

O-179-05

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION No. 2326294  
BY SOCIEDADE DOS VINHOS BORGES S.A.  
TO REGISTER A TRADE MARK IN CLASS 33**

**AND**

**IN THE MATTER OF OPPOSITION No. 92017  
BY VINA SAN PEDRO S.A.**

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## BACKGROUND

1. On 12 March 2003 Sociedade dos Vinhos Borges S.A. applied to register the following mark for “wines” in Class 33:



The application is numbered 2326294.

2. On 26 September 2003 Vina San Pedro S.A. filed notice of opposition to this application. It is the proprietor of trade mark registrations Nos. 2134092, 2287267 and 2287268, for the marks GATO, GATO BLANCO and GATO NEGRO respectively. Each of these registrations is in respect of wines. The opponent says that:

“The main elements in the Application are the word GATÃO and the device of a cat. The Opponent’s Trade Marks consist of the words GATO, GATO BLANCO and GATO NEGRO meaning “cat”, “white cat” and “black cat” respectively. Spanish is a well-known language in the UK and so consumers would understand what these marks mean in English. The Application is visually and phonetically similar to the Opponent’s Trade Marks as GATO and GATÃO have only one letter difference. The

Application is conceptually identical to the Opponent's Trade Marks as they all refer to cats. The names of domestic pets are not usually used in relation to wines. The use of the Opponent's Trade Marks as such in relation to wines is therefore unusual and quirky, such that consumers would be more likely to remember them."

On this basis it is argued that there is a likelihood of confusion between the respective marks given that identical goods are involved. Objection is, therefore, taken under Section 5(2)(b).

3. The opponent also says that it has been using the marks GATO BLANCO and GATO NEGRO continuously throughout the UK in relation to wines since at least as early as 1993 and has a substantial reputation as a result. Use of the applied for mark would, therefore, be liable to be prevented by the law of passing off and be contrary to Section 5(4)(a) of the Act.

4. The applicant filed a counterstatement pointing out that it is already the proprietor of UK registrations Nos. 926744 and 928968 for what it describes as GATÃO and cat label marks. Gatão is said to be the name of a location in Portugal within the area of the Vinho Verde appellation of origin.

5. The ground under Section 5(2)(b) is denied.

6. The applicant also says that it has been using the GATÃO and cat device trade marks on wines in the UK since 1968, that is to say well before the opponent's use commenced. The Section 5(4)(a) ground is also denied.

7. Both sides ask for an award of costs in their favour.

8. Both sides filed evidence. Neither side has asked to be heard. Written submissions have been received from Stevens Hewlett & Perkins on behalf of the applicant by letter dated 14 June 2005.

9. Acting on behalf of the Registrar and with the above-mentioned material in mind I give this decision.

## **EVIDENCE**

### **Opponent's evidence**

10. The opponent filed a statutory declaration by Marcela Achurra Gonzalez and Karl Huber Camalez, who are respectively Legal Affairs Manager and Chief Financial Officer of Vina San Pedro S.A.

11. They say that Vina San Pedro was founded in 1943 and is now the third largest wine producer in Chile. The marks GATO, GATO NEGRO and GATO BLANCO have been used continuously in the UK since 1993 in relation to wines. Sample labels are shown at Exhibit No. 1.

12. Exhibit No. 2 is a report from an independent source confirming Vina San Pedro's status as a leading Chilean wine producer and claiming that it exported \$14 million to England during 2001 (this must have included sales of wine under other marks as well as GATO in

view of the sales figures for GATO which are set out below). Sample invoices are shown at Exhibit No. 3 and are said to be typical of those distributed since 1993.

13. Turnover for the GATO brands in the UK is given as follows:

<b>Year</b>	<b>Turnover (US\$)</b>
2003	132.633,70
2002	730.212,30
2001	527.958,00
2000	242.501,79
1999	312.927,50

14. Copies of pages from magazines promoting the GATO brands in the UK are shown at Exhibit No. 4.

### **Applicant's evidence**

15. Jose Maria Vieira and Maria Fernanda de Vasconcelos Vieira, the Board President and Managing Director respectively, of Sociedade dos Vinhos Borges S.A. filed a declaration in support of the application.

16. They refer to the company's existing registrations and say that their company has been selling wines from the Vinho Verde Appellation of Origin of Portugal under the GATÃO and cat device mark in the UK since 1968. The mark applied for is said to be an updated version of the cat device mark and was first used on wine labels in the UK in September 1997 and has been used continuously since that date. GATÃO is the name of a geographical location within the Vinho Verde. In support of these claims they exhibit a sample label (MSP1) and sample invoices (MSP2).

17. The above information has also been supplemented by turnover figures supplied under cover of a witness statement from David Ronald Berry, the applicant's professional representative. The figures are as follows:

<b>Year</b>	<b>Turnover (€or £ sterling)</b>
2003	€2.607,50
2002	€18.252,50
2001	€165.861,11
2000	€25.356,04
1999	€2.432,96

(Note – despite the heading I take it from what follows that the information has been given in euros. The figures can in any case be confirmed by reference to the final five pages of Exhibit MSP2 which are definitely euro denominated accounting sheets.)

## **Opponent's evidence in reply**

18. The opponent's professional representative has provided a short witness statement but it consists in essence of submissions. I bear the comments in mind but do not propose to summarise them at this point.

19. That completes my review of the evidence.

## **DECISION**

### **Section 5(2)(b)**

20. The relevant part of the statute reads:

“5-(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) 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.”

21. I take into account the well established guidance provided by the European Court of Justice (ECJ) in *Sabel BV v. Puma AG* [1998] E.T.M.R. 1, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc* [1999] E.T.M.R. 1, and *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V.* [2000] F.S.R. 77 and *Marca Mode CV v Adidas AG* [2000] E.T.M.R. 723.

22. In essence, the test under Section 5(2) is whether there are similarities in marks and goods which would combine to create a likelihood of confusion. The likelihood of confusion must be appreciated globally and I need to address the degree of visual, aural and conceptual similarity between the marks, evaluating the importance to be attached to those differing elements, taking into account the degree of identity/similarity in the goods and how they are marketed. I must compare the marks in issue having regard to the distinctive character of each and assuming normal and fair use of the marks across the full range of the goods within their respective specifications.

23. No issue arises in this case in relation to the goods themselves. Both parties are wine producers and the specifications reflect this. The goods are identical.

24. Although the opponent is entitled to have its position tested on the basis of each of the three earlier trade marks relied on it will be convenient to base my comparison of the marks on the mark GATO solus as this is the word on which the opponent bases its case.

25. The opponent says that GATO is a Spanish word meaning cat and that Spanish is a well known language in the UK. On that basis it is said that consumers in this country (who I take to be the adult public at large) would understand the meaning of the word. It is true that the word has some visual and phonetic similarity to the word 'cat' but the resemblance is not that strong. I doubt that the word would readily yield the meaning 'cat' to a non-Spanish speaker. Accordingly, GATO may either be taken as an invented word for the majority who do not speak Spanish or the word for 'cat' for those who do. Either way the word appears to have no descriptive significance in relation to wines and must be accorded a high degree of distinctive character. Factual distinctiveness may also be a consideration in addition to a mark's inherent qualities. But, I am not persuaded that the opponent's use has been on a sufficient scale to further elevate the overall distinctive character of the mark in issue here.

26. The applied for mark consists of a device of a cat, the word GATAO and, in smaller print, VINHO VERDE DENOMINACAO DE ORIGEM CONTROLADA. The applicant accepts that the latter words are purely descriptive of a type of wine. There is other 'small print' of the kind commonly found on wine labels and which would not be taken as contributing in any way to the distinctive character of the mark. An issue arises as to how consumers would react to the element GATÃO. The applicant says it is a geographical location within the Vinho Verde. It is not suggested that it is a protected designation in its own right. Highly knowledgeable consumers may be aware of the fact that it is a location but I anticipate that, for the vast majority, it will simply be seen as an invented word which is presented as, and serves as, an indication of trade origin.

27. In terms of the overall character of the mark the cat device and word GATÃO appear to contribute in approximately equal measure. The combination makes for a highly distinctive mark.

28. Turning to the necessary visual, aural and conceptual comparison, the opponent makes particular play of the fact that the applied for mark contains the word GATÃO and the device of a cat and its own mark, GATO, means 'cat'.

29. Reliance is thus being placed on conceptual similarity existing between the marks. Such conceptual similarity, if established, can lead to a finding of a likelihood of confusion as the following passage from *Sabel v Puma* indicates:

"It is therefore not impossible that the conceptual similarity resulting from the fact that two marks use images with analogous semantic content may give rise to a likelihood of confusion where the earlier mark has a particularly distinctive character, either *per se* or because of the reputation it enjoys with the public."

30. As I have already indicated I do not accept that a sufficiently significant number of people will understand GATO on its own to be the Spanish word for 'cat'. Nor is the word so obviously close in appearance to the English word that it would be taken as a foreign language version of the word 'cat' without some other visual or verbal prompt. In the absence of such a connection I find that the opponent's position on conceptual similarity is weak save in relation to those with a working knowledge of Spanish.

31. Visually, the cat device makes a striking contribution to the applied for mark and is not matched by any feature of the opponent's earlier trade mark. GATÃO is, nevertheless prominent. It shares four letters in the same order as GATO. It is sometimes said that a

single letter difference in relatively short words can make a significant difference. That is less likely to be the case where invented words are concerned. Making due allowance for imperfect recollection (which I consider to be important here) I find that there is a significant degree of visual similarity between GATÃO and GATO but that the effect of this similarity is significantly diluted when the whole of the applicant's mark is compared to the opponent's mark.

32. Turning to phonetic considerations, the first matter to address is how the applied for mark would be referred to in oral ordering or recommendations. A number of possibilities present themselves ie. either by reference to the cat, the word GATÃO or a combination of the two (less likely). Generally speaking consumers can be expected to focus on word elements but where the word is an invented one and the device one that lends itself to an easy description it is much less easy to say how the average consumer will react. I consider that I must allow for the fact that the mark may either be referred to by reference to the cat device or the word GATÃO.

33. A further consideration is how the word GATÃO would be pronounced if that was the element chosen as an oral reference point. At one end of the spectrum of possibilities it might be pronounced in a manner closely similar to GATO. Alternatively, it might be made into a three syllable word with the ã and O independently articulated. More likely, in my view, is a third possibility that the ãO sound would be voiced as in the word 'Maori'.

34. I conclude that there is some aural similarity if or to the extent that consumers choose to refer to the mark by reference to the word GATÃO. However, an overriding consideration is that purchases of wine are most likely to be made with some care and on the basis of a visual appraisal of the product not least because in a retail environment many choices have to be made in terms of country of origin, colour, grape variety, price etc. Oral ordering or recommendation cannot be ruled out. It will occur, for instance, in restaurants though even there the oral order is likely to be made after the customer has seen a wine list. On the whole I consider oral recommendation/ordering to be of somewhat less importance than visual considerations.

35. Assessing the likelihood of confusion requires me to make a global appreciation that takes into account the similarities and differences between the marks and the identity of the goods in determining the effect on the average consumer. All relevant factors must be taken into account. The guidance from *Canon v MGM* is that a lesser degree of similarity between the marks may be offset by a greater degree of similarity between the goods. The goods here are identical. There is a low degree of similarity between the respective marks but, as the word and element in the marks that give rise to the opponent's concern are likely to be treated as if they are invented words by the majority of consumers, the risks of imperfect recollection must be allowed for. Making the best I can of it I find that there is no likelihood of confusion. I am influenced in that view by the importance of visual considerations in the purchase of wines and the strongly visual character of the applied for mark. The opposition fails under Section 5(2)(b). I have no need, therefore, for current purposes to consider the applicant's submissions in relation to the relevance of two existing registrations standing in its name, both of which contain cat devices and the word GATÃO and which pre-date the opponent's own registrations.

## Section 5(4)(a)

36. The relevant part of the statute reads as follows:

“5.(4) 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.”

37. The requirements for this ground of opposition have been restated many times and can be found in the decision of Mr Geoffrey Hobbs QC, sitting as the Appointed Person, in *WILD CHILD Trade Mark* [1998] RPC 455. Adapted to opposition proceedings, the three elements that must be present can be summarised as follows:

- (1) that the opponent’s goods have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- (2) that there is a misrepresentation by the applicant (whether or not intentional) leading or likely to lead the public to believe that goods offered by the applicant are goods of the opponent; and
- (3) that the opponent has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the applicant’s misrepresentation.

38. The first matter I need to consider is the relevant date at which to assess the opponent’s claim. Section 5(4)(a) is silent on the question of dates. However, the provision in the UK law implements Article 4.4(b) of First Council Directive 89/104 which provides that:

“(b) rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent trade mark;” (my emphasis).

39. It follows from this that the material date cannot be after the date of the application. It is also well established that the material date for a passing off action is the date of the act first complained of (*Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] RPC 429 and *Inter Lotto (UK) Ltd v Camelot Group PLC* [2004] RPC 8 and 9). If an opponent was in a position to succeed at the date of the act first complained of he must nevertheless show that he can still succeed at the application date. The position where rival claims exist was considered in *Croom’s Trade Mark Application*, [2005] RPC 2. Mr Hobbs QC, sitting as the Appointed Person, indicated that:



“When rival claims are raised with regard to the right to use a trade mark, the rights of the rival claimants fall to be resolved on the basis that within the area of conflict:

- (a) the senior user prevails over the junior user;
- (b) the junior user cannot deny the senior user’s rights;
- (c) the senior user can challenge the junior user unless and until it is inequitable for him to do so.”

Paragraph 46 of the *Croom* decision sets out the authorities from which the above guiding principles were drawn.

40. On the basis of the bare claims made by the parties, the position in these proceedings is that the opponent claims use of its GATO BLANCO and GATO NEGRO marks in relation to wines since “at least as early as 1993”. In practice no earlier date has subsequently been claimed. Exhibit No1 shows that these words are used on labels in conjunction with devices of a white and black cat respectively.

41. The applicant claims to have been using a GATÃO and cat device trade mark since 1968. That must, I think, be a reference to one or both of the marks which, in addition to this claimed use, are also the subject of trade mark registrations dating from June and August of 1968. The marks in question feature cats in an upright walking pose with a walking stick in one hand, a bottle in the other and wearing boots. The word GATÃO features prominently along with other less prominent but distinctive matter (the words PUSS IN BOOTS) and descriptive matter. The mark now applied for is an updated version of the earlier GATÃO and cat device mark and is said to have been used since September 1997.

42. On the basis of the bare claims the applicant would thus appear to be the senior user at least in so far as its original GATÃO and cat device mark(s) is concerned and would prevail against the opponent (as junior user). That at least would be the position if the applicant’s use from 1968 had been substantiated and the application for trade mark registration reflected the mark used and the goods in respect of which it had been used.

43. However, on the basis of the applicant’s evidence the mark applied for is not the one in relation to which goodwill may have subsisted up to September 1997, the date of adoption of the new version of the mark. By the time of that adoption the opponent had, on the basis of its own claim, been using its GATO NEGRO and GATO BLANCO marks since 1993.

44. In terms of substantiating these underlying claims, the evidence is weak, bearing in mind the observations of Pumfrey J. in *Reef Trade Mark* [2002] RPC 19 on the standards to be applied (paragraphs 27 and 28 of the judgment). The sales figures, invoices etc start in 1999 in each case. There is one invoice in the applicant’s evidence (Exhibit MSP2) dating from 1995 which must mean that it related to goods sold under one of the previous versions of the mark. The 1999 and after evidence shows that both sides have enjoyed a continuing but modest trade with the opponents’ business being on a somewhat larger scale. It is necessary at this point to say a little more about this evidence.

45. The applicant has provided accounting summaries detailing sales to clients during the period 1999 to 2003. The papers are in what I take to be Portuguese but sufficient can be gleaned to establish that they relate to sales of GATÃO wine to UK customers, these being Eurofoods & Wines Ltd, Safeway Stores PLC and D & D Wines International Limited.

Whether those customers were purchasing for their own account or merely as importers/distributors is not clear. Only a single Safeway store is referred to in the accompanying invoices. Whether that is a central buying point or a single store purchasing on its own account is again not clear. The opponent has also commented that the invoice evidence does not show use of the composite mark (the invoices simply refer to GATAO). That is so but, as the applicant's written submissions indicate, labels usually refer to products by name rather than the full label including any figurative element. In any case, if this is a good point, it must also impact on the opponent's own invoice evidence which, similarly, refers to the name GATO but not the cat devices. One final point on the applicant's evidence is that one of the purchasers, Eurofoods & Wines Ltd is shown on the invoices as having an address in Jersey and not the UK. It is not stated whether these were purchases for onward sale to the UK (there is an unexplained mention of 'England' beneath the customer details on one invoice). However, the sales to Eurofoods are small in comparison to the other customers.

46. The opponent's evidence substantiates use from 1999 with the earliest invoice dated 9 June of that year. All UK sales invoices are addressed to Buckingham Vintners International Ltd. As with the applicant's evidence there is no explanation as to whether this company is purchasing on its own account or is merely an intermediary (importer or distributor) in the marketing chain. Nor is there any information on the ultimate sales outlets or the geographical spread of sales. There is also a larger body of invoices relating to sales to customers in other countries (the USA, Colombia, Venezuela, etc). The relevance of this material is not explained. The exhibited samples of labels (Exhibit No. 1) give a 2003 date which may mean that they technically relate to wine bottled some time after the relevant date in these proceedings. As noted above the labels show the words GATO BLANCO and GATO NEGRO with devices of cats. Furthermore, the 'Cat Out of the Bag' advertisement in Exhibit No. 4 emphasises the 'cat' theme. The remaining exhibits do little to advance the opponent's case.

47. I conclude from this material that both sides had been trading in a small way for a number of years by the material date of 12 March 2003. The opponent's use employs cat devices and emphasises the cat theme in a way which their trade mark registrations do not. Hence, the opponent is potentially in a somewhat stronger position under Section 5(4)(a) than under Section 5(2)(b).

48. Against that, the applicant has consistently used its GATÃO and cat device marks. The updated version introduced in 1997 is different in presentation from the previous versions but is based on, and contains, the same underlying elements. The introduction of the updated label does not seem to me to have materially affected the equilibrium that existed between the parties based on their claimed trading patterns up to that point. Furthermore, if the applicant's use was not open to objection at the time it commenced then I can see nothing in the documented trading activity that existed between 1997 and 2003 which would lead me to think that the opponent should have a cause of action at the later date notwithstanding its failure at the earlier date.

49. There is one necessary proviso to the above finding. The applicant has indicated in its evidence that it is selling wines from the Vinho Verde Appellation of Origin. The applied for mark carries an indication to this effect and the applicant's earlier registrations had conditions to this effect. My above findings in relation to the opponent's case under Section 5(4)(a) have had regard to the nature of the parties' trading activity hitherto. In the applicant's case

that trade has been in relation to Vinho Verde wines. The specification applied for does not accurately reflect that state of affairs as matters currently stand. I take the view that the specification should be limited to 'Vinho Verde wines'. In all probability that is in any case a requirement to ensure compliance with Article 23 of the TRIPS Agreement.

50. On this basis the application will be allowed to proceed if, within 28 days of the expiry of the appeal period, the applicant files a Form TM21 restricting its specification to 'Vinho Verde wines'. If no Form TM21 is filed within this period the application will be refused in its entirety.

## **COSTS**

51. If the above amendment is accepted the applicant will have largely succeeded in these proceedings and is entitled to an award of costs. The applicant has made a claim in its written submissions for compensatory costs but has not indicated the sum thus claimed. The claim is based on the fact that the opponent should have been aware of the applicant's earlier trade mark registrations before the opposition was filed. I do not consider that the mere existence of these registrations should in itself have made the applicant proof against attack in relation to the mark applied for. Accordingly, I can see no basis for an award other than one based on the published scale of costs. In these circumstances I will order the opponent to pay the applicant the sum of £1300. The 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 24th day of June 2005**

**M REYNOLDS**  
**For the Registrar**  
**the Comptroller-General**