

O/413/21

TRADE MARKS ACT 1994

**IN THE MATTER OF TRADE MARK APPLICATION NO. 3453791
BY DAVID MOSKOWITZ**

TO REGISTER:

ELITE MEMBERS

AS A TRADE MARK IN CLASS 33

AND

**IN THE MATTER OF THE OPPOSITION THERETO
UNDER NO. 419753 BY
ZHS IP EUROPE SÀRL**

BACKGROUND AND PLEADINGS



1. David Moskowitz (“the applicant”) applied to register **ELITE MEMBERS** as a trade mark in the United Kingdom on 23 December 2019. The application was accepted and published on 10 January 2020 in respect of the following goods:

Class 33

Whisky.

2. On 10 March 2020, the application was opposed by ZHS IP Europe Sàrl (“the opponent”). The opposition is based on sections 5(2)(b) and 5(3) of the Trade Marks Act 1994 (“the Act”).

3. Under section 5(2)(b) of the Act, the opponent is relying on the following earlier marks and the goods shown in the table below:

Marks	Goods relied upon
<p>UKTM No. 3288816 (“the ELIT mark”)</p>  <p>Application date: 8 February 2018 Registration date: 11 May 2018</p>	<p><u>Class 33</u> <i>Alcoholic beverages (except beer); Vodka; Spirits [beverages]; Flavoured vodkas; Based spirit drinks; Vodka-based beverages and cocktails.</i></p>
<p>WO No. 1472519 (“the ELIT 18 mark”)</p>  <p>International registration date: 28 March 2019 Designation date: 21 November 2019 Colours claimed: The mark contains the colours black and red.</p>	<p><u>Class 33</u> <i>Alcoholic beverages (except beers); spirits, distilled spirits, vodka, flavored vodka, vodka-based drinks and cocktails, spirit-based drinks and cocktails.</i></p>

Marks	Goods relied upon
<p>EUTM No. 018031241 (“the Elit Minus 18 mark”¹)</p> <p>Elit Minus 18</p> <p>Application date: 5 March 2019</p> <p>Registration date: 18 December 2019</p>	<p><u>Class 33</u></p> <p><i>Alcoholic beverages (except beers); Spirits; distilled Spirits; vodka; flavored vodka; vodka based drinks and Cocktails; spirits based drinks and cocktails.</i></p>

3. The opponent claims that there are clear visual, aural and conceptual similarities between the contested mark and the earlier marks, and that the contested goods are identical or highly similar to the goods covered by the earlier marks. Consequently, it asserts that there is a likelihood of confusion on the part of the public, which includes a likelihood of association with the earlier marks. In addition, it also claims to be the owner of a family of marks which feature ELIT either on its own or with additional words placed after it. The opponent is concerned that the contested mark will be considered by the public to be another mark within this family.

4. Under section 5(3), the opponent claims that the ELIT mark has a reputation for the goods in respect of which it is registered. In particular, it asserts that a strong reputation is associated with the high quality of the “ultra-luxury” vodka identified with the brand. It submits that:

- Use of the contested mark by the applicant would take unfair advantage of the distinctive character and reputation of the ELIT mark. The high degree of similarity between the signs means consumers would assume that the applicant’s goods have the same commercial origin as the opponent’s and that the applicant would benefit from the reputation of the opponent’s mark. This may result in diversion of sales to the benefit of the applicant or in initial interest

¹ Although the UK has left the EU and the transition period has now expired, EUTMs and International Marks which have designated the EU for protection are still relevant in these proceedings given the impact of the transitional provisions of The Trade Marks (Amendment etc.) (EU Exit) Regulations 2019, SI 2019 No. 269, Schedule 5. Further information is provided in Tribunal Practice Notice 2/2020.

from consumers thinking there is a connection between the applicant's goods and the opponent;

- Use of the contested mark would be detrimental to the reputation of the ELIT mark. The opponent submits there is a real danger to the reputation of that mark if the relevant public are led to believe, by the use of the contested mark, that any goods offered by the applicant and those of the opponent are provided by the same undertaking. In the event that customers are deceived, the opponent would be prevented from maintaining the integrity of its customer base and/or would suffer loss of sales, resulting in damage.
- Use of the contested mark would be detrimental to the distinctive character of the ELIT mark. The opponent submits that this would cause the opponent's mark to lose some or all of its ability to identify the origin of the goods for which it is registered.

5. All three marks qualify as earlier marks under section 6(1) of the Act. As they were registered within the five year period ending with the date of application for the contested mark, they are not subject to the proof of use provisions in section 6A of the Act and the opponent may rely on them for all the goods for which they stand registered.

6. The applicant filed a defence and counterstatement denying the claims made. In particular, it denies that the marks are confusingly similar, submitting that there are distinct visual, aural and conceptual differences between them. Consequently, in its view there is no likelihood of confusion between the marks. It also denies that use of the contested mark would take any unfair advantage of, or be detrimental to the distinctive character or repute of, the ELIT mark and puts the opponent to proof that it has a reputation in the mark.

7. In these proceedings, the opponent is represented by Marks & Clerk LLP and the applicant by Potter Clarkson LLP. Neither party requested a hearing, so this decision has been taken following a careful consideration of the papers.

EVIDENCE AND WRITTEN SUBMISSIONS

8. Both parties filed evidence. The opponent's is in the form of a witness statement dated 1 October 2020 from Alexey Oliynik, a Manager at ZHS IP Europe Sàrl. It contains evidence adduced to show the reputation of the ELIT mark and is accompanied by 39 exhibits. The applicant's evidence is a witness statement from Sarah Janella Barr of Potter Clarkson LLP dated 8 January 2021, accompanied by definitions of the word "ELITE".

9. Both parties filed written submissions in lieu of a hearing on 24 March 2021.

10. I shall not summarise the evidence and submissions here but will refer to them where appropriate during my decision.

DECISION

11. Although the UK has left the EU, section 6(3)(a) of the European Union (Withdrawal) Act 2018 requires tribunals to apply EU-derived national law in accordance with EU law as it stood at the end of the transition period. The provisions of the Trade Marks Act relied on in these proceedings are derived from an EU Directive. This is why this decision continues to make reference to the trade mark case-law of EU courts.

Section 5(2)(b)

12. Section 5(2) of the Act is as follows:

"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.”

13. In considering the opposition under this section, I am guided by the following principles, gleaned from the decisions of the Court of Justice of the European Union (“CJEU”) in *SABEL BV v Puma AG* (Case C-251/95), *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* (Case C-39/97), *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* (Case C-342/97), *Marca Mode CV v Adidas AG & Adidas Benelux BV* (Case C-425/98), *Matratzen Concord GmbH v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)* (Case C-3/03), *Medion AG v Thomson Multimedia Sales Germany & Austria GmbH* (Case C-120/04), *Shaker di L. Laudato & C. Sas v OHIM* (Case C-334/05 P) and *Bimbo SA v OHIM* (Case C-519/12 P):

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. The average consumer is deemed to be reasonably well informed and reasonably circumspect and observant, but someone who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them they have kept in their mind, and whose attention varies according to the category of goods or services in question;

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

d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other

components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

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

f) however, it is also possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

g) a lesser degree of similarity between the goods or services may be offset by a greater 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; and

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

Comparison of goods

14. The applicant admits that the contested goods are identical or highly similar to the earlier goods. All the earlier marks are registered for *Alcoholic beverages (except beer)*. This is a broad category that includes the applicant's *Whisky* and so the goods may be considered as identical: see *Gérard Meric v OHIM*, Case T-133/05, paragraph 29.

Average consumer and the purchasing process

15. In *Hearst Holdings Inc & Anor v A.V.E.L.A. Inc & Ors* [2014] EWHC 439 (Ch), Birss J (as he then was) described the average consumer in these terms:

“The trade mark questions have to be approached from the point of view of the presumed expectations of the average consumer who is reasonably well informed and reasonably circumspect. The parties were agreed that the relevant person is a legal construct and that the test is to be applied objectively by the court from the point of view of that constructed person. The word ‘average’ denotes that the person is typical. The term ‘average’ does not denote some form of numerical mean, mode or median.”²

16. The average consumer of both parties’ goods is an adult member of the general public. They will purchase the goods from a retail outlet such as a supermarket or off-licence for consumption at home, or in licensed premises such as a bar, restaurant or club. In the first case, they may visit a physical shop or buy from a website where the mark will be visible on the physical product itself or an image of it. Even if the goods are stocked behind the counter and the average consumer must ask a sales assistant for them, the bottles or cans will be visible. Consequently, I find that the purchasing process will be largely visual, although I do not completely discount the aural element.

17. If the consumer is buying the goods in licensed premises, aural considerations are likely to play a larger role as the customer will order by speaking to bar staff. It is also possible that the environment may be noisy, but, even then, the consumer may see the mark on bottles or optics behind the bar or on a drinks list: see *Anton Riemerschmid Weinbrennerei und Likörfabrik GmbH & Co. KG v European Union Intellectual Property Office (EUIPO)*, Case T-187/17. In my view, the visual aspect of the mark will still be significant.

18. Both parties agree that the average consumer will pay an average degree of attention when selecting the goods.

² Paragraph 60.


Comparison of marks

19. It is clear from *SABEL* (particularly paragraph 23) that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The same case also explains that the visual, aural and conceptual similarities of the marks must be assessed by reference to the overall impressions created by the marks, bearing in mind their distinctive and dominant components. The CJEU stated in *Bimbo* that:

“... it is necessary to ascertain in each individual case, the overall impression made on the target public by the sign for which the registration is sought, by means of, inter alia, an analysis of the components of a sign and of their relative weight in the perception of the target public, and then, in the light of that overall impression and all factors relevant to the circumstances of the case, to assess the likelihood of confusion.”³

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

21. The respective marks are shown below:

Earlier marks	Contested mark
 <p>Elit Minus 18</p>	ELITE MEMBERS

³ Paragraph 34.

22. The contested mark consists of the two words “ELITE” and “MEMBERS” in a standard font with no stylisation. In *La Superquímica v EUIPO*, Case T-24/17, the General Court (“GC”) held that such plain word marks protected the word or words contained in the mark in whatever form, colour or font.⁴ For some consumers, the overall impression of the mark will lie in the two words as a unit, bringing to mind particularly privileged members of a group or members of an elite, although in that case the word order in the mark is unusual. For other consumers, the words will have independent roles and make roughly equal contributions to the overall impression of the mark.

23. The first earlier mark is the word “ELIT” in a slightly stylised bold black font and lower-case letters. The overall impression of the mark largely lies in the word, with a very small contribution made by the stylisation.

24. The second earlier mark contains two words: “ELIT” and “EIGHTEEN”. The first of these words appears in a bold black font in lower case, with horizontal elements of the letters slanting upwards. The word “EIGHTEEN” is in smaller upper-case red letters, placed vertically underneath the crossbar of the letter “t” in the first word. Because of the differences in size, “ELIT” makes the larger contribution to the overall impression, although the red colour of “EIGHTEEN” means that it will not go unnoticed.

25. The third earlier mark is a plain word mark, consisting of three words. In my view, the average consumer will not see these as a single unit. In the context of the goods at issue, “Minus 18” is likely to be seen as referring to a temperature. Both “ELIT” and “Minus 18” make roughly equal contributions to the overall impression of the mark.

The first earlier mark

26. The opponent submits that the marks are visually highly similar, as “ELITE” is identical to, or nearly identical to and wholly encompassing, “ELIT”, and appears at the beginning of the contested mark. I agree that, in general, the beginnings of marks tend to have more visual and aural impact than the ends: see *El Corte Inglés, SA v OHIM*,

⁴ Paragraph 39.

Cases T-183/02 and T-184/02. At the same time, I am required to consider the marks as wholes. While the earlier mark consists of four slightly stylised letters, the contested mark has twelve plain letters, distributed over two words of five and seven letters. These differences lead me to find that there is a medium degree of visual similarity between these marks.

27. The contested mark will be articulated thus: “EH/LEET MEM/BUHS”. Some consumers will see the earlier mark as a misspelling of “ELITE” and pronounce it in the same way: “EH/LEET”. Others will say “EH/LIT”. For the first group of consumers, there is a medium degree of aural similarity between the marks; for the second group, the aural similarity is slightly lower.

28. The opponent submits that the marks are conceptually similar as they share the term “ELITE/ELIT” which conveys the image of luxury or exclusivity. The applicant, on the other hand, submits that the earlier mark does not have a readily identifiable meaning. It is my view that some consumers will think that “ELIT” is a misspelling of “ELITE” and I agree with the opponent on the message that it will convey to that group. For other consumers, it will be an invented word and so the earlier mark will have no conceptual content. “MEMBERS” in the contested mark denotes people who belong to an organisation such as a club or to a social group. For those consumers who see the words in the mark as comprising a single unit, it will bring to mind organisation members with particular benefits, or members of a privileged social group. However, they see the contested mark, it shares with the earlier mark the concept of exclusivity. For the consumers who think “ELIT” is a misspelling, I find the marks to be conceptually similar to a medium degree. For the remaining consumers, there is no conceptual comparison to make.

The second earlier mark

29. The opponent submits that the structure of the contested mark mirrors that of the second earlier mark. However, in my view, the stylisation of the earlier mark, including the vertical presentation of the word “EIGHTEEN” are noticeable differences when compared with the contested mark. I find there is some visual similarity, but that this is at a low degree.

30. Turning to the aural comparison, I consider that some consumers might not articulate the word “EIGHTEEN” in the earlier mark, given its much smaller size and different presentation. For those consumers, the level of aural similarity will be the same as I found for the first earlier mark. If consumers do say the word “EIGHTEEN”, the degree of aural similarity will be low.

31. The second earlier mark contains a number which in itself is unlikely to convey any conceptual content to the average consumer. In my view, the degree of conceptual similarity will be the same as with the first earlier mark.

The third earlier mark

32. Both marks are plain word marks, which share their first four letters and whose second word begins with “M”. I find the marks to have no more than a medium degree of visual similarity.

33. If the average consumer articulates the earlier mark in its entirety, it will have six syllables, the first two of which may be identical, depending on how the word “ELIT” is pronounced. In my view, the degree of aural similarity will be low. If the average consumer only verbalises “ELIT”, the degree of aural similarity will be the same as with the first earlier mark.

34. I have already noted my view that in the context of the opponent’s goods “Minus 18” will be understood as referring to an extremely low temperature. The average consumer may think that such a temperature is reached during the production process or simply that the drinks are meant to be served very cold. The third earlier mark may also convey the concept of exclusivity, if the average consumer sees “ELIT” as a misspelling. In such a case, the marks are conceptually similar to a low degree. If “ELIT” is seen as an invented word, the marks are conceptually dissimilar.

Distinctive character of the earlier marks

35. Distinctive character is the capacity of the mark to identify the goods or services for which it is registered as coming from a particular undertaking, and to distinguish

those goods or services from those of other undertakings: see *Lloyd Schuhfabrik Meyer*, paragraph 22.

36. Registered trade marks possess varying degrees of inherent distinctive character from the very low, because they are suggestive of, or allude to, a characteristic of the goods or services, to those with high inherent distinctive character, such as invented words which have no allusive qualities. The inherent distinctive character may be enhanced through the use that has been made of the mark(s).

37. In *Lloyd Schuhfabrik Meyer*, the CJEU set out how an assessment of a mark's distinctive character should be made:

“In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered, the market share held by the mark, how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark, the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking, and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”⁵

38. The opponent submits that the ELIT mark has a high level of distinctive character as a result of the use that has been made of it in the UK since 2003. It makes no separate submissions relating to the other earlier marks.

39. I shall begin my assessment by considering the inherent distinctiveness of the earlier marks. Earlier in this decision, I have found that some consumers would believe “ELIT” to be a misspelling of “ELITE”, a word that has connotations of luxury and exclusivity. It may allude to characteristics of the goods. The misspelling in my view gives the mark a slightly higher than medium level of inherent distinctive character. I

⁵ Paragraph 23.

consider that other earlier marks also have a slightly higher than medium level of inherent distinctive character. The stylisation and addition of the word “EIGHTEEN” in the second earlier mark are not to my mind sufficient to raise this any higher, and both elements of the third mark are allusive. To those consumers who see “ELIT” as an invented word, the inherent distinctive character of the marks would be high.

40. I shall now consider whether the evidence shows that the distinctive character of the ELIT mark has been enhanced through the use that has been made of it by the date of application for the contested mark, which is 23 December 2019.

41. The ELIT brand was launched in the UK in 2003 for what Mr Oliynik describes in his witness statement as “super-premium vodka”.⁶ An article from *The Independent* dated 11 June 2009 and entitled “Premium vodkas become cult hit” states that bottles of ELIT vodka are sold for £42, while an undated screenshot from the Harrods website shows a 70cl bottle on sale for £57.95.⁷ Further exhibits show limited edition vodkas retailing for four-figure sums.⁸ There is no evidence of sales of any other alcoholic beverages.

42. The mark as registered is shown prominently on the bottles. The example below is taken from advertising in a supplement to *Drinks International* on the world’s 50 best bars in 2016.⁹ This use has consistently been shown in advertising since 2003.



⁶ Paragraphs 4 and 7.

⁷ Exhibit AO14, page 200, and Exhibit AO15 respectively.

⁸ See, for example, The Himalayan Edition launched in 2011 with a recommended retail price of £2000, shown in Exhibits AO2 and AO3.

⁹ Exhibit AO13, page 177.

43. Exhibit AO12 gives figures for the ELIT brand’s UK market share by volume. These are reproduced below.

All units shown refer to 000's 9litre cases.

Source		2015	2016	2017	2018	2019
IWSR	TOTAL VODKA	9,524.0	9,098.5	8,958.5	8,786.5	8,355.8
	Ultra Premium Vodka	19.5	23.5	26.5	28.0	29.0
	Stolichnaya ELIT Vodka (SPI)	0.2	0.2	1.0	1.0	1.0
Distributor	ELIT Volume Share Total Vodka	0.00	0.00	0.01	0.01	0.01
	ELIT Volume Share Ultra Premium Vodka	1.0	0.9	3.8	3.6	3.5

44. It will be seen that the share of the vodka market enjoyed by the mark is extremely small. The opponent attempts to argue that “ultra premium vodka” is a specific segment of the market, but price is not reflected in the registration. The market I must consider is that for vodka as a whole. However, it is important to note that market share is but one of the relevant factors that I am required to take into account.

45. The opponent does not give any figures for the amounts of money invested in advertising and promoting the mark, but Exhibit AO13 contains a collection of advertisements placed in the trade press between 2003 and 2017. This includes the example reproduced above. There appears to be very little advertising aimed at the end consumer.

46. Direct advertising is not the only marketing or promotional activity that may be relevant. Mr Oliynik provides details in his witness statement of sponsorship of competitions and awards, namely the annual Art of Martini Competition, reports of which featured in 2016 and 2017 in the *Bar Magazine*, aimed at the spirits industry,¹⁰ and the Best Female Chef Award distributed by The World’s 50 Best Restaurants organisation in 2018;¹¹ arts events such as the London Design Biennale in November 2016,¹² a ballet gala in London 2016¹³ and the 2014 BAFTA Awards;¹⁴ and a partnership with the celebrity couple Nick Jonas and Priyanka Chopra.¹⁵

¹⁰ Exhibits AO26 and AO27.

¹¹ Exhibit AO36.

¹² Exhibit AO33.

¹³ Exhibit AO34.

¹⁴ Exhibit AO35.

¹⁵ Exhibits AO37-AO39.

47. ELIT vodka has been served at pop-up venues at Harrods and Quaglino's in 2013, with the former featuring in an article in *The Daily Mail* on 2 May 2013.¹⁶ The evidence also includes an undated cocktail menu from Harvey Nichols Fifth Floor Terrace bar,¹⁷ and undated photographs from London clubs Cirque Le Soir and NOVIKOV.¹⁸ Mr Oliynik also states that millions of passengers each year have been exposed to the brand at Heathrow Terminal 5. He does not, however, say when the brand was sold there and the photographs of display materials are undated.¹⁹

48. Mr Oliynik provides details of 32 awards won by ELIT vodka at international spirits competitions between 2006 and 2020.²⁰ He states that these awards confirm the high quality and reputation of ELIT vodka across the world "and most definitely in the United Kingdom".²¹ It is not, however, clear how well known these awards are within the UK or the extent to which they are used in promoting the goods to the general public, rather than the trade.

49. The promotional and sponsorship events and media coverage shown in the evidence do not, in my view, outweigh the low market share of the mark. It is, of course, possible for marks with a low volume of sales to be so well known that a proportion of the public identifies the goods and services as originating from an undertaking on the strength of the mark. I am not persuaded that this is the case here. I find that the inherent distinctiveness of the ELIT mark has not been enhanced beyond medium or high (depending on how the consumer interprets the word).

Conclusions on likelihood of confusion

50. There is no scientific formula to apply in determining whether there is a likelihood of confusion. It is a global assessment where a number of factors need to be borne in mind. The first is the interdependency principle, i.e. a lesser degree of similarity between the respective trade marks may be offset by a greater degree of similarity

¹⁶ Exhibits AO21, AO22 and AO25.

¹⁷ Exhibit AO23.

¹⁸ Exhibit AO30.

¹⁹ Exhibit AO31.

²⁰ Witness statement, paragraph 13 and Exhibit AO10.

²¹ Paragraph 18.

between the respective goods or vice versa. It is necessary for me to take account of the distinctive character of the opponent's marks, the average consumer and the nature of the purchasing process for the contested goods. In doing so, I must be aware that the average consumer rarely has the opportunity to make direct comparisons between trade marks and must instead rely upon the imperfect picture of them they have in their mind.

51. Earlier in my decision, I found that:

- The contested *Whisky* is identical to the opponent's *Alcoholic beverages (except beer)*;
- The average consumer will be an adult member of the general public paying an average degree of attention;
- The purchasing process will be largely visual when goods are purchased for later consumption from a shop or website;
- The purchasing process will be visual and oral when the goods are purchased for immediate consumption in licensed premises;
- The contested mark is visually similar to the ELIT mark to a medium degree, aurally similar to a medium or slightly lower degree, and, where a comparison can be made, conceptually similar to a medium degree; and
- The ELIT mark has a slightly higher than medium or a high degree of distinctive character.

52. As the second and third earlier marks do not possess a higher degree of similarity, I shall proceed on the basis of the ELIT mark alone. Before I do so, I must deal with the opponent's claim to own a family of marks. It is settled case law that for such a claim to succeed, the opponent must show use on the market of a sufficient number of marks to constitute a family: see *Il Ponte Finanziaria SpA v OHIM*, Case C-234/06, paragraphs 62-66. The evidence shows no use of the second and third earlier marks on the market, so the opponent may not rely on owning a family of marks.

53. There are two types of confusion: direct and indirect. In *L.A. Sugar Limited v Back Beat Inc*, BL O/375/10, Mr Iain Purvis QC, sitting as the Appointed Person, explained that:

“Although direct confusion and indirect confusion both involve mistakes on the part of the consumer, it is important to remember that these mistakes are very different in nature. Direct confusion involves no process of reasoning – it is a simple matter of mistaking one mark for another. Indirect confusion, on the other hand, only arises where the consumer has actually recognised that the later mark is different from the earlier mark. It therefore requires a mental process of some kind on the part of the consumer when he or she sees the later mark, which may be conscious or subconscious but analysed in formal terms, is something along the following lines: ‘The later mark is different from the earlier mark, but also has something in common with it. Taking account of the common element in the context of the later mark as a whole, I conclude that it is another brand of the owner of the earlier mark.’”²²

54. In my view, the differences between the marks are such that the average consumer is not likely to mistake one for another, even where the goods are identical and taking into account the interdependency principle and the imperfect recollection of the consumer. There is a second word that is not present in the ELIT mark and is different from the additional material in the other earlier marks. The average consumer is, after all, reasonably circumspect and I found they would be paying an average degree of attention. I find no likelihood of direct confusion.

55. I turn now to indirect confusion. The opponent submits that:

“... the relevant consumer is likely to select the Applicant’s product believing it to be the Opponent’s product, a sub-brand or another of the Opponent’s brands. This is because it is common for undertakings to use sub-brands, namely a mark which is derived from a principal mark and which has an

²² Paragraph 16.

element in common with it, in order to distinguish various lines of goods from one another.”²³

56. Although the opponent did not provide evidence of use of the second and third earlier marks, it showed that it does produce a number of sub-brands as limited editions, for instance USHUAÏA in 2016.²⁴ From the evidence before me and my own experience as a consumer, I can accept that sub-brands are used in this sector.

57. Earlier in my decision, I found that some consumers would believe “ELIT” to be a misspelling of “ELITE”. As the average consumer only imperfectly recalls the marks, I consider it likely that they would confuse the two words. I acknowledge that not every consumer would view “ELIT” in this way, but it is not necessary for me to find that all consumers would be confused, merely a significant proportion that would warrant the intervention of this tribunal: see *Comic Enterprises Ltd v Twentieth Century Fox Film Corporation* [2016] EWCA Civ 41, paragraph 34.²⁵ It is my view that, given the identity of the goods, a significant proportion would believe that the marks came from the same undertaking, with “MEMBERS” denoting a sub-brand. I find there to be a likelihood of indirect confusion.

58. The section 5(2)(b) ground succeeds.

Section 5(3)

59. Although the opposition has succeeded under section 5(2)(b), I shall briefly consider the claim under section 5(3) for the sake of completeness.

60. Section 5(3) of the Act is as follows:

“A trade mark which –

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

²³ Opponent’s written submissions in lieu of a hearing, paragraph 36.8.

²⁴ Exhibit AO9.

²⁵ This was an infringement case, but the principles apply equally under section 5(2).

[...]

shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of a European Union trade mark or international trade mark (EU) in the European Union) and the use of the later mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.”

61. The conditions of section 5(3) are cumulative:

- a) the opponent must show that the earlier mark has a reputation;
- b) the level of reputation and the similarities between the marks must be such as to cause the public to make a link between the marks; and
- c) one or more of three types of damage (unfair advantage, detriment to distinctive character or repute) will occur.

Reputation

62. In *General Motors Corp v Yplon SA*, Case C-375/97, the CJEU held that:

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

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

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

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

28. Territorially, the condition is fulfilled when, in the terms of Article 5(2) of the Directive, the trade mark has a reputation 'in the Member State'. In the absence of any definition of the Community provision in this respect, a trade mark cannot be required to have a reputation 'throughout' the territory of the Member State. It is sufficient for it to exist in a substantial part of it."

63. The opponent submits that:

"... as a result of the Opponent's huge efforts and investment, which has been extensively demonstrated by the Witness Statement of Alexey Oliynik and accompanying Exhibits, the Earlier Mark ELIT (stylised) has acquired a reputation and reverberates an image of exclusivity and luxury within the relevant public."²⁶

64. The factors I must take into account when assessing the claim to reputation are highly similar to those that were relevant when I considered the claim to enhanced distinctiveness. The question is whether a significant proportion of the relevant public for vodka, which is the general adult public, knows the ELIT mark.

65. I accept that the mark has been used since 2003, and hence for a relatively long time, in the UK. I have however already noted the low market share and the advertising shown in the evidence is taken largely from trade publications, with few examples

²⁶ Opponent's written submissions in lieu of a hearing, paragraph 42.

aimed at the general public. There is evidence of some sponsorship of arts events and competitions but it is not clear how widely known these are to the public at large. In the arts field, there is the Design Biennale, one ballet gala and the BAFTA Awards in 2014. This is not a high level of arts sponsorship. With regard to the competitions, it is not clear whether the Art of Martini Competition ran for more than two years, or whether the opponent sponsored the Best Female Chef Award any more than once. I have also mentioned the link with one celebrity couple, but the evidence does not suggest sustained press coverage that might build a reputation among consumers. The awards won by the opponent suggest a very high-quality product, but as I have already noted it is not clear that the relevant public would be aware of these accolades.

66. The evidence is, in my view, insufficient for me to find reputation and the section 5(3) ground fails.

CONCLUSION

67. The opposition succeeds and Trade Mark application no. 419753 will be refused.

COSTS

68. The opponent has been successful and is entitled to a contribution towards its costs in line with the scale set out in Tribunal Practice Notice (TPN) 2/2016. In the circumstances, I award the opponent the sum of £1950 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

Preparing a statement and considering the other side's statement: £350

Preparing evidence and considering the other side's evidence: £1000

Preparation of written submissions in lieu of a hearing: £400

Official fees: £200

TOTAL: £1950

69 I therefore order David Moskowitz to pay ZHS IP Europe Sàrl the sum of £1950, which should be paid within twenty-one days of the expiry of the appeal period or, if there is an appeal, within twenty-one days of the conclusion of the appeal proceedings.

Dated this 2nd day of June 2021

**Clare Boucher
For the Registrar,
Comptroller-General**