in the use and promotion of the marks;
- diluting the capacity of the opponent's marks to identify and distinguish the goods authorised by the opponent from those of others. It claims that such dilution is unfair to the opponent and it has the potential to alter the average consumers economic behaviour resulting in mistakenly choosing goods offered under the applicant's mark;
- damaging the reputation of the opponent's marks because the average consumer is likely to purchase the goods of the applicant in the belief that they are those of the opponent and that the opponent will have no control over the quality of the applicant's goods and result in poor quality or negative publicity associated with the applicant's goods being wrongly and unfairly associated with the opponent's goods.

7) In respect of the grounds based upon section 5(4)(a), the opponent asserts that use of the mark, the subject of the contested application, will result in a misrepresentation leading to passing off. It relies upon the sign NESTEA that it claims was first used throughout the UK at least since 2005 in respect of the same list of goods as relied upon for the other grounds. It claims that use of the applicant's mark would amount to a misrepresentation that the applicant's goods are those of or are in some way connected to or endorsed by, the opponent. Therefore, the application should be refused in accordance with section 5(4)(a) of the Act.

8) The applicant filed a counterstatement denying or not admitting the opponent's claims and putting it to proof of use of its earlier EU trade mark 3338704.

9) The parties both filed evidence and a hearing was held before me on 8 June 2020 where the opponent was represented by Angela Fox and Mark Webster for Maucher Jenkins and the applicant by Michael Bilewycz for Decisis Limited.

DECISION

Opponent's evidence

10) This takes the form of the witness statement of Gauthier Gay, Commercial Director for Tea at Nestlé Waters, the company responsible for marketing and selling of the NESTEA ready-to-drink business in the EU. Mr Gay's evidence relates to the scale of use of the mark in the EU, including the UK. I will refer to this to the extent that I consider it necessary.

Applicant's evidence

11) This takes the form of two witness statements in the name of:

- Natali Cohen, director and founder of the applicant. Ms Cohen provides information regarding the philosophy behind the applicant, namely, one of "Zestfulness". There is no need for me to consider this. Ms Cohen also provides dictionary meanings of the words "ZEST" and "TEA". I will refer to these later;
- Michael Domenico Bilewycz, Managing Director of Decisis Limited, the applicant's representative in these proceedings. The purpose of Mr Bilewycz's evidence is to introduce the examination report produced by the Registry in respect of the contested application that states that "[t]he requirements for registration appear to be met ...".

Proof of use

12) Only one earlier mark (3338704 ZESTEA) is subject to the proof of use provisions. At the hearing, Mr Webster submitted that the evidence supported a claim to genuine use in respect of the following list of goods:

Class 30: *Tea, tea extracts, teas-based preparations and beverages; iced tea.*

Class 32: *... fruit-flavoured and fruit-based beverages, ... and other non-alcoholic beverages; syrups, extracts and essences and other preparations for making non-alcoholic beverages (except essential oils); ...*

13) Mr Bilewycz accepted that use had been shown in respect of these goods and, consequently, it is not necessary that I undertake an analysis of the evidence in respect of this point.

Section 5(2)(b)

14) Section 5(2)(b) of the Act is as follows:

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

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark”.

Comparison of goods

15) In the judgment of the Court of Justice of the European Union (“the CJEU”) in *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97, Case C-39/97, the court stated at paragraph 23 of its judgment that:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary”.

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

- (a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) 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;
- (f) 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.

17) In addition, I also keep in mind the guidance of the General Court (“the GC”) in *Gérard Meric v Office for Harmonisation in the Internal Market*, Case T- 133/05, when it stated that:

“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”

18) Mr Webster submitted that all the respective goods are identical with the exception of *beer* present in the applicant's specification. He elaborated by submitting that the respective terms are either self-evidently identical or describe goods that are encompassed by a broader term in the other party's list of goods and, therefore, are caught by the *MERIC* principle. In respect of the applicant's *beer*, Mr Webster referred to a decision of the EUIPO Opposition Division¹ and two tribunal decisions² where beer was found to be similar to non-alcoholic beverages because the latter includes non-alcoholic beers and similar to at least a medium degree to fruit juices respectively.

19) This was accepted by Mr Bilewycz and I will proceed on the basis put forward by Mr Webster, namely:

- The applicant's *beer* in Class 32 is similar to non-alcoholic beverages;
- The remaining Class 32 goods are identical to the opponent's goods.

Comparison of marks

20) It is clear from *Sabel BV v. Puma AG*, Case C-251/95 (particularly paragraph 23), Case C-251/95, that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The CJEU stated at paragraph 34 of its judgment in Case C-591/12P, *Bimbo SA v OHIM*, that:

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

¹ B2920083 *Redacted v Pack & Co*, and B2586876 *Angelus, Société a Responsabilité Limitée v Redacted*

² *BUZZ trade mark*, BL O-391-17 at [26] and *FLORINA trade mark*, BL O-202-19 at [56]

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

22) In light of the proof of use conclusion, the opponent's word mark has survived for goods that are, to the same material extent as its earlier word and device mark, identical or (in the case of the applicant's beer) similar to the applicant's goods. Consequently, the opponent's reliance upon its word and device mark does not place it in any stronger position and, therefore, I will restrict my considerations to the similarity of the applicant's mark to the opponent's word mark.

23) The level of similarity between the respective marks and the effect upon the issue of likelihood of confusion is the principle point in dispute between the parties. The respective marks are:

Opponent's mark	Applicant's series of two marks
NESTEA	ZESTEA Zestea

24) The opponent's position is that both the respective marks are invented single words that have no meaning. The applicant submits that its mark consists of the distinct elements ZEST and TEA coalesced and that the opponent's mark consists of the prefix NES conjoined, or NEST coalesced, with TEA and that NES or NEST is intended to be a reference to the opponent (Nestle). I will discuss the submissions in more detail below, but it is sufficient here that I record that I am with the opponent insofar that both marks will be perceived as single, invented words and, as such, are the dominant and distinctive element of each mark.

25) Visually, the opponent submits that the respective marks differ only by the first letters otherwise they are identical. The applicant submits that the only common element is the word TEA. It is un-escapable that the respective marks differ in only their first letter. The remaining five letters are identical and appear in the same order. This, inevitably, creates a good deal of visual similarity. The difference lies in the first letters “N” and “Z” respectively. Mr Webster submitted that even then, the letter “N” is the same shape as the letter “Z” but merely placed on its side. Again, this is true, but the difference is nonetheless reinforced by the fact that the difference is at the beginning of the mark and because the average consumer is extremely familiar with differentiating letters of the alphabet. Taking all of this together, I conclude that the respective marks share a medium-high level of visual similarity.

26) Aurally, Mr Webster submitted that the first letter will be overlooked and subsumed into the marks. I disagree. The applicant’s mark consists of the syllables ZES-TEE, ZES-TEE-AH or possibly ZEST-E. The opponent’s mark consists of the syllables NES-TEE, NES-TEE-AH or possibly NEST-E. The TEE-AH ending to both marks is more likely in circumstances where they are used in respect of non-tea-based goods. Regardless of which aural character dominates, the only difference is in the first syllable where the applicant’s mark has a “ZEH” sound at the start, compared to the “NEH” sound in the opponent’s mark. I conclude that they share medium-high level of aural similarity.

27) In respect of conceptual similarity, the opponent submits that because both marks are invented, they have no meaning. However, being invented words does not exclude the possibility that they are endowed with an allusive meaning³. The average consumer will invariably break down an invented word into components that suggest a meaning, or resemble words known to him⁴ and, therefore, the word may still be capable of having a conceptual identity.

28) This is the case here, at least in respect of the applicant’s mark. Mr Bilewycz’s submitted that it will be perceived as the two words ZEST and TEA coalesced. I

³ See for example *Usinor v OHIM — Corus UK (GALVALLOY)*, T-189/05, para 65

⁴ *Vitakraft-Werke Wührmann v OHIM – Krafft (VITAKRAFT)*, Case T-356/02, para 51, and *Mundipharma v OHIM – Altana Pharma (RESPICUR)*, Case T-256/04, para 57

agree that this is the natural way the average consumer is likely to break down the mark where it is used in respect of soft drinks/fruit drinks etc. which may have a tea flavour. In that situation, the mark is likely to allude to a flavour of tea and the peel of citrus fruit⁵ or tea flavoured drinks that gives the user “a quality of excitement and piquancy”⁶. Where it is used in respect of goods that are not tea flavoured, the conceptual identity attached to ZEST is still likely to be perceived, but the concept of TEA may not be so obvious. That said, I do not disregard the possibility that even in respect of non-tea flavoured goods, the average consumer may still perceive such a meaning. Consequently, I dismiss Mr Webster’s submission that to see ZEST in the applicant’s mark involves an “improper dissection” of the mark.

29) In respect of the opponent’s mark, Mr Bilewycz submitted that NES or NEST will be seen as a prefix as a reference to its name (Nestle). The problem with this position is that the opponent’s evidence fails to demonstrate this is the case and the applicant has not filed any evidence in support of this position. Consequently, in the absence of evidence that the average consumer has been educated to recognise the prefix NES/NEST as indicating Nestle, I decline to reach such a conclusion.

30) The opponent’s mark is likely to be perceived as being the word TEA conjoined by the invented prefix NES or, alternatively, as the words NEST and TEA coalesced. In either circumstance, the only common concept is that of the word TEA. This concept may be lost in circumstances where the average consumer perceives the opponent’s mark as the invented word pronounced NES-TEE-AH. Where the concept of TEA is retained in both marks there is a low to medium level of conceptual similarity, but there is no such similarity in circumstances where the concept of TEA is not perceived in the marks.

Average consumer and the purchasing act

31) The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood

⁵ The Oxford online dictionary defines “Zest” as “The outer coloured part of the peel of citrus fruit, used as flavouring” (<https://www.lexico.com/definition/zest>)

⁶ Ditto

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*.

32) 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.”

33) All the respective goods are ordinary drink items. The opponent submits that the average consumer is the general public and that the level of care and attention is lower than average and that the purchasing process is visual in nature. I agree that the purchasing process is primarily visual in nature with the products being selected from the shelf in a shop or the online equivalent, however, I do not rule out that aural considerations may play a part in some circumstances, for example, where a drink is ordered at a bar or cafe. In such circumstances, visual considerations remain important because the consumer is still likely to visually select the drink from a display of bottles or cans or, in the case of beer, from a pull-pump before ordering. The goods are every day or regular purchases where the level of care and attention is not particularly high, but I would put it at an average level rather than the lower than average submitted by the opponent.

Distinctive character of the earlier trade marks

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

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

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

35) Mr Bilewycz accepted that the opponent’s mark is “distinctive to a degree”. As I have already discussed, it consists of an invented word, that in some circumstances may be recognised as the ordinary English words NEST and TEA. The second of these words may have a relevant meaning in respect of the goods for which the mark is used. In these circumstances, the mark has a medium level of inherent distinctive character. This is increased to a high level in circumstances where it is perceived as the invented word pronounced NES-TEE-AH. The remaining possible perceptions of the mark will result in a level of inherent distinctive that falls somewhere between these two.

36) Opponent claims that its mark benefits from an enhanced distinctive character based on use of the mark in respect of the sales of iced tea in the UK in 2005 and 2006. Such goods fall in Class 30 and are less similar to the applicant’s goods than the opponent’s Class 32 goods. However, for completeness, I consider the

opponent's claim. The evidence illustrates that over 2.1 million bottles of iced tea were sold in the UK in those two years, amounting to turnover of over €3.5 million⁷. In addition, Mr Gay's witness statement identifies ongoing social media promotion in the EU on Facebook, Twitter, Instagram and YouTube. A number of examples from the opponent's Facebook page are exhibited⁸ all dated between 2014 and 2018. Whilst many of these are in English, it is not possible to ascertain how many UK consumers have been exposed to this promotion and what impact it may have had in light of goods bearing the mark not being sold in the UK since 2006. Similar promotional material from @nesteurope, the opponent's Instagram account, its @NESTEA Twitter account and screenshots from its NESTEA channel on YouTube are all provided⁹.

37) The relevant date in these proceedings is the filing date of the contested mark, namely, 9 January 2019. This is some 13 years after the last sales in the UK. Mr Webster submitted that the substantial sales in the UK in 2005 and 2006 were sufficient for the opponent's mark to retain an enhanced distinctive character in 2019. I do not agree. The number of sales in those two years was several million, but in the context of the, self-evidently, huge scale of the UK beverage industry, this is not of the magnitude that would produce such a long-lasting impact in the mind of the average consumer.

38) In respect of the various social media promotional activities, it is not clear that any of these are targeted at the UK consumer. Further, in light of the absence of NESTEA on the UK market, I draw the inference that they were not. In the absence of evidence to the contrary, I conclude that the social media output was insufficient to impact upon the level of distinctive character of the opponent's mark in the UK.

39) In conclusion, I find that the opponent's mark does not benefit from any enhanced distinctive character in respect to iced tea (or any other goods).

⁷ Exhibit GG8 to Mr Gay's witness statement

⁸ Exhibit GG10

⁹ Exhibits GG11 to GG13

GLOBAL ASSESSMENT – Conclusions on Likelihood of Confusion

40) The following principles are obtained from the decisions of the CJEU 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:

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

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

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

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

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

(f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive

role in a composite mark, without necessarily constituting a dominant element of that mark;

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

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

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

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense;

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

41) The factors assessed so far have a degree of interdependency (*Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc*, paragraph 17), a global assessment of them must be made when determining whether there exists a likelihood of confusion (*Sabel BV v. Puma AG*, paragraph 22). These factors must be assessed from the viewpoint of the average consumer who rarely has the opportunity to compare marks side by side but must rather rely on the imperfect picture that they have kept in their mind. Confusion can be direct (which occurs when the average consumer mistakes 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 and goods down to the responsible undertakings being the same or related).

42) Mr Bilewycz submitted that the IPO's Examination Report issued in respect of the contested application lends support to his submission that there is no likelihood of confusion. The report did not cite the opponent's mark as being a potential basis

of a section 5 claim. Mr Webster submitted that this is not relevant to my considerations. I concur. I am not bound by the content of the Examination Report and I must make my own assessment based on the evidence before me.

43) I have found that:

- The majority of the respective goods are identical;
- The overall impression of both marks rests with the whole marks ZESTEА and NESTEА
- The marks share a medium-high level of visual and aural similarity;
- Where the concept of TEА is retained in both marks there is a low to medium level of conceptual similarity, but there is no such similarity in circumstances where the concept of TEА is not perceived in the marks;
- The respective marks both consist of single invented words that have various degrees of allusiveness depending upon the circumstances in which they are used. In some circumstances, the opponent's mark may be seen as the ordinary words NEST and TEА coalesced. The applicant's mark may be perceived as the ordinary words ZEST and TEА coalesced. At the other end of the scale, both marks will be perceived as invented words pronounced as NES-TEE-AH and ZES-TEE-AH, but even here, the concept of ZEST will remain apparent in the applicant's mark;
- The average consumer is likely to be the general public who will pay an average degree of care and attention during the purchasing process;
- The purchasing act is predominantly visual in nature, but I do not rule out that aural considerations may play a part;
- The opponent's mark has a medium level of inherent distinctive character but does not benefit from any enhancement to this because of the use made of it.

44) A number of these factors point towards a likelihood of confusion. However, as submitted by Mr Bilewycz, despite only visually differing in their first letter, conceptually the applicant's mark contains the clear concept of ZEST that is absent in the opponent's mark. This absence creates a memorable difference between the marks that the average consumer is likely to notice, even where imperfect

recollection is factored in. Mr Bilewycz submitted imperfect recollection does not bite because the opponent's mark is not on the UK market. I dismiss this because the notion of "imperfect recollection" must be applied to the notional circumstances i.e. based upon the marks and goods listed in the respective application/registration and not to the current marketing strategies of the parties.

45) Regardless of which of the various conceptual identities is perceived by the average consumer, they all include the concept of "zest" being present in the applicant's mark. Further, regardless of which of the various conceptual identities attached to the opponent's mark, this difference between the marks is not disturbed. In fact, where the concept of "nest" is perceived in the opponent's mark, it increases the distance between the conceptual identity of the respective marks. Therefore, I disagree with Mr Webster's submission that there is no conceptual difference between the marks. Clearly, in some circumstances some conceptual similarity exists where the word TEA is perceived to be present in both marks, but this is likely to also be perceived as some sort of reference to the nature or characteristic of the respective parties' beverages or preparations for making beverages.

46) The GC noted that the beginnings of word tend to have more visual and aural impact than the ends¹⁰. In the current case, this will result in the conceptual difference between the marks being highlighted by their position at the beginning of the marks. I acknowledge that common elements at the end of marks may also be sufficient to create a likelihood of confusion¹¹ but this is not the case here where it is the word TEA that, if perceived as such, is likely to be taken as a being a reference to the nature or a characteristic of the respective goods.

47) The GC has commented that visual, aural or conceptual aspects of the opposing signs do not always have the same weight¹². Further, conceptual differences may counteract visual and aural similarities. In *The Picasso Estate v OHIM*, Case C-361/04 P, the CJEU found that:

¹⁰ In *El Corte Inglés, SA v OHIM*, Cases T-183/02 and T-184/02 at [81],

¹¹ *Bristol Global Co Ltd v EUIPO*, T-194/14

¹² *New Look Limited v OHIM*, joined cases T-117/03 to T-119/03 and T-171/03 at [49]

“20. By stating in paragraph 56 of the judgment under appeal that, where the meaning of at least one of the two signs at issue is clear and specific so that it can be grasped immediately by the relevant public, the conceptual differences observed between those signs may counteract the visual and phonetic similarities between them, and by subsequently holding that that applies in the present case, the Court of First Instance did not in any way err in law.”

48) Keeping all of the above in mind, despite identical goods being involved, there being a medium-high level of visual and aural similarity between the marks and that the purchasing process requires no more than a normal level of care, I find that the allusion to “zest” created by the applicant’s mark when considered as a whole, is sufficient to create a conceptual difference between the marks that will permit the average consumer to readily distinguish them and overcome the visual and aural similarities. Whilst I have found that visual considerations predominate in the purchasing process, the conceptual impact of the marks will play at least an equally important role that may be magnified where imperfect recollection plays a part.

49) In summary, I find that there is no likelihood of direct confusion.

50) Although the opponent has made no specific claims to the existence of indirect confusion, the above finding requires that I consider this. In *L.A. Sugar Limited v By Back Beat Inc*, Case BL O/375/10, Mr Iain Purvis Q.C., as the Appointed Person, explained that:

“16. Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognised that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but, analysed in formal terms, is something along the following lines: “The later mark is different from the earlier mark, but also has something in common with it. Taking account of

the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark.

51) In *Duebros Limited v Heirler Cenovis GmbH*, BL O/547/17, Mr James Mellor Q.C., as the Appointed Person, stressed that a finding of indirect confusion should not be made merely because the two marks share a common element. In this connection, he pointed out that it is not sufficient that a mark merely calls to mind another mark. This is mere association not indirect confusion.

52) As Mr Purvis identified, indirect confusion occurs when the consumer notes that the later mark is different but assumes it is another brand of the owner of the earlier mark. The difference between the marks is at the beginning and this points the consumer away from perceiving the marks as being related in the way that house marks are normally used. Further, both marks (in some circumstances) convey the same concept of TEA because of the ending of the marks. Therefore, it is likely to be perceived as indicating the nature or characteristic of the goods rather than creating any common link as to origin. Even where the concept of TEA may not be obvious to the consumer, the presence of the ZEST concept in the applicant's mark is likely to be sufficient to dispel any notion that there is a common or linked origin of the respective goods. In summary, I find that there is no likelihood of indirect confusion.

53) For completeness, I add if NES was perceived by the consumer as a reference to Nestle, this would only have served to further distance the respective marks.

54) The ground based upon section 5(2)(b) has failed in its entirety.

Section 5(4)(a)

55) 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.”

56) Ms Fox conceded that this ground does not take the opponent’s case a great deal further. However, it was submitted that the fact that there had been no UK use for over 12 years was not fatal and that the opponent still had a residual goodwill identified by the sign NESTEA. Ms Fox pointed to what she categorised as “big sales” in 2005/6, that there was a significant goodwill at the time and that this was never abandoned (as shown by continuing EU use). For the purposes of this decision, I proceed on the basis that the opponent retains a residual goodwill.

57) The opponent’s case is based upon its claim that the respective mark and signs are very similar and that a likelihood of confusion arises as a result of this. I recognise that the test for misrepresentation is different to that for likelihood of confusion, namely, that misrepresentation requires “a substantial number of members of the public are deceived” rather than whether the “average consumer are confused”. However, as recognised by Lewinson L.J. in *Marks and Spencer PLC v Interflora*, [2012] EWCA (Civ) 1501, it is doubtful whether the difference between the legal tests will produce different outcomes. Certainly, I believe that this is the case here and I find that, because of the differences discussed in respect of the section 5(2)(b) grounds between the opponent’s sign and the applicant’s mark, members of the public are not likely to be misled into purchasing the applicant’s goods in the belief that they are the opponent’s goods.

58) The ground based upon section 5(4)(a) fails in its entirety.

Section 5(3)

59) Section 5(3) of the Act states:

“5. - ...

(3) A trade mark which –

- (a) is identical with or similar to an earlier trade mark,
- (b) (repealed)

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 European Union trade mark or international trade mark (EU) in the European Union) 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.”

60) I keep in mind that:

- a 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*, Case 252/07 [24], and;
- 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 Salomon*, Case C-487/07 [29] and *Intel*, Case C-408/01 [63].

61) Therefore, the mark must have established a reputation by the relevant date and the challenged mark must create a link before detriment or unfair advantage can occur.

62) Mr Bilewycz accepted that the opponent’s mark benefits from a “big reputation” in the EU. Ms Fox pointed out that the CJEU has confirmed that use in one member

state may suffice to demonstrate the reputation of an EUTM and that that reputation need not be in the member state where the proceedings are brought¹³. I accept this and conclude that the opponent's mark benefits from the requisite reputation as a result of its use in the EU (but not the UK).

63) The key issue before me is whether the requisite link is established in the mind of the UK average consumer¹⁴ and I cannot assume that a reputation elsewhere in the EU will have an impact upon the UK average consumer. When I put this to Ms Fox, she submitted that a large numbers of UK consumers holiday in the EU and will, therefore, be aware of the reputation of the opponent's mark. There is no evidence before me to establish if or to what extent UK holidaymakers will be exposed to the opponent's mark. I keep in mind that, by definition, the number of UK consumers visiting the EU will be a subset of the average consumer that is exposed to marks on the UK market. Further, it is reasonable to assume that many of these UK consumers will not be exposed to ordinary grocery products (such as the beverages at issue), whilst visiting the EU, to the same extent as would be the case in the UK because many consumers will be staying in hotels or other accommodation where food and drink is provided. In summary, in the absence of evidence on the point, I am unable to conclude that the UK consumer will make the requisite link based on exposure to the opponent's mark in the EU.

64) In case I am wrong and the UK consumer's exposure to the opponent's mark in the EU is sufficient that the UK consumer will be impacted by its reputation, I also make the following comments:

- In respect of the requisite link, I keep in mind that the level of similarity required for the public to make a link between the marks for the purposes of 5(3) may be less than the level of similarity required to create a likelihood of confusion¹⁵;

¹³ See, for example, *PAGO*, C-301/07 and *Iron & Smith Kft v Unilever NV* [2015] ETMR 45

¹⁴ See the decision of Iain Purvis QC, sitting as the appointed person in *CCB International Trade Mark*, BL O-281-14, [40] and [41]

¹⁵ *Intra-Press SAS v OHIM*, Joined cases C-581/13P & C-582/13P at [72]

- The conceptual distinction that exists between the marks is such that there is no likelihood of confusion;
- Many of the respective goods are identical.

65) Despite a lower level of similarity being sufficient to establish the requisite link than to establish a likelihood of confusion, in the current case the differences that I have identified between the marks are insufficient to establish a link. The conceptual differences discussed earlier are sufficient to offset the obvious similarities and create distance between the marks to the extent that the applicant's mark is not likely to bring the opponent's mark to mind.

66) For all the above reasons, I find that the ground based upon section 5(3) fails in its entirety.

Summary

67) The opposition fails in its entirety

Costs

68) The applicant has been wholly successful and is entitled to an award of costs. Awards of costs are made on a contributory basis as set out in the scale published in Tribunal Practice Notice 2/2016. At the hearing, Ms Fox and Mr Bilewycz both requested on-scale costs. I keep in mind that both sides filed evidence and submissions and that there has been a hearing. I award costs as follows:

Considering statement and preparing counterstatement:	£350
Considering evidence and preparing own evidence:	£850
Preparing and attending hearing:	£650
TOTAL	£1850

69) I, therefore, order Societe des Produits Nestle S.A. to pay Zestfullness Limited the sum of £1850. The above sum should be paid within 2 months of the expiry of the appeal period or within 21 days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 13th day of July 2020

**Mark Bryant
For the Registrar
The Comptroller-General**