

O-272-10

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO 2490556
BY CAPE DIAMOND WINES (PTY) LTD TO REGISTER THE TRADE MARK**

DIAMOND RIVER

IN CLASS 33

**AND IN THE MATTER OF OPPOSITION THERETO UNDER NO 98353
BY ZIMMERMANN-GRAEFF & MÜLLER GMBH & CO**

TRADE MARKS ACT 1994

**IN THE MATTER OF application Nos. 2490556
by Cape Diamond Wines (PTY) Ltd to register the trade mark**

DIAMOND RIVER

in Class 33

and

**IN THE MATTER OF opposition thereto under No. 98353
by Zimmermann-Graeff & Müller GmbH & Co**

BACKGROUND

1) On 19 June 2008, Cape Diamond Wines (PTY) Ltd (“Cape”) of Die Bult, Lutzville, 8165, South Africa applied under the Trade Marks Act 1994 (“the Act”) for registration of the mark DIAMOND RIVER, in respect of *wines, alcoholic beverages* in Class 33.

2) The application was subsequently published in the Trade Marks Journal on 29 August 2008 and on 1 December 2008, Zimmermann-Graeff & Müller GmbH & Co (“Zimmermann”) of Marientaler Au 23, 56856 Zell/Mosel, Germany filed notice of opposition to the application. The grounds of opposition are in summary:

- a) The mark offends under Section 3(3)(a) and Section 3(6) of the Act because DIAMOND RIVER has already been found to be confusingly similar to its earlier Community Trade Mark (CTM) 2731792 in the European Union and particularly for English speaking consumers. This resulted in the refusal of Cape’s CTM application. To make a subsequent application in the UK cannot be regarded as being in accordance with honest practices and to allow Cape to re-open the issue by filing the present application after the matter has already been decided at Community level would be contrary to public policy. Neither did Cape disclose this to the Registry. Taking all of this together, the application was made in bad faith.
- b) The mark offends under Section 5(2)(b) of the Act because it is similar to Zimmermann’s earlier CTM 2731792, the relevant details of which are reproduced below:

Application date and relevant dates	Mark	Goods
CTM 2731792 Filing date: 11 June 2002 Registration Date: 2 December 2003	DIAMOND FALLS	Class 33: Alcoholic beverages (except beers); Wines, sparkling wines.

c) Grounds based upon Section 5(3) and Section 5(4)(a) were also claimed, but these were subsequently dropped.

4) Cape subsequently filed a counterstatement denying the claims made by Zimmermann adding that it was unhappy with the decision of the Office for Harmonization in the Internal Market (OHIM) in the earlier proceedings between the parties. It also states that the respective marks have co-existed in Europe for nearly a decade.

5) Both sides filed evidence in these proceedings and Cape also filed written submissions prior to the hearing being appointed. Both sides ask for an award of costs. The matter came to be heard on 7 July 2010 when Cape was represented by Mr Richard Wylie for Harrison Goddard Foote and Zimmermann represented by Mr Michael Deans for M J P Deans.

Opponent's Evidence

6) This is in the form of a statutory declaration, dated 18 June 2009, by Michael John Percy Deans, registered trade mark attorney and representative for Zimmermann in these proceedings. Mr Deans provides extracts of Cape's website at Exhibit MJPD1. He notes that DIAMOND RIVER is one out of a total of six labels in Cape's product range and that there is no specific information indicating that it is sold in the UK with the information provided being "This brand [...] is now available in [...] and a few European countries".

7) At Exhibit MJPD2, Mr Deans provides copies of Cape's and Zimmermann's submissions filed in respect of the earlier proceedings before the OHIM and states that he sees no new or different circumstances to that of the current proceedings.

8) Mr Deans also makes a number of submissions that I will not detail here but I will refer to them, if necessary, later in my decision.

Applicant's Evidence

9) This takes the form of a witness statement, dated 29 October 2009, by David Potter, registered trade mark attorney and partner of Harrison Goddard Foote,

Cape's representative in these proceedings. This contains a number of submissions that I will not detail here. In addition, Mr Potter provides, at Exhibit 2, undated copies of pages from the websites justminiatures.co.uk, houltonwines.co.uk and wineonline.co.uk all demonstrating that Cape uses DIAMOND RIVER in respect of wines sold in the UK.

10) Mr Potter reiterates that the respective marks have co-existed in Europe for nearly a decade. He also draws attention to the fact that there are both other brands in the market and numerous UK and CTM registrations in Class 33, which feature the same prefix DIAMOND. He identifies nineteen UK or CTM registrations or accepted applications and details of these are provided at exhibit 3. These include UK registrations for DIAMOND CREEK, DIAMOND COAST, DIAMOND BAY as well as another DIAMOND RIVER and another DIAMOND FALLS. Mr Potter points out that these co-exist in the market place without confusion and to support this, at Exhibit 4, he provides copies of Internet extracts showing some of these marks in use.

11) Mr Potter states that Cape have used the mark DIAMOND RIVER in the UK since September 2008 and since then it has sold over 30,000 bottles without a single instance of confusion.

Opponent's Evidence in reply

12) This takes the form of a further statutory declaration, dated 26 February 2010, by Mr Deans. Once again, many of his statements are in the form of submissions that I will refer to, as necessary, later in my decision. He also raised questions over the veracity of Mr Potter's exhibit showing other CTM and UK Class 33 registrations that include the word DIAMOND. In particular, Mr Deans refers to 2171320 DIAMOND RIVER shown in Mr Potter's evidence, obtained from an undisclosed source, as being registered. Mr Deans provides a printout from the IPO's own website at Exhibit 2MJPD1 which shows that the registration has been revoked.

DECISION

Estoppel

13) In his witness statement, Mr Deans argued that the "Applicant appears by this application to be seeking to re-run the same case, already Final and decided against them at Community level, in the very part of the Community, namely the UK, where the adverse finding of likelihood of confusion applies with particular force". He developed this argument further at the hearing by contending that the principles of issue estoppel apply. In support of this he referred to the following comments of Geoffrey Hobbs QC, sitting as the Appointed Person, in *Zurich Private Banking* BL O/201/04:

“Finally, it must be appreciated that all assertions of inconsistency between acceptances and refusals within a national Registry and all assertions of inconsistency between acceptances and refusals in different registries are, by their very nature, question-begging as to the correctness of each of the various acceptances and refusals that are brought into contention.

However, the position as between different national registries and the Community Trade Marks Office is that they are not competent to adjudicate on the correctness of each other's determinations and, as a corollary of that, not required to treat each other's determinations as binding upon them in the independent exercise of their own powers. That is not to say that each of them should or will simply ignore determinations of the others. The general principle is that each of them should give determinations of the others such weight (if any) as they might fairly and properly be said to bear in the decision-taking processes they are required to undertake independently of one another.”

and the comments of Smith J in *William Evans and Susan Mary Evans (a partnership trading together as Firecraft) v Focal Point Fires Plc* [2009] EWHC 2784 (Ch):

“52 The central point for the possibility of an issue estoppel to arise is that the decision of the relevant tribunal must be final. Once the Defendant chose not to appeal, the decision became final. As such in my view (subject to any authorities which I analyse below) the decision ought to be final as regards not merely the matter which it was required to adjudicate on, but every other matter which it was necessary for it to decide in order to make the decision. The most important point on that is the fact that for the Hearing Officer to be satisfied that the trade mark was invalid in this case he had to determine that the Claimants not merely had an argument for passing off but had an actual claim for passing off. I reject the Defendant's submissions that he had no jurisdiction to decide that. In my judgment the position is exactly the opposite. It was essential for him to make that determination in order to determine that the registration was invalid. If the Claimants failed to establish that they had a valid claim for passing off as at the date of registration their application would have been dismissed. What the Defendant is confusing again is the different remedies. Whilst it is true the Hearing Officer had no power to award any relief in respect of the passing off action which he determined was established beyond the indecision as to invalidity he nevertheless had to determine that the cause of action was made out. As I have set out above he did precisely that.”

14) Mr Deans endeavoured to focus my attention on his view that the OHIM decision was final and therefore, applying the above guidance, issue estoppel

should apply here. However, in the *Firecraft* judgment, Smith J distinguishes between oppositions and applications for invalidation and referred to the following comments made by Lloyd LJ in the Court of Appeal judgment in *Special Effects Ltd v L'Oreal SA* [2007] EWCA Civ 1:

“71 It seems to us that the co-existence of the provisions for opposition and for a declaration of invalidity has the result that opposition proceedings are inherently not final. They exist at the first stage of the process, before registration. By itself that would not be conclusive, but it seems to us that the fact that, at least, any unconnected third party could challenge the validity of the registration despite an unsuccessful opposition by another, and that, if that challenge were successful, there would be nothing which would bind the unsuccessful opponent (in contrast with the position of a party which had unsuccessfully applied, at any rate to the court, for a declaration of invalidity), shows that the decision of the Registry on opposition proceedings, or more generally a decision to register despite opposition, is not a final decision so as to be capable of being the basis for an issue estoppel. This is true both as regards the grounds of invalidity and as regards the issue of prior use more generally, as relevant to a passing off claim. The same would be true of cause of action estoppel if, contrary to our view expressed above, there was a cause of action at that stage.”

15) The *Firecraft* judgment related to an application for invalidation and the current proceedings relate to an opposition and it follows that, taking this guidance into account, issue estoppel does not apply here. This point has been communicated by the Registry in its Tribunal Practice Note 6/2009.

Section 5(2)(b)

16) I find it convenient to begin by considering the grounds based upon Section 5(2)(b) of the Act. This reads:

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

(a) ...

(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.”

17) An earlier trade mark is defined in section 6 of the Act, the relevant parts of which state:

“6.-(1) In this Act an “earlier trade mark” means –

(a) a registered trade mark, international trade mark (UK), Community trade mark or international trade mark (EC) which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks.”

18) Of potential relevance to a ground of opposition under Section 5(2) are the provisions that relate to proof of use. Section 6A(1) details the circumstances where these provisions apply:

“6A Raising of relative grounds in opposition proceedings in case of non-use

(1) This section applies where –

(a) an application for registration of a trade mark has been published,

(b) there is an earlier trade mark of a kind falling within section 6(1)(a), (b) or (ba) in relation to which the conditions set out in section 5(1), (2) or (3) obtain, and

(c) the registration procedure for the earlier trade mark was completed before the start of the period of five years ending with the date of publication.”

19) Zimmermann relies upon one earlier registered mark that has a filing date of 11 June 2002 and therefore qualifies as an earlier mark as defined by Section 6 of the Act. It completed its registration procedure on 2 December 2003, which is less than five years before the publication of Cape’s mark on 29 August 2008 (the relevant date) and, as such, is not subject to the proof of use provisions.

20) In my consideration of a likelihood of confusion, I take into account the guidance from the settled case law provided by the European Court of Justice (ECJ) in *Sabel BV v Puma AG* [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* [2000] FSR. 77, *Marca Mode CV v Adidas AG & Adidas Benelux BV* [2000] ETMR 723, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH* C-120/04 and *Shaker di L. Laudato & C. Sas v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* C-334/05 P (LIMONCELLO). It is clear from these cases that:

(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v Puma AG*,

(b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v Puma AG*, 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; *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel B.V.*,

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details; *Sabel BV v Puma AG*,

(d) the visual, aural and conceptual similarities of the marks must therefore be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components; *Sabel BV v Puma AG*,

(e) a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods, and vice versa; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*,

(f) there is a greater likelihood of confusion where the earlier trade mark has a highly distinctive character, either *per se* or because of the use that has been made of it; *Sabel BV v Puma AG*,

(g) in determining whether similarity between the goods or services covered by two trade marks is sufficient to give rise to the likelihood of confusion, the distinctive character and reputation of the earlier mark must be taken into account; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*,

(h) mere association, in the sense that the later mark brings the earlier mark to mind, is not sufficient for the purposes of Section 5(2); *Sabel BV v Puma AG*,

(i) further, 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; *Marca Mode CV v Adidas AG and Adidas Benelux BV*,

(j) but if the association between the marks causes the public to wrongly believe that the respective goods come from the same or economically linked undertakings, there is a likelihood of confusion within the meaning of the section; *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*.

(k) assessment of the similarity between two marks means more than taking just one component of a composite trade mark and comparing it

with another mark; the comparison must be made by examining each of the marks in question as a whole, which does not mean that the overall impression conveyed to the relevant public by a composite trade mark may not, in certain circumstances, be dominated by one or more of its components; *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*

(l) it is only when all other components of a complex mark are negligible that it is permissible to make the comparison on the basis of the dominant element; *Shaker di L. Laudato & C. Sas v OHIM (LIMONCELLO)*

Comparison of goods

21) Cape's application is in respect of *wines, alcoholic beverages* in Class 33. Zimmermann's earlier mark is in respect of *alcoholic beverages (except beers); wines, sparkling wines*. Whilst beers are excepted from Zimmermann's *alcoholic beverages* but not from Cape's identical term, I consider that identical goods are involved. I do not understand the parties to be disputing this.

The average consumer

22) As matters must be judged through the eyes of the average consumer (*Sabel BV v. Puma AG*, paragraph 23) it is important that I assess who the average consumer is for the goods at issue. As the respective goods are identical, it follows that the average consumer will be the same, namely the alcoholic beverage and wine drinking and purchasing members of the general public.

23) The average consumer of alcoholic beverages is reasonably observant, paying a reasonable degree of attention. The goods are generally of a relatively low cost and purchased at a bar or in a pub with choice often being influenced by the general type of drink required and on occasions without specific consideration to trade origin. The purchase will be a combination of visual and aural, with drinks labels and other marks often being visible at the point of purchase.

24) I also note that alcoholic beverages are bought not just from bars and pubs but also retail establishments, whether these are supermarkets or more specialised off-licence premises. Here, the purchasing act is predominantly visual in nature.

Comparison of marks

25) For ease of reference, the respective marks are reproduced below:

Zimmermann's mark	Cape's mark
DIAMOND FALLS	DIAMOND RIVER

26) When assessing the similarity, if any, between the respective marks, I must do so with reference to their visual, aural and conceptual similarities bearing in mind their distinctive and dominant components (*Sabel BV v. Puma AG*, para 23).

27) Beginning with a visual comparison, Zimmermann's mark consists of the two words DIAMOND and FALLS. Cape's mark consists of the the same word DIAMOND and the word RIVER. An obvious element of similarity between these marks is the shared first word DIAMOND. However, the respective second words are different and visually have no similarities. Taking all these factors into account, I find that the respective marks share a moderately high level of visual similarity.

28) From an aural perspective, Zimmermann's mark is pronounced as the four syllables DI-A-MOND-FALLS and Cape's mark is pronounced as the five syllables DI-A-MOND-RIV-ER. They are similar insofar as they share the same first three syllables, but differ in other respects. The second word and final syllable in Zimmermann's mark is dissimilar to Cape's second word and final two syllables. Taking these factors together, I conclude that the respective marks share a moderately high level of aural similarity.

29) Turning to the consideration of conceptual similarity, Zimmermann argues that both the words FALLS and RIVER describe geographical water features and that this, together with the fact that the marks share the same first word DIAMOND, results in the respective marks being conceptually very similar. It is helpful at this stage, to refer to the dictionary definitions of these words:

diamond

→ n.

1. a precious stone consisting of a clear and colourless crystalline form of pure carbon, the hardest naturally occurring substance.

2. a figure with four straight sides of equal length forming two opposite acute angles and two opposite obtuse angles; a rhombus. [...] ¹

¹ "diamond n." The Concise Oxford English Dictionary, Twelfth edition . Ed. Catherine Soanes and Angus Stevenson. Oxford University Press, 2008. Oxford Reference Online. Oxford University Press. Intellectual Property Office. 8 July 2010 <<http://www.oxfordreference.com/views/ENTRY.html?subview=Main&entry=t23.e15290>>

fall

→ noun

1. [...]

2. a thing which falls or has fallen: in October came the first fall of snow | a rock fall.

• [...] • (usu. falls) a waterfall or cascade. [...]²

river

→ noun

a large natural stream of water flowing in a channel to the sea, a lake, or another river [...]³

30) Bearing in mind these definitions, Zimmermann's mark DIAMOND FALLS will be understood, by the consumer, as describing a waterfall named "Diamond". The word "diamond" has no obvious meaning in respect to a waterfall and as such will be perceived as representing the name of the waterfall. Cape's mark DIAMOND RIVER describes a river. Whilst the word "diamond" may be used to describe some quality of the river, for example, a river where diamonds have been found, it is more likely that the word "diamond" will, in the same way as in Zimmermann's mark, be perceived as describing the name of a river. As such, the marks share some conceptual similarity in that they both describe geographical water features named "diamond". However, they are not conceptually identical as they describe different geographical features. Nevertheless, the features are both related to water and, as such, I conclude that, when taking all of the above into account, the respective marks share a reasonably high level of conceptual similarity.

31) I have concluded that the respective marks share a moderately high level of visual and aural similarity and a reasonably high level of conceptual similarity. This all combines to result in the marks sharing a moderately high level of similarity when considering the marks as a whole.

Distinctive character of the earlier trade mark

32) I have to consider whether Zimmermann's marks have a particularly distinctive character either arising from the inherent characteristics of the marks or because of the use made of them. Its mark consists of the words DIAMOND and FALLS. As I identified above, both words have a clear meaning in English,

² "fall verb" The Oxford Dictionary of English (revised edition). Ed. Catherine Soanes and Angus Stevenson. Oxford University Press, 2005. Oxford Reference Online. Oxford University Press. Intellectual Property Office. 8 July 2010 <<http://www.oxfordreference.com/views/ENTRY.html?subview=Main&entry=t140.e26703>>

³ "river noun" The Oxford Dictionary of English (revised edition). Ed. Catherine Soanes and Angus Stevenson. Oxford University Press, 2005. Oxford Reference Online. Oxford University Press. Intellectual Property Office. 8 July 2010 <<http://www.oxfordreference.com/views/ENTRY.html?subview=Main&entry=t140.e66376>>

but in respect of the relevant goods the word as no obvious connection. In his witness statement, Mr Potter contended that the lower the distinctive character of a mark or element of a mark, the less chance there will be of confusion. He builds his argument by submitting that it can be concluded that, because of the existence of a number of other marks covering Class 33 on the register incorporating the word “diamond”, Zimmermann’s mark has a low level of distinctive character and that its scope of protection will be narrow. Whilst there may be some merits to this general premise, I do not believe that the evidence demonstrates that marks incorporating the word “diamond” have a lower level of distinctive character. Mr Potter identifies nine other earlier marks covering Class 33 such as DIAMOND CREEK, DIAMOND COAST and DIAMOND BAY as well as an additional DIAMOND FALLS. An additional DIAMOND RIVER registration is also cited, but as Mr Deans has pointed out, this mark has been revoked. Distinctive character of all these marks resides in the totality and not just in the word “diamond” as, in all cases, the word has equal dominance in the mark with a second element and the conceptual identity resides in the whole mark and not any one element. As such, I conclude that the existence, on the register, of these marks does not reduce the distinctive character of the word “diamond” to any significant extent. Taking account of all of the above, I conclude that the mark enjoys a reasonably high degree of inherent distinctive character, but not the highest level that would be, for example, associated with invented words.

33) Zimmermann has not provided any evidence regarding the scale of use of its mark in the UK and I am therefore, unable to conclude that its distinctive character is further enhanced through the use made of it.

Likelihood of confusion

State of the Register

34) Cape has drawn attention to the fact that the UK register holds numerous registered marks incorporating the word DIAMOND in the name of various third parties and in respect of the same goods as in the current proceedings. Mr Wylie drew my attention to the co-existence of these and that this was permitted by the Registry at a time when relative grounds objections were considered during examination of new applications. He was of the view that, as the circumstances in the current proceedings are the same as with the previous acceptances, I should be consistent with this practice of co-existence. However, state of the register evidence is not persuasive as it does not shed any light on the actual position in the market place. I draw support for my view from the judgment of Jacob J in *British Sugar* [1996] R.P.C. 281 at 305 where he stated:

“Both sides invited me to have regard to the state of the register. Some traders have registered marks consisting of or incorporating the word “Treat”. I do not think this assists the factual enquiry one way or the other, save perhaps to confirm that this is the sort of word in which traders would

like a monopoly. In particular the state of the register does not tell you what is actually happening out in the market and in any event one has no idea what the circumstances were which led the registrar to put the marks concerned on the register. It has long been held under the old Act that comparison with other marks on the register is in principle irrelevant when considering a particular mark tendered for registration, see *e.g. MADAME Trade Mark* and the same must be true under the 1994 Act. I disregard the state of the register evidence.”

35) I therefore dismiss Cape’s argument regarding the state of the register.

Effect of earlier decision of the OHIM

36) In addition to the estoppels point discussed earlier, Mr Deans argued that I must be bound by the findings of the OHIM in deciding the early proceedings between the parties. Mr Wylie referred me to the same comments of Mr Hobbs in *Zurich* as Mr Deans had referred to (and reproduced at paragraph 13 above). He argued that these comments should be interpreted as making it clear that, whilst the Registrar is entitled to take account of OHIM decisions, he is in no way bound by them. Mr Deans argued that as all the circumstances of this case are identical to those in the case before the OHIM, then the guidance in *Zurich* does apply. I concede that unqualified, the comment that “[the Registry is] not competent to adjudicate on the correctness of [the OHIM’s] determinations” could be interpreted as the Registry having to comply with the findings of the OHIM or else be seen to be adjudicating on its findings. However, Mr Hobbs did not stop there. He went on to say that “as a corollary of that, [the Registry and OHIM are] not required to treat each other’s determinations as binding upon them in the independent exercise of their own powers”. This guidance is clear and unambiguous. The Registry is not bound by the finding at the OHIM.

37) Taking the above into account, I will go on to consider the likelihood of confusion taking due notice of the findings of OHIM, but nonetheless conducting my own, independent analysis.

38) I must adopt the global approach advocated by case law and take into account that marks are rarely recalled perfectly with the consumer relying instead on the imperfect picture of them he has in kept in his mind (*Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V* paragraph 27).

39) In respect of the comparison between the respective marks, I concluded that they share a moderately high level of similarity and that both marks are perceived conceptually as describing geographical water features named “diamond”. Giving due notice to the fact that the respective goods are identical and the purchasing act for such goods involves a reasonably well considered approach, I believe this conceptual similarity together with the visual and aural similarities identified are such as to result in a likelihood that the average consumer, particularly when

relying upon imperfect recollection, would believe that the marks are the same. I therefore find that there is a likelihood of direct confusion.

40) In light of these findings, the opposition under Section 5(2)(b) succeeds in its entirety.

Concurrent Use

41) Having found that a likelihood of confusion exists, the only factor that can save the application is the existence and effect of concurrent use. Cape contends that the marks have been used concurrently in the UK without any instances of confusion. In considering this point, I must be satisfied that the parties have traded in circumstances that suggest that consumers have been exposed to both marks and have been able to differentiate between them without confusion as to trade origin (see to that effect the Court of Appeal in *The European Ltd v The Economist Newspaper Ltd* [1998] FSR 283 at page 291, Laddie J in *Compass Publishing BV v Compass Logistics Ltd* [2004] RPC 41 at 809 and the Court of Appeal in *Phones 4U Ltd v Phone 4u. co. uk Internet Ltd* [2007] RPC 5 at paragraphs 42 to 45 and Alan Steinfield QC, sitting as a deputy judge of the High Court, in *Fiorelli Trade Mark* [2007] RPC 18)

42) Therefore, for concurrent use to be of assistance to an applicant I must be satisfied that the effect of concurrent trading has been that the relevant public has shown itself able, in fact, to distinguish between goods bearing the marks in question i.e. without confusing them as to trade origin. That implies that both parties are targeting an approximately similar, or at least overlapping, audience and that the use by the parties in nature, extent and duration of trade has been sufficient to satisfy me that any apparent capacity for confusion has been adequately tested and found not to exist. As Mr Deans pointed out at the hearing, there is no information regarding the extent of use of Zimmermann's mark in the UK. Therefore, I am not satisfied that the parties have traded in circumstances that suggest consumers have been exposed to both marks and have been able to differentiate between them without confusion as to trade origin. My *prima facie* finding regarding likelihood of confusion remains undisturbed and I find there is a likelihood of confusion in respect of all of the services subject to these proceedings and the opposition under Section 5(2)(b) succeeds.

Section 3(3)(a) and Section 3(6)

43) Whilst the proceedings have been determined under the grounds based upon Section 5(2)(b), in light of the seriousness of the claims I will comment briefly upon Zimmermann's grounds based upon Section 3(3)(a) and Section 3(6) of the Act.

44) Section 3(3)(a) reads as follows:

(3) A trade mark shall not be registered if it is-

(a) contrary to public policy or to accepted principles of morality, or

(b) ...

45) At the hearing, Mr Wylie contended that this section of the Act relates to the mark itself and not the actions of the proprietor. He pointed out that the section states that “[a] **trade mark** (my emphasis) shall not be registered if **it** (again, my emphasis) ...” I concur that this wording clearly relates to the mark itself. I am fortified in this view by the guidance of the GC in T-224/01 *Durferrit GmbH v OHIM, Kolene Corp Intervening* [2003] ECR II-1589 and Case T-140/02 *Sportwetten GmbH Gera v OHIM, Intertops Sportwetten GmbH Intervening* [2006] ETMR 15 at [27]-[29]. In the former, the GC held that Article 7(1)(f) (equivalent to Section 3(3)(a) of the UK Act):

“does not cover the situation in the trade mark applicant acts in bad faith” since it refers to “the intrinsic qualities of the mark claimed and not to circumstances relating to the conduct of the person applying for the mark”.

46) As such, I dismiss the grounds based upon Section 3(3)(a) of the Act.

47) In respect to Section 3(6), Zimmermann’s arguments are two fold. Its first argument is that Cape’s application form contained a false declaration in that it had no bona fide intention to trade in goods other than *wines*, despite its specification including the broad term *alcoholic beverages*. In response to this point, Mr Wylie directed me to *Wyeth (formerly American Home Products Corp v Knoll AG* [2003] RPC 10 and submitted that the current case is analogous. In this case, Neuberger J provided the following guidance:

32. ... it appears to me that, when construing s.3(6) of the 1994 Act, it must be recalled that the 1994 Act, as is clear from its long title, was passed to give effect, albeit only partially, to the Council Directive of December 21, 1988, 89/104 (“the Directive”). Indeed, the UK Government was and is, according to EC law, obliged to give effect to the Directive. Section 3(6) of the 1994 Act reflects, in the same essential language, the provisions of Art.3(2)(d) of the Directive, and, to my mind, the concept of “bad faith” in the section should therefore be given the same meaning as it has under the Article. ...

33. ..., there is force in Mr Campbell's submission that one must be a little careful about founding a conclusion of bad faith, for the purposes of s.3(6), on the basis of a statement made as a result of the requirements of s.32(3), of the 1994 Act. As I have mentioned, as a matter of basic EC law, the UK is bound to give effect to the Directive. While, as I have also mentioned, s.3(6) of the 1994 Act derives from, and is consistent with, Art.3(2)(d) of the Directive, there is no equivalent to s.32(3) of the 1994

Act in the Directive, as Jacob J. pointed out in *La Mer Technology Inc. v Laboratories Goemar* [2001] All E.R. 296 at para.19(e). Accordingly, as Jacob J. went on to explain, OHIM “are quite content to permit ... very wide specifications.”

34. It may therefore be that, if a proprietor loses (or is refused) a UK trade mark, or, indeed a UK extension of an international registration, purely because of the width of the specification claimed, pursuant to the requirements of s.32(3) of the 1994 Act, that may be inconsistent with the Directive. ...

35. As Mr Campbell points out, it is not as if the 1994 Act or the Directive contain no provision so far as unduly wide specifications are concerned. Section 46 of the 1994 Act and Article 10 of the Directive provide for revocation of a registration to the extent that there has been a lack of genuine use of the mark for the specified uses for a period of five years. In addition, s.46 of the 1994 Act can be invoked to effect a partial revocation: see *DaimlerChrysler AG v Alavi (t/a Merc)* [2001] R.P.C. 42. Thus, it would seem that, if the mark in issue was used only for obesity products by the defendant for the five years following registration, it could be revoked save in relation to obesity products. There is thus a powerful argument, at any rate on the face of it, for the view that, by merely failing to identify its specification sufficiently precisely, or by framing its specification too widely, an applicant for registration cannot be guilty of bad faith.

36. However, there are, plainly, powerful arguments the other way. Under the previous legislation, the Trade Marks Act 1938, framing a specification too widely could amount to bad faith—see the discussion in *Road Tech* at [1996] F.S.R. 814 to 816. Such a proposition is also supported by the potentially unfair monopolistic consequences of a trade mark registration, the risk and disadvantages of cluttering up the register, and the need to discourage greed or “covetousness” in the field of intellectual property rights. ...

...

38 In a Practice Amendment Circular, PAC 10/00, The Patent Office discussed the practice of challenging wide specifications as falling foul of s.3(6) of the 1994 Act. After accepting that, with one exception, OHIM and WIPO do not “challenge overly broad specifications”, the Patent Office stated that it would continue to check only three Classes. They were Classes 7, 9, and 42, “machines”, electric etc devices etc, and the sweep-up class (the last class being effectively the same as that still challenged by OHIM and WIPO). Although referred to in the Circular, Class 5 was not included. However, the Patent Office also stated that “in all classes” objection would still be raised to a claim to “all goods” or “all services”. In

my judgment, ignoring the fact that this Circular was not published until June 2000, it is, if anything, of assistance to the defendant. Class 5 is not expressly included in the Circular. The defendant's application did not specify "all goods", or any similar expression, whether in Class 5 or at all. Indeed, the application did not even extend by any means to every category of goods in the Class.

...

40 ... In *Road Tech* at [1996] F.S.R. 805 at 816 to 818, Robert Walker J. discussed s.3(6) of the 1994 Act, and [...] he concluded that, under the 1938 Act, "an intention to make genuine use of a mark in relation to even a limited part of the range of the goods covered by a proposed registration excludes an attack on initial validity". Given that the 1994 Act was intended (albeit partially) to implement the Directive, which has no equivalent to s.32(3) of the 1994 Act, it would be perhaps surprising if the current law was more, rather than less, strict on this topic so far as applicants for registration are concerned.

48) Taking these comments into account, together with the fact that *wines* are covered by the wider, disputed term *alcoholic beverages* it would appear that as Cape has an intention to make genuine use (and this is not contested by Zimmermann) of its mark in respect of *wines* and because such goods form a limited part of the range of *alcoholic beverages*, this excludes an attack on initial validity based upon Section 3(6) of the Act. As such, I reject Zimmermann's argument.

49) Secondly, Zimmermann claims that following the outcome of the earlier OHIM proceedings, the application was not filed in accordance with the acceptable commercial behaviour. I do not accept this argument. As I have already noted, the decision of the OHIM is not binding upon the Registry and I am required to undertake my own independent analysis. The issues involved are not clear cut and involve an analysis of all the relevant factors and in light of the conclusions reached by the OHIM, it is wholly understandable that Cape may wish to apply for a UK mark. Whilst the trade mark laws across the European Union are harmonised, it is not beyond the realms of possibility that different offices may interpret these laws in a slightly different way and, especially in borderline cases, reach opposing views. With such a background, Cape are doing no more than exhausting the legitimate avenues open to it. As such, I conclude that its actions do not amount to an act of bad faith. The grounds based upon Section 3(6) are therefore dismissed.

COSTS

50) The opposition having been successful, Zimmermann is entitled to a contribution towards its costs. It has asked for an award at a higher level than the

usual scale given, for what it described as, “the wilfulness shown by Applicant in filling this Application despite the matter having already effectively been decided at Community level”. In light of my finding in respect of the grounds of opposition based upon Sections 3(3)(a) and 3(6) of the Act, I decline to do so.

51) I award costs on the following basis:

Notice of Opposition and statement	£300
Preparing and filing evidence	£600
Considering evidence	£300
Preparing and attending hearing	£500
TOTAL	£1700

52) I order Cape Diamond Wines (PTY) Ltd to pay Zimmermann-Graeff & Müller GmbH & Co the sum of £1700. This sum is to be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 29 day of July 2010

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