

O-510-13

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION 2599533
BY ANDREW MARK WILLIAM HUGHES
TO REGISTER THE FOLLOWING TRADE MARK IN CLASS 33:**

The logo consists of the word "smodka" in a bold, stylized, outlined font. The letters are thick and have a hollow interior. The 's' and 'm' are lowercase, while 'o', 'd', 'k', and 'a' are lowercase. The 'k' is particularly stylized with a sharp, angular shape. The 'a' is also lowercase and has a small horizontal bar at the bottom.

AND

OPPOSITION THERETO (103146) BY CONSTELLATION BRANDS SMO, LLC

The background and the pleadings

1) Mr Andrew Mark William Hughes applied for the above trade mark on 30 October 2011. It was published in the Trade Marks Journal on 23 December 2011. Registration is sought for the following goods in class 33:

Alcoholic wines; spirits and liqueurs; alcopops; alcoholic cocktails.

2) Constellation Brands SMO, LLC¹ (“Constellation”) opposes the registration of the above mark. It relies on a number of earlier marks as follows:

- i) Community trade mark (“CTM”) registration 000277210 for the mark **SVEDKA** which was filed on 27 June 1996 and which completed its registration process on 16 June 1998. It relies upon all of the goods for which it is registered, namely:

Class 32: Beers; mineral and aerated waters and non-alcoholic drinks; fruit drinks and fruit juices; syrups.

Class 33: Alcoholic beverages (except beers), among other, wine, champagne and vodka.

Given the date on which the mark completed its registration process, it is subject to the proof of use provisions set out in section 6A² of the Act; Constellation made a statement of use reading:

“Alcoholic beverages including vodka, flavoured vodka and vodka based beverages and cocktails.”

- ii) International registration (“IR”) 1037905 for the mark **SVEDKA FEMBOT** which designated the EU for protection on 26 April 2010 (with a priority date of 27 October 2009) with protection being conferred on 4 April 2011. It is protected for the following goods:

Class 33: Distilled spirits

The proof of use provisions are not applicable to this mark.

- iii) IR 1037906 for the mark **MYSTER SVEDKA** which designated the EU for protection on 26 April 2010 (with a priority date of 27 October 2009)

¹ The opposition was originally filed in the name of Spirits Marque One LLC but it subsequently changed its name to Constellation Brands SMO, LLC.

² The provisions provide, in summary, that an earlier mark which has been registered for five years or more (measured at the date on which the new trade mark was published in the Trade Marks Journal) may only be relied upon to the extent to which it has been genuinely used.

with protection being conferred on 4 April 2011. It is protected for the following goods:

Class 33: Distilled spirits

The proof of use provisions are not applicable to this mark.

- iv) IR 1070950 for the mark **MISTER SVEDKA** which designated the EU for protection on 8 March 2011 with protection being conferred on 16 February 2012. It is protected for the following goods:

Class 33: Distilled spirits

The proof of use provisions are not applicable to this mark.

- v) IR 1098644 for the mark **SVEDKALICOUS** which designated the EU for protection on 17 October 2011 with protection being conferred on 17 October 2012. It is protected for the following goods:

Class 30: Flavorings for beverages; spray flavorings for beverages.

Class 33: Alcoholic beverages, namely, distilled spirits.

The proof of use provisions are not applicable to this mark.

With the exception of **SVEDKALICOUS**, all of the earlier marks are relied upon under both sections 5(2)(b) and 5(3) of the Trade Marks Act 1994 (“the Act”); **SVEDKALICOUS** is relied upon under section 5(2)(b) only.

3) Mr Hughes filed a counterstatement denying the claims. He put Constellation to proof of use (in relation to the earlier **SVEDKA** mark), albeit only to a limited extent as I shall set out later. Both sides filed evidence. Neither side requested a hearing. Constellation filed written submissions in lieu of a hearing, Mr Hughes did not. I will, though, bear in mind all of the arguments that have been made in the papers before me.

The evidence

Constellation’s evidence

Affidavit of Ronald C. Fondiller

4) Mr Fondiller is Constellation’s senior vice president. Constellation is a subsidiary of Constellation Brands Inc, a company which acquired (for over £250 million) Spirits Marque One LLC (the owner of the SVEDKA vodka brand) in March 2007, with the latter then changing its name to Constellation in June 2012.

Information about the parent company is provided in Exhibit 1 in the form of a 2012 annual report; SVEDKA vodka is mentioned in this. The witness then gives specific information about the SVEDKA brand from which I have gleaned the following facts:

- SVEDKA is a vodka manufactured in Sweden which is available in a number of flavours.
- SVEDKA was the fastest growing major premium spirits brand in the world in the five year period ending in 2007.
- SVEDKA is the 8th largest spirit brand in the US.
- There are numerous trade mark registrations around the world for SVEDKA.
- Use in the EU (specifically in Italy, Germany and Switzerland) began in 2002. The use is said to be in relation to “alcoholic beverages (except beers), vodka and flavoured vodka”. There is, though, no use of SVEDKA in relation to anything other than vodka (save for the point I will come on to make about cocktails).
- Prints from svedka.com are provided showing the product; an unflavoured vodka together with a range of 8 flavoured versions. SVEDKA appears on the website in plain text and also in the following format (a format which follows through consistently to all of the material filed by Constellation):



- The website prints also include numerous recipes that use Svedka vodka as a base for a cocktail. There is nothing to suggest that ready-made cocktails are sold by Constellation. None of these prints emanate from before the relevant date or within the relevant period.
- Sales of SVEDKA vodka have been made in Austria, Belgium, Germany, and Portugal (between 2008 and 2012), in Lithuania (2009-2012), Netherlands (2012 only), and Spain (2009, 2011 & 2012); the sales figures are in Euros and vary country by country, year to year; none strike me as being insignificant.

- Promotion of the product has taken place, but the examples provided are from after the relevant date/period so I need not detail them here.
- SVEDKA vodka has won a number of awards; five are detailed in Exhibit 5, all of which were awarded before the relevant date.

5) In relation to the conflict with the SMODKA trade mark, Mr Fondiller considers the marks to be “confusingly similar” and that confusion is highly probable especially in relation to vodka and vodka based beverages including vodka alcopops. He notes a point made by Mr Hughes in his counterstatement that he is to sell SMODKA as an alcopop or a ready to drink (“RTD”) product such as WKD, VK, SMIRNOFF ICE etc, but that Mr Hughes specification is wider than this. Mr Fondiller also notes from the counterstatement that SMODKA may be sold through licensed premises; it is stated that the phonetic similarity is therefore important and that the lighting and noise levels of such locations must be borne in mind. Also highlighted is that the respective trade marks may be wrapped around a can or bottle or arranged on a shelf in a particular way, which may increase confusion.

6) Mr Fondiller states that producers of spirits now promote, sell or licence cocktails and beverages containing their branded spirit. Examples of well known ready to drink products in the UK are given as: Smirnoff Ice, Bacardi Breezer, WKD, Original Vodka Iron Brew and Vodka Hooch. He highlights that SMIRNOFF is a vodka brand (evidence in Exhibit 6 supports this). His concern is that a SMODKA RTD product would be confused with SVEDKA vodka on account of this cross-over in trade.

Witness statement of Sarah Jane Lait

7) Ms Lait is a trade mark attorney and partner in the firm Barker Brettell LLP, Constellation’s trade mark attorneys in this matter. Her evidence is directed, primarily, at showing the link between spirits on the one hand and alcopops/RTD beverages on the other. Her evidence comes from the websites of Sainsbury’s, Asda, Tesco, Makro and Bargain Booze. It demonstrates that it is not uncommon for producers of spirit brands (e.g. Barcadi, Smirnoff, Gordon’s, Jack Daniels) to also produce alcopops/RTD beverages which contain that spirit and which are marketed under either the same name as the spirit or a variation of that name. Of course, there will be other products in the alcopops/RTD beverage field that are not based on an existing spirit brand. Ms Lait also provides specific evidence from the website of Smirnoff which shows the range of products it sells including RTD beverages based on its vodka; there is also a list of cocktails, although, it is not clear if these are sold or marketed under the Smirnoff name. Finally, she provides numerous prints of other brands in the vodka, alcopop, RTD etc. field and she notes that none begin with the letter S and end in the letters DKA.

Mr Hughes' evidence

Witness statement of Mr Andrew Mark William Hughes

8) This is largely a critique of Constellation's evidence together with some counter-points. The main points are that:

- It is not accepted that SVEDKA has been sold in the EU as there is nothing on its website that discloses such activity and the financial statistics in Mr Fondiller's exhibit (presumably the annual report) are simply the company's collective balance sheet.
- There is no similarity between the marks – in making this assessment Mr Hughes refers to the font and presentation of the marks and their different pronunciations.
- Although his specification is wider than alcopops, he had “no choice to a Class limited to alcopops only”.
- The marks are used on different goods, vodka on the one hand, and alcopops on the other. In a bar, one will be dispensed from an optic, the other taken from a fridge.
- In relation to the argument about noisy and subdued lighting, Mr Hughes states that this is flawed because SMODKA is an alcopop and will not be dispensed from an optic.
- There are other trade marks which resemble SVEDKA, i.e. SVENSKA VODKA and SVENSK; case details are provided in support.
- Whilst some spirit brands produce alcopops, other alcopop brands do not carry the name of the spirit producer. Examples are given such as VK or WKD; SMODKA is said to fall in this category.

Witness statement of Joseph Horrocks

9) Mr Horrocks is the assistant manager of Revolutions Bar in Manchester. Vodka is its main product. He states that he has no relationship with Mr Hughes or a Mr Mehmood (I note that Mr Mehmood is given as a contact point on some of Mr Hughes' official forms). He states that he was approached by Mr Hughes to give evidence on the issues in this case. He sees a difference between the marks visually (he focuses on the fonts) and phonetically. He notes that SMODKA sounds like a drink that can be associated with vodka. He notes that they are two different products. He does not believe that there will be confusion.

10) Mr Horrocks notes that vodka (as a spirit) will normally be requested in a bar merely by way of its generic name e.g. “double vodka”. In his bar a customer requesting this will receive its house vodka. He says a customer rarely has demand for a particular brand. He contrasts this with alcopops and RTDs which will always be asked for by brand name.

11) Mr Horrocks highlights the different places in a bar where the goods will be placed. He highlights that if someone asked for a bottle of vodka they will be informed of the price (as it is likely to be expensive) so this creates a difference between an alcopop which will cost less than £5. He states that bar staff are fully trained and familiar with brands. He gives an example of the marks VK and VS and that despite such similarity, bar staff are sufficiently trained that there is no likelihood of confusion.

Constellation's reply evidence

Second affidavit of Mr Fondiller

12) This is largely a critique of Mr Hughes' evidence together with some counter-points. The main points are that:

- Constellation's (and its affiliates) have more than 100 brands and it would not be appropriate to include detailed breakdowns and sales information on websites etc.
- The form of presentation of SVEDKA is not relevant because it is registered in plain capitals.
- The specifications of the parties are wider than the conflict Mr Hughes focuses upon.
- The practice of spirit producers producing alcopops (even if not all alcopops are so based) increases the likelihood of confusion.
- Mr Horrocks is a 22 year old assistant bar manager with four years experience and will not be able to assist me in my determination. No explanation is given as to who Mr Mehmood is (and what questions were put by him). Further, Mr Horrocks is not comparing the notional and fair use of the marks, he is looking at websites etc showing actual use. He notes that on the one hand Mr Horrocks' bar stocks 19 different vodkas, but on the other hand he states that they are not asked for by name.

Proof of use assessment

The legal background

13) As stated earlier, the proof of use provisions apply only to the **SVEDKA** mark. The use conditions are set out in Section 6A of the Act as follows:

“(3) The use conditions are met if –

(a) within the period of five years ending with the date of publication of the application the earlier trade mark has been put to genuine use in the United Kingdom by the proprietor or with his consent in relation to the goods or services for which it is registered [.....]”

(4) For these purposes -

(a) use of a trade mark includes use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered [.....]

(5) “In relation to a Community trade mark [.....], any reference in subsection (3) [.....] to the United Kingdom shall be construed as a reference to the European Community”.

14) Section 100 is also relevant; it reads:

“If in any civil proceedings under this Act a question arises as to the use to which a registered trade mark has been put, it is for the proprietor to show what use has been made of it.”

15) When considering whether genuine use has been shown, I bear in mind the leading authorities on the principles to be applied, namely: the judgments of the Court of Justice of the European Union (“CJEU”) in *Ansul BV v Ajax Brandbeveiliging BV* [2003] R.P.C. 40 (“*Ansul*”) and *Laboratoire de la Mer Trade Marks C-259/02* (“*La Mer*”). In *Stichting BDO and others v BDO Unibank, Inc and others* [2013] EWHC 418 (Ch), Arnold J commented on the case-law of the CJEU in relation to genuine use of a trade mark:

“In *SANT AMBROEUS Trade Mark* [2010] RPC 28 at [42] Anna Carboni sitting as the Appointed Person set out the following helpful summary of the jurisprudence of the CJEU in Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439, Case C-259/02 *La Mer Technology Inc v Laboratories Goemar SA* [2004] ECR I-1159 and Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759 (to which I have added references to Case C-416/04 P *Sunrider v OHIM* [2006] ECR I-4237):

"(1) Genuine use means actual use of the mark by the proprietor or a third party with authority to use the mark: *Ansul*, [35] and [37].

(2) The use must be more than merely 'token', which means in this context that it must not serve solely to preserve the rights conferred by the registration: *Ansul*, [36].

(3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin: *Ansul*, [36]; *Sunrider*, [70]; *Silberquelle*, [17].

(4) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, i.e. exploitation that is aimed at maintaining or creating an outlet for the goods or services or a share in that market: *Ansul*, [37]-[38]; *Silberquelle*, [18].

(a) Example that meets this criterion: preparations to put goods or services on the market, such as advertising campaigns: *Ansul*, [37].

(b) Examples that do not meet this criterion: (i) internal use by the proprietor: *Ansul*, [37]; (ii) the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle*, [20]-[21].

(5) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including in particular, the nature of the goods or services at issue, the characteristics of the market concerned, the scale and frequency of use of the mark, whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them, and the evidence that the proprietor is able to provide: *Ansul*, [38] and [39]; *La Mer*, [22]-[23]; *Sunrider*, [70]-[71].

(6) Use of the mark need not always be quantitatively significant for it to be deemed genuine. There is no *de minimis* rule. Even minimal use may qualify as genuine use if it is the sort of use that is appropriate in the economic sector concerned for preserving or creating market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor: *Ansul*, [39]; *La Mer*, [21], [24] and [25]; *Sunrider*, [72]”

16) The earlier mark is a CTM which means that genuine use must be in the EC. In its judgment in *Leno Merken BV v Hagelkruis Beheer BV* C-49/11 (“*ONEL*”) the CJEU said:

“28 The Court has already - in the judgments in *Ansul* and *Sunrider v OHIM* and the order in *La Mer Technology* - interpreted the concept of 'genuine use' in the context of the assessment of whether national trade marks had been put to genuine use, considering it to be an autonomous

concept of European Union law which must be given a uniform interpretation.

29 It follows from that line of authority that there is 'genuine use' of a trade mark where the mark is used in accordance with its essential function, which is to guarantee the identity of the origin of the goods or services for which it is registered, in order to create or preserve an outlet for those goods or services; genuine use does not include token use for the sole purpose of preserving the rights conferred by the mark. When assessing whether use of the trade mark is genuine, regard must be had to all the facts and circumstances relevant to establishing whether there is real commercial exploitation of the mark in the course of trade, particularly the usages regarded as warranted in the economic sector concerned as a means of maintaining or creating market share for the goods or services protected by the mark, the nature of those goods or services, the characteristics of the market and the scale and frequency of use of the mark (see *Ansul*, paragraph 43, *Sunrider v OHIM*, paragraph 70, and the order in *La Mer Technology*, paragraph 27).

30 The Court has also stated that the territorial scope of the use is only one of several factors to be taken into account in the determination of whether that use is genuine or not (see *Sunrider v OHIM*, paragraph 76).

31 That interpretation may be applied by analogy to Community trade marks since, in requiring that the trade mark be put to genuine use, Directive 2008/95 and Regulation No 207/2009 pursue the same objective.”

17) Regarding the territorial scope of the use, the CJEU went on to say:

“52 Some of the interested persons to have submitted observations to the Court also maintain that, even if the borders of the Member States within the internal market are disregarded, the condition of genuine use of a Community trade mark requires that the trade mark should be used in a substantial part of the Community, which may correspond to the territory of a Member State. They argue that such a condition follows, by analogy, from Case C-375/97 *General Motors* [1999] ECR I-5421, paragraph 28, Case C-328/06 *Nieto Nuño* [2007] ECR I-10093, paragraph 17, and Case C-301/07 *PAGO International* [2009] ECR I-9429, paragraph 27).

53 That argument cannot be accepted. First, the cases in question concern the interpretation of provisions relating to the extended protection conferred on trade marks that have a reputation or are well known in the Community or in the Member State in which they have been registered. However, the requirement for genuine use, which could result in an opposition being rejected or even in the trade mark being revoked, as

provided for in particular in Article 51 of Regulation No 207/2009, pursues a different objective from those provisions.

54 Second, whilst it is reasonable to expect that a Community trade mark should be used in a larger area than a national mark, it is not necessary that the mark should be used in an extensive geographic area for the use to be deemed genuine, since such a qualification will depend on the characteristics of the product or service concerned on the corresponding market (see, by analogy, with regard to the scale of the use, *Ansul*, paragraph 39).

55 Since the assessment of whether the use of the trade mark is genuine is carried out by reference to all the facts and circumstances relevant to establishing whether the commercial exploitation of the mark serves to create or maintain market shares for the goods or services for which it was registered, it is impossible to determine a priori, and in the abstract, what territorial scope should be chosen in order to determine whether the use of the mark is genuine or not. A *de minimis* rule, which would not allow the national court to appraise all the circumstances of the dispute before it, cannot therefore be laid down (see, by analogy, the order in *La Mer Technology*, paragraphs 25 and 27, and the judgment in *Sunrider v OHIM*, paragraphs 72 and 77)."

What needs to be established and in what period?

18) In its statement of use, Constellation claims that it has made genuine use of its **SVEDKA** mark in respect of:

“Alcoholic beverages including vodka, flavoured vodka and vodka based beverages and cocktails”.

19) Mr Hughes has put Constellation to proof of use, however, he has done so only in relation to³:

“Vodka, flavoured vodka and vodka based beverages and cocktails”.

20) The consequence of this is that whilst Constellation must prove genuine use in relation to “vodka, flavoured vodka and vodka based beverages and cocktails” as requested by Mr Hughes, it does not have to prove genuine use in relation to other types of (non vodka based) alcoholic beverages in class 33 as this part of the statement of use was not challenged by Mr Hughes. This is an important point because this unchallenged part of the statement of use will include goods such as alcopops (albeit non vodka based versions); it is clear from Mr Hughes' counterstatement and evidence that the goods of primary interest to him are alcopops (albeit vodka based versions).

³ As per Box 6 of Mr Hughes' Form TM8 (Notice of Defence and Counterstatement).

21) Genuine must be established in the five year period ending with the date of publication of Mr Hughes' mark, namely: **24 December 2006 to 23 December 2011.**

Has genuine use been made in relation to: vodka, flavoured vodka and vodka based beverages and cocktails?

22) Whilst it is clear that the SVEDKA brand is popular in the US, Mr Fondiller has explained that it is also sold in the EU. A number of EU countries are listed and details has been provided in a table in his affidavit setting out the sales that have been made. Mr Hughes does not believe that sales have been made in the EU because there is no mention of the EU on its website or in its annual report. This is not sufficient, in my view, to call the factual statements of Mr Fondiller into question. If Mr Fondiller's evidence was to be disbelieved then better counter-evidence ought to have been filed or Mr Hughes could have called Mr Fondiller to be cross-examined on his evidence. I accept that sales of SVEDKA vodka have been made in a number of EU countries during the relevant period and, as observed earlier, none of the figures can be classed as insignificant. Mr Fondiller has provided website prints showing the mark applied to the goods. Although they are not dated from within the relevant period, they appear to me to have been put forward to show how the mark is applied. Whilst there is some stylization applied to the mark, it is pretty unremarkable and would easily count as a variant form of use that does not alter the distinctive character of the mark as registered⁴ so may be relied upon. Having regard to the combination of the *Ansul* and *ONEL* cases, the tests have easily been met to establish genuine use. However, the use is limited to vodka and flavoured vodka, both being, essentially, the spirit itself.

A fair specification

23) In terms of deciding upon a fair description, the description must not be over picky⁵. It is necessary to consider how the relevant public would likely describe the goods⁶. The General Court ("GC") in *Reckitt Benckiser (España), SL v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-126/03 ("Aladin")* held:

"43 Therefore, the objective pursued by the requirement is not so much to determine precisely the extent of the protection afforded to the earlier trade mark by reference to the actual goods or services using the mark at a given time as to ensure more generally that the earlier mark was actually

⁴ Under section 6A(4), a mark which differs from the registered mark may be relied upon for the purposes of genuine use so long as the differences do not alter the distinctive character from the form in which it was registered.

⁵ See *Animal Trade Mark* [2004] FSR 19.

⁶ See *Thomson Holidays Ltd v Norwegian Cruise Lines Ltd* [2003] RPC 32

used for the goods or services in respect of which it was registered.

44 With that in mind, it is necessary to interpret the last sentence of Article 43(2) of Regulation No 40/94 and Article 43(3), which applies Article 43(2) to earlier national marks, as seeking to prevent a trade mark which has been used in relation to part of the goods or services for which it is registered being afforded extensive protection merely because it has been registered for a wide range of goods or services. Thus, when those provisions are applied, it is necessary to take account of the breadth of the categories of goods or services for which the earlier mark was registered, in particular the extent to which the categories concerned are described in general terms for registration purposes, and to do this in the light of the goods or services in respect of which genuine use has, of necessity, actually been established.

45 It follows from the provisions cited above that, if a trade mark has been registered for a category of goods or services which is sufficiently broad for it to be possible to identify within it a number of sub-categories capable of being viewed independently, proof that the mark has been put to genuine use in relation to a part of those goods or services affords protection, in opposition proceedings, only for the sub-category or subcategories relating to which the goods or services for which the trade mark has actually been used actually belong. However, if a trade mark has been registered for goods or services defined so precisely and narrowly that it is not possible to make any significant sub-divisions within the category concerned, then the proof of genuine use of the mark for the goods or services necessarily covers the entire category for the purposes of the opposition.

46 Although the principle of partial use operates to ensure that trade marks which have not been used for a given category of goods are not rendered unavailable, it must not, however, result in the proprietor of the earlier trade mark being stripped of all protection for goods which, although not strictly identical to those in respect of which he has succeeded in proving genuine use, are not in essence different from them and belong to a single group which cannot be divided other than in an arbitrary manner. The Court observes in that regard that in practice it is impossible for the proprietor of a trade mark to prove that the mark has been used for all conceivable variations of the goods concerned by the registration. Consequently, the concept of 'part of the goods or services' cannot be taken to mean all the commercial variations of similar goods or services but merely goods or services which are sufficiently distinct to constitute coherent categories or sub-categories.

53 First, although the last sentence of Article 43(2) of Regulation No 40/94 is indeed intended to prevent artificial conflicts between an earlier trade mark and a mark for which registration is sought, it must also be observed that the pursuit of that legitimate objective must not result in an unjustified limitation on the scope of the protection conferred by the earlier trade mark where the goods or services to which the registration relates represent, as in this instance, a sufficiently restricted category.”

24) I also note the comments of Mr Geoffrey Hobbs QC, sitting as the appointed person, in *Euro Gida Sanayi Ve Ticaret Limited v Gima (UK) Limited* BL O/345/10, where he stated:

“However, that does not appear to me to alter the basic nature of the required approach. As to that, I adhere to the view that I have expressed Page 23 of 68 in a number of previous decisions. In the present state of the law, fair protection is to be achieved by identifying and defining not the particular examples of goods or services for which there has been genuine use but the particular categories of goods or services they should realistically be taken to exemplify. For that purpose the terminology of the resulting specification should accord with the perceptions of the average consumer of the goods or services concerned.”

25) In terms of the challenged part of the statement of use, the terms “vodka and flavoured vodka” are specifically listed. Such goods may clearly be retained. However, in relation to other vodka based drinks, it would not be appropriate for these to be retained on account of the limited range of goods that Constellation has sold and that these goods would simply be described as vodka and flavoured vodka. I come to the view that the SVEDKA mark may be relied upon for the following goods:

Alcoholic beverages including vodka and flavoured vodka; but not including any other vodka based beverages or vodka based cocktails.

Having found that the SVEDKA mark survives the proof of use assessment, I will firstly consider the section 5(2) ground against this earlier mark. I will only comment upon the other earlier marks if it becomes necessary to do so.

Section 5(2)(b)

The legislation and the leading case-law

26) Section 5(2)(b) of the Act reads:

“5.-(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.”

27) The CJEU has issued a number of judgments⁷ which provide guiding principles relevant to this ground. In *La Chemise Lacoste SA v Baker Street Clothing Ltd* (O/330/10), Mr Geoffrey Hobbs QC, sitting as the Appointed Person, quoted with approval the following summary of the principles which are established by these cases:

"(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, in certain circumstances, be dominated by one or more of its components;

⁷ The leading judgments are: *Sabel BV v. Puma AG* [1998] R.P.C. 199, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* [1999] R.P.C. 117, *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V* [2000] F.S.R. 77, *Marca Mode CV v. Adidas AG + Adidas Benelux BV* [2000] E.T.M.R. 723, Case C-3/03 *Matrazen Concord GmbH v GmbGv Office for Harmonisation in the Internal Market* [2004] ECR I-3657 *Medion AG V Thomson multimedia Sales Germany & Austria GmbH* (Case C-120/04) and *Shaker di L. Laudato & Co. Sas* (C-334/05).

(f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite 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 causes the public to wrongly believe that the respective goods [or services] come from the same or economically-linked undertakings, there is a likelihood of confusion."

The average consumer

28) The average consumer is deemed to be reasonably observant and circumspect. However, the degree of care and attention the average consumer uses when selecting goods and services can vary, depending on what is involved. The average consumer is a member of the general public, albeit a person of drinking age. There are two primary scenarios in which the goods will be purchased. Firstly, the goods could be purchased through a traditional retail environment such as a supermarket or off-licence. Here the goods will most often be self-selected from a shelf (or the online equivalent) although, in some cases, and particularly in off-licences, the goods may be asked for if they are kept behind the counter. Visual methods of selection are thus most important, but the aural impact of the marks will not, given the above, be ignored. The goods could also be purchased in licensed premises such as pubs and clubs. Here the consumer will ask for the product by name, although, the goods will often also be on display so that they can be seen. In *Simonds Farsons Cisk plc v OHIM* Case T-3/04 it was stated:

"58 In that respect, as OHIM quite rightly observes, it must be noted that, even if bars and restaurants are not negligible distribution channels for the applicant's goods, the bottles are generally displayed on shelves behind the counter in such a way that consumers are also able to inspect them visually. That is why, even if it is possible that the goods in question may also be sold by ordering them orally, that method cannot be regarded as their usual marketing channel. In addition, even though consumers can

order a beverage without having examined those shelves in advance they are, in any event, in a position to make a visual inspection of the bottle which is served to them.

59 Moreover, and above all, it is not disputed that bars and restaurants are not the only sales channels for the goods concerned. They are also sold in supermarkets or other retail outlets (see paragraph 14 of the contested decision), and clearly when purchases are made there consumers can perceive the marks visually since the drinks are presented on shelves, although they may not find those marks side by side.”

29) The comments in the above case regarding the inspection of a bottle once a person has been served does not apply to all of the goods. For example, if a person is being served vodka then the spirit will be dispensed into a glass. I will bear this in mind when considering whether there is a likelihood of confusion. In short, both the visual and aural aspects of the marks will be kept in mind. I will return to some of these points in more detail when I come to assess the likelihood of confusion because Constellation makes certain points regarding the nature of licensed premises in its arguments.

30) In terms of the degree of care and attention used by the average consumer, whilst for most consumers the goods are not purchased everyday and are not, generally speaking, hugely expensive, the average consumer will still likely consider the goods for their particular alcoholic qualities, flavour, country of origin etc. I consider this equates to a reasonable or average level of care and consideration, but no higher or lower than the norm.

Comparison of goods

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

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

32) Guidance on this issue has also come from Jacob J In *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281 where the following factors were highlighted as being relevant when making the comparison:

- “(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.”

33) In terms of being complementary (one of the factors referred to in *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer*), this relates to close connections or relationships that are important or indispensable for the use of the other. In *Boston Scientific Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs)* (OHIM) Case T- 325/06 it was stated:

“It is true that goods are complementary if there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for those goods lies with the same undertaking (see, to that effect, Case T-169/03 *Sergio Rossi v OHIM – Sissi Rossi (SISSI ROSSI)* [2005] ECR II-685, paragraph 60, upheld on appeal in Case C-214/05 *P Rossi v OHIM* [2006] ECR I-7057; Case T-364/05 *Saint-Gobain Pam v OHIM – Propamsa (PAM PLUVIAL)* [2007] ECR II-757, paragraph 94; and Case T-443/05 *El Corte Inglés v OHIM – Bolaños Sabri (PiraNAM diseño original Juan Bolaños)* [2007] ECR I-0000, paragraph 48).”

34) In relation to complementarity, I also bear in mind the recent guidance given by Mr Daniel Alexander QC, sitting as the Appointed Person, in case B/L O/255/13 *LOVE* where he warned against applying to rigid a test:

“20. In my judgment, the reference to “legal definition” suggests almost that the guidance in *Boston* is providing an alternative quasi-statutory approach to evaluating similarity, which I do not consider to be warranted. It is undoubtedly right to stress the importance of the fact that customers may think that responsibility for the goods lies with the same undertaking. However, it is neither necessary nor sufficient for a finding of similarity that the goods in question must be used together or that they are sold together. I therefore think that in this respect, the Hearing Officer was taking too rigid an approach to *Boston*.”

35) In relation to understanding what terms used in specifications mean/cover, the case-law informs me that “in construing a word used in a trade mark

specification, one is concerned with how the product is, as a practical matter, regarded for the purposes of the trade”⁸ and that I must also bear in mind that words should be given their natural meaning within the context in which they are used; they cannot be given an unnaturally narrow meaning⁹. I also note the judgment of Mr Justice Floyd in *YouView TV Limited v Total Limited* where he stated:

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

36) Mr Hughes seeks registration of his mark in relation to:

Alcoholic wines; spirits and liqueurs; alcopops; alcoholic cocktails

37) Much of Mr Hughes’ argument is based on the actual goods of the parties (which he says is vodka versus a vodka based alcopop) rather than the actual specifications before the tribunal. However, Constellation’s mark may be taken into account in relation to alcoholic beverages in class 33 including vodka and flavoured vodka, albeit not including other types of vodka based beverages. The consequence of this may be measured against Mr Hughes’ terms:

- i) Mr Hughes’ “Alcoholic wines” fall within the ambit of Constellation’s “alcoholic beverages”. In view of this, the goods are considered identical.
- ii) “Spirits” also falls within the term “alcoholic beverages”, a term which includes all types of spirit including vodka (on account of my proof of use finding). In view of this, the goods are identical.

⁸ See *British Sugar Plc v James Robertson & Sons Limited* [1996] RPC 281

⁹ See *Beautimatic International Ltd v Mitchell International Pharmaceuticals Ltd and Another* [2000] FSR 267

- iii) “Liqueurs” falls within the ambit of “alcoholic beverages”. In view of this the goods are identical. However, to the extent that Mr Hughes’ term notionally includes vodka based liqueurs, and given that Constellation’s use (in terms of the proof of use request in respect of vodka based drinks) did not cover such goods, there is no identity with vodka based liqueurs. However, in my view a vodka based liqueur is to be regarded as highly similar to a different spirit based liqueur as the nature is similar, as is the method of use, the purpose, the user, the trade channels etc and the goods compete. I also consider that a vodka based liqueur is also similar to a reasonably high degree to vodka per se as they are similar (although not identical) in nature, are likely to be sold in close proximity, serve a similar purpose etc.

- iv) “Alcopops” falls within the ambit of “alcoholic beverages”. In view of this the goods are identical. However, to the extent that Mr Hughes’ term notionally includes vodka based alcopops, and given that Constellation’s use (in terms of the proof of use request in respect of vodka based drinks) did not cover such goods, there is no identity. However, in my view a vodka based alcopop is to be regarded as highly similar to a different spirit based alcopop as the nature is similar, as are the methods of use, the purpose, the user, the trade channels etc and that the goods compete. I also consider that a vodka based alcopop is also similar to a reasonably high degree to vodka per se as they are similar (although not identical) in nature, are likely to be sold in close proximity, serve a similar purpose etc. There is also evidence of a cross-over in trade.


- v) “Alcoholic cocktails” falls within the ambit of “alcoholic beverages”. In view of this the goods are identical. However, to the extent that Mr Hughes’ term notionally includes vodka based alcoholic cocktails, and given that Constellation’s use (in terms of the proof of use request in respect of vodka based drinks) did not cover such goods then there is no identity. However, in my view a vodka based cocktail is to be regarded as highly similar to a different spirit based cocktail as the nature is similar, as are the methods of use, the purpose, the user, the trade channels etc and that the goods compete. I also consider that a vodka based cocktail is also similar to a reasonably high degree to vodka per se as they are similar (although not identical) in nature, are likely to be sold in close proximity, serve a similar purpose etc.

38) In view of the above, all of Mr Hughes’ terms are identical to those of Constellation’s earlier mark. The only scope for removing identity is in relation to

items iii-v where an amendment to being vodka based removes identity, but even then the goods are nevertheless highly similar.

Comparison of the marks

39) The average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The visual, aural and conceptual similarities of the marks must be assessed by reference to their overall impressions, bearing in mind their distinctive and dominant components. The marks to be compared are:

Mr Hughes' mark	Constellation's mark
	SVEDKA

40) Neither mark breaks down into separate elements, so the marks in totality represent their dominant and distinctive components. There are some points of visual similarity and some points of difference. The marks are of equal length (both being 6 letters long) and both begin with the letter S. However, the next two letters of each mark are completely different (m-o as opposed to V-E). The final three letters of each mark (DKA) coincide. I consider that the SV in SVEDKA is an unusual combination of letters in the English language so this may strike the eye strongly. The fact that Mr Hughes' mark is in lower case whereas Constellation's mark is in upper case is not significant because, from a notional perspective, Constellation's mark may be used in upper or lower case. Mr Hughes' mark does have a reversed letter K which is in a contrast (to the rest of the mark) shade which creates a further difference. However, such a difference is not overly significant as it is just, at the end of the day, a form of presentation which does little to reduce any similarity in the words which are being considered. Nevertheless, my view is that the differences in the letters and make-up of the marks mean that the similarities are outweighed to a large extent by the differences and I consider that any visual similarity is of only a low degree. I should add that I have not taken cognisance of Mr Hughes' submission in his counterstatement that there is an additional point of difference because in use SVEDKA is presented in a particular script; this is not relevant because it is not in the mark before me.

41) From a phonetic perspective, SMODKA will be articulated as SMOD-KA and SVEDKA as SVED-KA. Both end in a "-KUH" sound, having an "S" sound at the beginning. They are of equal length and each has two syllables. However, the others phonetic aspects are quite different. Again, I consider that the differences in the overall sound of the marks means that the similarities are outweighed to a reasonably large extent by the differences and I consider any aural similarity to be of only a moderate degree.

42) Both marks are invented words so the conceptual analysis is, essentially, neutral. In his counterstatement Mr Hughes' refers to the fact that marks ending in the letters DKA are common in the vodka field. However, he merely gives one example of this of a mark on the trade marks register (which does not necessarily reflect use in the marketplace). Nevertheless, I must approach the matter from the viewpoint of the average consumer and I take the view that in relation to vodka (or drinks containing vodka) the SMODKA mark is certainly reminiscent of the word VODKA which, thus, may play a part in how the average consumer construes the mark. The same could be argued in relation to SVEDKA but this would require a greater depth of analysis, which is unlikely to be undertaken by the average consumer. Therefore, for an average consumer who sees an evocative message towards vodka in the SMODKA mark, there is a degree of conceptual separation.

Distinctiveness of the earlier mark

43) The degree of distinctiveness of the earlier mark must be assessed. This is because the more distinctive the earlier mark (based either on inherent qualities or because of the use made of it), the greater the likelihood of confusion (see *Sabel BV v. Puma AG*, paragraph 24). In terms of inherent qualities, I have already stated that SVEDKA will be perceived as an invented word. I regard it as a highly distinctive trade mark. In terms of the use made, none of it extends to the UK and there is nothing to suggest that the use made elsewhere is particularly known in the UK. It is the UK average consumer that is to be considered in these proceedings so there is no enhanced distinctiveness from that perspective.

Likelihood of confusion

44) The factors assessed so far have a degree of interdependency. A global assessment of them must be made when determining whether there exists a likelihood of confusion. There is no scientific formula to apply. It is a matter of considering the relevant factors from the viewpoint of the average consumer and determining whether they are likely to be confused. Mr Hughes has stated that there are other marks ending in DKA and that there are other marks which are close to SVEDKA. Constellation has provided evidence that there are no other marks beginning in S and ending in DKA. I place no real weight on either parties' evidence in this regard. I must consider the marks in dispute here in totality and the similarities and differences between them.

45) Mr Fondiller has made a statement that confusion is likely. Mr Hughes and Mr Horrocks have made statements that confusion is not likely. None of the witnesses' opinions on whether confusion is likely or not assists. It is the job of the tribunal to decide this after placing itself in the shoes of the average consumer. I set out earlier that the goods could be purchased in either traditional retail establishments (including on-line) or in bars and clubs. I will consider both scenarios.

46) In a retail environment the visual aspects of the marks take on more importance because the goods will ordinarily be self-selected. Sometimes the goods could be requested orally, so I will not ignore the phonetic aspects of the marks. I must bear in mind the concept of imperfect recollection and that the average consumer may mis-recall or mis-remember a mark. From the perspective of alcoholic wines, the earlier mark also covers such goods. In relation to an alcoholic wine neither mark has any meaning, not even a suggestive one. Nevertheless, it is my view that the visual and phonetic differences are sufficiently acute to avoid a likelihood of confusion. Although both begin with an S and end in DKA, the different second and third letters are sufficiently marked so as to avoid the average consumer mistaking one for the other, even when the effects of imperfect recollection are borne in mind. This finding extends to all the other goods applied for by Mr Hughes. Even from the perspective of the goods which the parties specifically market there is no greater likelihood of confusion. One could even say that confusion is less likely measured from the perspective of vodka (which both parties specifications cover) or vodka based alcopops (which Mr Hughes' specification covers and which are still similar to other alcopops and vodka itself) on account of the evocative message of SMODKA, an evocative message which is absent from the SVEDKA mark. Furthermore, there is no reason why the average consumer will put any similarity that does exist between the marks down to the respective goods coming from the same or an economically linked undertaking. **Therefore, in the retail environment, there is no likelihood of confusion.**

47) That there is no likelihood of confusion in the retail environment is not the end of the matter because I must consider all the circumstances in which Mr Hughes' mark might be used if it were to be registered¹⁰. Both parties have commented upon use in bars and pubs. I accept that such environments may be noisier than a traditional retail environment and that the lighting may not be as bright. However, this cannot be taken too far because an extremely noisy environment with very bad lighting could result in virtually anything being confused. I will focus initially upon vodka, both parties specifications include such goods. Constellation highlights the possibility of aural confusion on account of a barperson mishearing SMODKA as SVEDKA, or vice versa. It also argues that the consumer may not see what is being dispensed, nor will they have a physical bottle to inspect once it has been served to them. Mr Horrocks gave evidence that it is rare for a consumer to request a particular brand of vodka, despite the fact that his bar specialises in 19 different vodkas. Mr Horrocks' evidence is counter-intuitive. If a bar specialises in vodka and offers a range of brands to choose from then the consumer will either ask for a particular brand, or, alternatively, the barperson will ask which brand they would like. I therefore place no weight on Mr Horrocks' evidence. However, irrespective of this, Mr Horrocks' evidence is in line with my own view that in a pub or club which has no particular vodka specialism, the average consumer will just ask for a shot of vodka or a

¹⁰ See, by analogy, Case C-533/06, *O2 Holdings v Hutchison 3G UK* at paragraph 66

vodka and coke etc, without referring to a brand and the barperson will simply serve whatever is its standard or house vodka. From that perspective, there is no improvement of Constellation's position because brand names are not in play. In any event, even taking the matter to another extreme, and even if one were to consider the use of brands aurally in pubs and clubs (perhaps because the club or bar specialises in vodka) then I am still not persuaded that there exists a likelihood of confusion. Although there is slightly more aural similarity than visual similarity, it is still of only a moderate degree. I consider the beginnings of the marks to be sufficiently distinct to prevent mis-hearing; this is aided by the fact that SMODKA rhymes with VODKA whereas SVEDKA does not. Further, in such circumstances, the barperson will be sufficiently attentive, notwithstanding that the environment may have other background noise, to be able to differentiate. **There is no likelihood of confusion in relation to vodka in the bar/club etc environment.**

48) That leaves the other goods to consider. In my view there is no greater prospect of success for Constellation. As in the above assessment, the aural differences are still in play. Even though for the non-vodka based goods the SMODKA mark does not evoke vodka, the overall pronunciations are still sufficiently different. Furthermore, with some goods, alcopops for example, and as highlighted in *Simonds Farsons Cisk plc v OHIM*, the goods are likely to be served in a bottle bearing the brand so the consumer can see what is being served. **There is no likelihood of confusion in relation to any other products.**

Other earlier marks

49) I have also considered the matter from the perspective of the other earlier marks. None put Constellation in any better position, particularly bearing in mind that there are even further differences between the marks. **The opposition fails under section 5(2)(b) of the Act.**

Section 5(3) of the Act

50) It is a prerequisite of section 5(3) of the Act that the earlier marks relied upon must have a reputation; the degree of knowledge necessary for a mark to have a reputation was set out in *General Motors Corp v Yplon SA (Chevy)* [1999] ETMR 122 and [2000] RPC 572 as:

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

51) Whilst a CTM may qualify for protection under this ground on account of a reputation gained in the EU, it seems to me that in this case any reputation so gained is not a relevant one. I say this because the subsequent tests that need to be established, including the establishment of a link, must be established in the

minds of the relevant public; the relevant public in this case being drinkers of alcoholic beverages in the UK. There is no use of the earlier mark(s) in the UK or anything to suggest that the marks are known in the UK. Therefore, even if the earlier marks have a reputation outside of the UK (but within the EU) no link will be made by the relevant public. **The claims under section 5(3) can, therefore, be dismissed.**

Costs

52) Mr Hughes having been successful, he is entitled to a contribution towards his costs. When making a costs assessment I have borne in mind that Mr Hughes was not legally represented so will not have incurred any legal expenses. I also take into account that there was no value in his evidence, so whilst I have made an award in respect of considering Constellation's evidence, I have made no award for the filing of his evidence. My assessment of costs is as follows:

Preparing a statement and considering the other side's statement: £150

Considering Constellation's evidence £150

53) Constellation Brands SMO, LLC is ordered to pay Mr Andrew Mark William Hughes the sum of £300. 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 17th day of December 2013

**Oliver Morris
For the Registrar,
The Comptroller-General**