

O-080-09

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No 2455392
BY TERRAUSTRAL S.A. TO REGISTER THE TRADE MARK "B.CARLO" IN
CLASS 33**

**AND IN THE MATTER OF OPPOSITION
THERE TO UNDER NO 95552
BY E. & J. GALLO WINERY**

TRADE MARKS ACT 1994

**IN THE MATTER OF Application No. 2455392
by Terraustral S.A. to register the Trade Mark
B.CARLO in Class 33**

and

**IN THE MATTER OF Opposition thereto under No. 95552
by E. & J. Gallo Winery**

BACKGROUND

1) On 14 May 2007, Terraustral S.A. ("Terraustral"), of Hernando de Aguirre 1915, Providencia, Santiago, Chile applied under the Trade Marks Act 1994 ("the Act") for registration of the trade mark B.CARLO in respect of "wine and spirits" in Class 33.

2) The application was subsequently advertised in the Trade Marks Journal on 6 July 2007.

3) On 8 October 2007, E. & J. Gallo Winery ("Gallo"), of 600 Yosemite Boulevard, P.O. Box 1130, Modesto, California 95354, USA filed a notice of opposition to the application. It based its opposition on Sections 5(2) (b), 5(3) and 5(4) (a) of the Act.

4) Gallo rely upon two registrations, the first being Community Trade Mark (CTM) 2227890 CARLO ROSSI with a filing date of 18 May 2001 and in respect to "wine" in Class 33. This CTM completed the registration procedure on 13 August 2002. The second is UK registration 2060381 with a filing date of 7 March 1996 and a registration date of 25 April 1997. This is in respect of "[a]lcoholic beverages; wines; spirits and liquors" in Class 33 and in relation to the following trade mark:



5) Gallo claims that the application offends against Section 5(2) (b) of the Act because Terraustral's trade mark is confusingly similar to its trade marks. It also claims that its trade marks enjoy a reputation in the UK and the EU, and in respect of the words CARLO ROSSI, such reputation dates back to 1981 in the UK and 1977 in the EU. The Section 5(4) (a) grounds are based on Gallo's earlier signs for the words CARLO ROSSI and the following label device:



6) Both parties filed evidence and seek an award of costs. Gallo requested a hearing but Terraustral choose to provide written submissions in lieu of attending a hearing. The matter came to be heard on 19 February 2009 when Gallo was represented by Dr Steve James of Mssrs R G C Jenkins & Co..

Opponent's Evidence

7) This takes the form of a witness statements by George Marsden, Vice President General Manager of Europe of Gallo and is dated 9 June 2008. He is responsible for international sales and marketing in Europe and makes the statement based upon his personal knowledge, from the relevant records of Gallo and from enquiries he has made of employees and agents of Gallo.

8) At Exhibit 3, Mr Marsden produces a copy of the CARLO ROSSI label used in the UK since 2001. This label is reproduced at paragraph 5 above.

9) Mr Marsden declares UK sales of CARLO ROSSI wine as 976 cases in 2002, 2 cases in 2004 and 2005, 2721 cases in 2006 and 2368 cases in 2007. He explains that each case contains twelve 750 ml bottles. This amounted to a total of \$127,678. In support of this, Exhibit 4 contains copies of four invoices to three different companies. I note that the last of these, for 1200 cases to Exel Rebilling-Bond was dated after the filing date of Terraustral's application. The remaining three invoices all record the sale of various quantities of cases of "C/ROSSI RED NL 12 x 750ML", "C/ROSSI WHITE NL 12 x 750ML", "C/ROSSI ROSE NL 12 x 750ML" or "C/ROSSI CHARDONNAY 12 x 750ML". A copy of a website page of an online retailer called "FlowerAdvisor.co.uk" displaying a bottle of CARLO ROSSI wine is provided at Exhibit 5 and an advert showing a clear view of the CARLO ROSSI label as used is at Exhibit 6. Mr Marsden notes that these labels

are not identical to that of the registered label, but contends that they differ only in elements which do not alter the distinctive character of the trade mark.

10) Mr Marsden illustrates the scale of use in the EU by providing sales figures both in terms of the numbers of cases sold and the monetary equivalent. The number of cases sold are as follows:

Country	2002	2003	2004	2005	2006	2007	Total	
Austria	-	-	-	-	-	25959	2,100,978	
Benelux	-	-	1020	4469	18835	12291		
Czech Republic	-	-	-	1880	650	1800		
Estonia	9590	9309	11912	9560	8982	7447		
Finland	16840	13955	18339	17190	20292	22815		
Germany	-	-	14132	30443	19080	12977		
Ireland	13757	15491	12568	11399	13552	8540		
Italy	-	-	2000	4600	3950	150		
Latvia	2596	4705	5928	7218	10929	13022		
Poland	77451	116845	202850	258341	362664	517060		
Sweden	5734	5042	6723	4064	2830	-		
UK	976	-	2	2	2721	2368		
TOTAL EU (cases)								

11) In monetary terms, the above sales amount to a total of \$48,552,030. Mr Marsden goes on to explain that in Poland, the largest EU market for CARLO ROSSI wine, it enjoys a 3.9% market share (by volume) and a 6.2% market share (by value). Marketing and sponsorship spend in Poland rose from €422,752 in 2004 to €839,548 in 2006. Sponsorship and point of sale material used in Poland is presented at Exhibit 7.

12) At Exhibit 8, Mr Marsden provides copies of UK press articles that appeared in March 2007 and relate to Gallo wines in general but make a number of references to CARLO ROSSI wine. An extract from the BBC website include the text “[Ernest and Julio Gallo] helped turn wine into an accessible consumer product, rather than the exclusive preserve of a certain class. Inexpensive jug and box brands Carlo Rossi and Peter Vella have been among the brands that have helped that shift.” Another, that appeared on the Guardian newspaper’s website, includes the text “In 1968 sales of table wine outstripped those of dessert wine for the first time... Their [Gallo’s] brands, including Gypsy Rose, Carlo Rossi, Ripple and Boone’s Farm, became household names.”

13) Exhibit 9 provides information of a survey of consumer awareness and a news report regarding the survey from wineintelligence.com. This news report is dated 16 July 2007 and includes the following:

“Jacob’s Creek and Gallo are the world’s best known wine brands, according to the Vinitrac Global Survey of wine consumers in key import markets....

In one of the largest international surveys ever undertaken about wine drinking, responses from over 11,000 wine consumers across 11 key wine markets were collected during March 2007 by Wine Intelligence, a leading consultancy...

... American giant Gallo topped the awareness ranking in its domestic US market and neighbouring Canada, along with the tough German market...

...Carlo Rossi and Mouton Cadet emerged as winners in the wine brand awareness rank drawn from a list of 48 major international brands.”

14) Further information about the survey, in the form of what appears to be the printed version of a PowerPoint presentation on the subject, discloses that the survey operated in six EU states including the UK and claims to monitor “every aspect of wine drinkers wine lives – from what they drink, where they purchase (both retail and on-premise) to their attitude to wine brands and countries of origin”. With regard to “[p]rompted brand awareness”, CARLO ROSSI was ranked third in Germany with an awareness rate of 13%.

15) At Exhibit 10, Mr Marsden provides an extract from the Collins English-Italian Dictionary (1995) to demonstrate that “rossi” is the plural of the Italian word “rosso” meaning “red” and provides further evidence at Exhibit 11, in the form of copies of UK restaurant wine lists, to illustrate the common use of “rossi” as a general descriptive term for red wines. He goes on to present evidence at Exhibit 12 to illustrate that “Carlo” is “extremely unusual in respect of registered trade marks for alcoholic beverages in the UK”. This evidence is in the form of copies of four UK and Community trade mark registrations featuring the word “Carlo” and also numerous others where “Carlo” appears as part of the geographic place name “Monte Carlo”. Mr Marsden contends that such a small number of trade marks registered in respect of alcoholic beverages, featuring the name “Carlo”, supports his view.

16) Exhibits 14 and 15 are both Internet extracts that record that both B.CARLO and CARLO ROSSI are trade marks used in respect of Cabernet Sauvignon wine.

17) Finally, Mr Marsden provides further information concerning the standing of Gallo as one of the largest wine-producing organisations in the world.

Applicant's Evidence

18) This consists of a witness statement from Alastair John Rawlence, Trade Mark Attorney with Terraustral's agent, Mewburn Ellis LLP and is dated 9 September 2008. He makes his statement based upon his own knowledge and from information obtained from the Internet and the IPO database.

19) Mr Rawlence draws attention to the fact that the word CARLO in Terraustral's trade mark is used in the form of a surname and in Gallo's trade marks it is used as a Christian name appearing before the surname ROSSI. He states that CARLO is a common Christian name in Italy and at Exhibit AJR1 he provides copies of extracts from babynames.org.uk that includes the name CARLO in a list of popular boy names.

20) An Internet search using the Google search engine for "wine + Carlo" was conducted on 3 September 2008. References were found to a wine maker named Carlo Ferrino, an Italian wine retailer named Carlo Lotti Libraio and to wines named Nero d'Avola Merlot Carlo Alfano, Azienda Agricola Gaggiolo Carlo, Azienda Vitivinicola Boffa Carlo and Ca'San Carlo. Copies of these results are provided at Exhibit AJR2.

21) A further search for CARLO or similar in respect of wines was conducted on a number of commercial trade mark databases on 23 October 2007. The results of these searches are presented at Exhibit AJR3. These include numerous trade marks incorporating the place name "Monte Carlo", a number incorporating the name "Carlos" such as "Carlos 1" and "Castillo San Carlos" and others where "carlo" formed part of a word, such as "Glen Carlou" and "Marques de Valcarlos". Those trade marks featuring the exact word "Carlo" are Gallo's two trade marks and Terraustral's trade mark as well as the following in the name of two third parties: "San Carlo" for "burgundy wines" registered in the UK since 1920 and a series of label devices all featuring "Carlo Massimilano Gritti", all being CTMs registered in 2002.

22) Mr Rawlence also provides a copy a registry decision *Mazetti Clothing Company Limited v Sandys S.p.A.* O/321/00 at AJR4. This decision makes reference to the following comments of Matthew Clarke QC sitting as the Appointed Person in the unreported case BL O/430/99:

"In my judgement, it was unrealistic to conclude, in this case, that the public would be likely to be confused if the application was granted between the trade mark "Laura" and the other trade marks which include the words "Laura Ashley". I consider that by far the more distinctive and dominant component of the word elements of the earlier marks is the surname "Ashley" and that it is the two names "Laura" and "Ashley" which provide for its overall distinctiveness. I consider that the name "Laura" is a common enough Christian name which has no intrinsic association with

the specification of goods in respect of which registration is sought. It appears to me that Mr Krause who appeared for the appellants before me was well founded in submitting that the name "Laura" was no more objectionable because of the provisions of Section 5(2) of the 1994 Act in relation to "Laura Ashley" than the word "John" would be in relation to the words "John Lewis" if both were to be used in relation to household paints, or "Thomas" in relation to "Thomas Cook" if the former were to be used in relation to travel services. Moreover, I think he was well founded in submitting that in approaching the question that has to be decided in this case, regard has to be given to the kind of goods in respect of which the application is being made and the type of consumers who are likely to purchase those goods. He submitted that the consumers of industrial, craft and artistic materials covered by the specification would be unlikely to purchase on impulse. It would be unlikely that such consumers would confuse such products with those to which the previous "Laura Ashley" marks were applied.

It is of importance that in both the relevant provisions in the European Directive and in Section 5(2) of the 1994 Act what has to be identified is the likelihood of confusion, not simply the possibility of confusion. At the very highest, in the present case, in my view, it might be said that there was a possibility of confusion in the mind of certain members of the public but I consider that it was unreal to think in terms of there being a likelihood of confusion."

23) Whilst acknowledging that they are not binding upon me, Mr Rawlence provides extracts from OHIM's opposition guidelines, Part 2, Chapter 2C, pages 29 to 32 at Exhibit AJR5. These extracts deal with the comparison of names when assessing likelihood of confusion. No example provided in these guidelines matches that of the current proceedings, but I note the following general conclusions in these guidelines:

- (i) Family names have a higher intrinsic value as indicators of origin of goods and services than first names.
- (ii) The similarity of signs that consist of names should be analysed in the traditional way, taking account the visual and phonetic similarities. The guidelines also state that it is not correct to consider conceptual similarity as a name is not a "concept".

24) At Exhibit AJR6, Mr Rawlence provides extracts from the Wikipedia website that illustrates ROSSI is a common Italian surname and also is the plural of "Rosso" meaning "red".

25) Finally, at Exhibit AJR7, a copy of the Registry decision O/421/00 is provided. In this case, the hearing officer found that LEO ROSSI and SERGIO ROSSI and

device, even at the high point of the opponent's arguments where identical goods (footwear) were involved, were not similar.

Opponent's Evidence in Reply

26) This consists of a witness statement from Stephen Richard James, Trade Mark Attorney with Gallo's agent, RGC Jenkins & Co. and is dated 26 November 2008. This contains a number of submissions that I will turn to later in my decision, as appropriate.

27) In terms of evidence of fact, Dr James submits that CARLO is a very rare surname and supports this at Exhibit SRJ1 where enquiries to a number of websites that feature lists of Italian surnames have failed to find CARLO. Dr James notes that "Di Carlo" is listed. In support of the submission that CARLO in Terraustral's trade mark is not used as a surname, Exhibit SRJ2 provides copies of an advert for B.CARLO wine from a Finish website. A photograph of the bottle of wine shows "b.carlo" appearing on the label. Alongside the photograph the text includes the phrase "[a]s a tribute to the world's most famous tango singer Carlos Gardel. Be Passion, Be Friendly, Be Sensual, Just Be! b. carlo".

28) Dr James points out that B.CARLO and CARLO ROSSI are both brand names of wine rather than house marks or the names of a winery or a bottler that Mr Rawlence exhibited at Exhibit AJR2. Dr James also provides, at Exhibit SRJ11, extracts from *British Sugar v James Robertson (TREAT)* [1996] RPC 281 and in particular, Mr Justice Jacob's comments that arguments regarding the state of the register do not assist the factual inquiry one way or the other. This is presented to counter Mr Rawlence's reliance on this point and exhibited at his Exhibit AJR3.

29) It is accepted that ROSSI is a common surname in Italy. In support of his contention that ROSSI will be seen as having a descriptive meaning, Dr James provides examples of such use at Exhibit SRJ13. This exhibit provides copies of trade marks, two CTMs and one abandoned UK registration featuring word and device trade marks in the form of labels that include phrases such as "vitigni rossi di Sicilia", "quattro rossi" and "due rossi". The details of the latter trade mark include the condition "[t]he Italian words "Due Rossi" in the mark mean "Two Reds".

30) Finally, Dr James counters the findings in the Registry decision at Exhibit AJR7 by providing a copy of the summary of CFI judgment in *Vincenzo Fusco v OHIM T-185/03* at Exhibit SRJ15. This summary includes the following text:

"There is, for the average, non-specialist Italian consumer, a risk of confusion between the word sign ENZO FUSCO, for which registration as a Community trade mark is sought for goods falling within Classes 3, 9, 18, 24 and 25 under the Nice Agreement and the word mark ANTONIO

FUSCO, registered earlier as a Community trade mark for identical goods, inasmuch as, firstly, that consumer, since the Italian consumer generally attributes greater distinctiveness to the surname than the forename, will keep in mind the name 'Fusco' rather than the forenames 'Antonio' or 'Enzo', and as, secondly, the goods covered by the marks in question are the same. In those circumstances, a consumer faced with goods bearing the trade mark applied might confuse it with the earlier trade mark."

DECISION

Section 5(2) (b)

31) The opposition is founded upon Section 5(2) (b) of the Act. This reads:

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

(a) it is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,

there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark."

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

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

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

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

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

(1) This section applies where –

- (a) an application for registration of a trade mark has been published,
- (b) there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, and
- (c) the registration procedure for the earlier trade mark was completed before the start of the period of five years ending with the date of publication.”

34) Gallo's UK registration for the label device completed its registration procedures more than five years before the publication of Terraustral's trade mark and therefore proof of use would normally be required. In Gallo's evidence, no distinction is made between this label device and the CTM registration for the words alone when presenting sales figures and other information. This is of little relevance to the proceedings as the CTM relied upon is not subject to the genuine use requirements by virtue of the registration procedure for that trade mark being completed on 13 August 2002 being less than five years before the publication of Terraustral's trade mark on 6 July 2007. Further, Dr James conceded that Gallo's case appears to be no better for the label device version of its trade mark. I will therefore not continue my enquiry further into the issue of genuine use of the UK registration and restrict my finding based upon Gallo's CTM registration only.

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

- (a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors; *Sabel BV v Puma AG*,
- (b) the matter must be judged through the eyes of the average consumer of the goods/services in question; *Sabel BV v Puma AG*, who is deemed to be reasonably well informed and reasonably circumspect and observant - but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind; *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel B.V.*,

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

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

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

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

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

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

(i) further, the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; *Marca Mode CV v Adidas AG and Adidas Benelux BV*,

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

(k) assessment of the similarity between two marks means more than taking just one component of a composite trade mark and comparing it with another mark; the comparison must be made by examining each of the marks in question as a whole, which does not mean that the overall impression conveyed to the relevant public by a composite trade mark may not, in certain circumstances, be dominated by one or more of its components; *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*

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

Comparison of goods

36) In assessing the similarity of services, it is necessary to apply the approach advocated by case law and to take account of all the relevant factors relating to the services in the respective specifications. In *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* the ECJ stated at paragraph 23:

‘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 end users and their method of use and whether they are in competition with each other or are complementary.’

37) Other factors may also be taken into account such as, for example, the distribution channels of the goods concerned (see, for example, paragraph 53 of the judgment of the Court of First Instance (CFI) in Case T-164/03 *Ampafrance S.A. v OHIM – Johnson & Johnson GmbH (monBeBé)*).

38) Terraustral’s specification of goods covers “wines and spirits” and Gallo’s CTM registration is in respect to “wine”. It is common ground between the parties that there are both identical and similar goods involved. Certainly when considering the evidence from the parties, the respective goods of interest, in both cases, is “wine”. I can therefore conclude that having due consideration of the factors set out in *Canon*, these respective goods are identical. I will put aside the issue of the level of similarity between the remaining goods and I will return to this point later. However, I do note that Dr James referred me to the comments of Geoffrey Hobbs QC sitting as the Appointed Person in *Balmoral Trade Mark* [1999] RPC 297 to illustrate that “spirits” and “wine” are similar goods.

The average consumer

39) As matters must be judged through the eyes of the average consumer (*Sabel BV v. Puma AG*, paragraph 23) it is important that I assess who the average consumer is for the goods at issue. I have already found that the respective goods are identical or similar and in light of the common ground between the parties on this point, it follows that there will also be common ground with regard to the fact that the relevant consumers are the same.

40) In this case, the average consumer is the wine buying members of the general public. The purchasing act for such goods varies considerably depending on the quality and cost of the wine. At one end of the scale is affordable table wine where the purchasing choice can be reasonably considered but certainly

not of the highest consideration. At the other end of the scale, are wines with a significant reputation and a cost to match and where the purchasing act is of the highest level. At this end of the scale, wines are sometimes bought as investments. There is a full spectrum of qualities of wine between these two ends of the scale.

41) In summary, I consider that the average consumer for the respective goods will be the same and that there is a range of different purchasing acts depending on the cost, quality or reputation of the wine. For these proceedings, I will take the example of a low cost table wine where the purchasing act is no more than reasonably considered. This represents the best case for the opponent.

Comparison of marks

42) I will now go on to consider the similarities and differences between the trade marks themselves and the impact of any differences upon the global assessment of similarity. When assessing this factor, I must do so with reference to the visual, aural and conceptual similarities between the respective trade marks bearing in mind their distinctive and dominant components (*Sabel BV v. Puma AG*, para 23). The trade marks to be compared are:

Trade Marks of Gallo	Trade Mark of Terraustral
CARLO ROSSI	B.CARLO

43) From a visual perspective, Gallo’s trade mark includes the two words CARLO and ROSSI. Terraustral’s trade marks contain the letter B followed by a full-stop and the word CARLO. They share some visual similarity by virtue of both incorporating the word/name CARLO. However, in Gallo’s trade mark CARLO appears at the start of the trade mark and in Terraustral’s trade mark it appears at the end. The remaining elements comprising of ROSSI in Gallo’s trade mark and “B.” in Terraustral’s trade mark do not share any similarities. When comparing the trade marks as a whole, I conclude that these differences and similarities combine to give a modest level of visual similarity.

44) From an aural perspective, Gallo’s trade mark will be pronounced as “CAR-LO-ROSS-E” and Terraustral’s as “B-CAR-LO”. The shared use of the word/name CARLO provides a point of aural similarity with the remaining elements of the respective trade marks providing points of dissimilarity. Taking all this into account, I consider that the respective trade marks share a modest level of aural similarity.

45) My finding in relation to visual and aural similarity is unlikely to be a point of contention between the parties, but in respect to the conceptual analysis the views of the parties differ significantly. Dr James, in his submissions, argued that

firstly the word ROSSI when used in respect of wines, particularly red wines, will be understood as being a reference to the colour of the wine. He supports this submission by pointing to the fact that ROSSI is the plural of “red” in Italian. He therefore concludes that the trade mark CARLO ROSSI will be perceived as meaning red wine produced by someone called CARLO. Secondly, he submits that CARLO, as it appears in Terraustral’s trade mark, is not an unusual surname as Terraustral contend but rather it is the Christian name CARLO that follows the non-distinctive letter B and a full stop. He points to how Terraustral markets its wine as being ... “a tribute to the world’s most famous tango singer” [Carlos Gardel] and to its use of the slogan “Be Passion, Be Friendly, Be sensual, Just Be! B.carlo”. He contends that both these examples show how CARLO in the B.CARLO trade mark represents a Christian name and not a surname.

46) Mr Rawlence, in his written submissions points to ROSSI being a common Italian surname. In addition, his response to Dr James’ contention that ROSSI in Gallo’s trade mark would be understood by the wine purchasing public as meaning “reds”, is to point to Gallo’s Exhibits 5 and 7 and showing the trade mark in use on white wines. At the hearing, Dr James conceded that his argument applied only to the use of CARLO ROSSI in respect to red wines and not in respect to white or rosé wines.

47) I am mindful of the guidance given by the ECJ in *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH* that assessment of similarity means more than taking just one component of a composite trade mark and comparing it with another mark and also in *Shaker di L. Laudato & C. Sas v OHIM* that only if other components are negligible is it permissible to make the comparison on the basis of the dominant element. In this case the elements “ROSSI” in the earlier trade mark and “B.” in the applicant’s trade mark cannot be classified as negligible and I must therefore make an assessment of similarity based on comparing all the elements of each trade mark as a whole.

48) In respect to Dr James’ submissions that ROSSI would be understood as being the Italian word meaning “reds”, I am mindful of the following comments of Ms Anna Carboni sitting as the Appointed Person in *Chorkee v Cherokee* BL O/048/08:

37. I have no problem with the idea that judicial notice should be taken of the fact that the Cherokee Nation is a native American tribe. This is a matter that can easily be established from an encyclopaedia or internet reference sites to which it is proper to refer. But I do not think that it is right to take judicial notice of the fact that the average consumer of clothing in the United Kingdom would be aware of this. I am far from satisfied that this is the case. No doubt, some people are aware that CHEROKEE is the name of a native American tribe (the Hearing Officer and myself included), but that is not sufficient to impute such knowledge to the average consumer of clothing (or casual clothing in the case of UK TM no.

1270418). The Cherokee Nation is not a common subject of news items; it is not, as far as I am aware, a common topic of study in schools in the United Kingdom; and I would need evidence to convince me, contrary to my own experience, that films and television shows about native Americans (which would have to mention the Cherokee by name to be relevant) have been the staple diet of either children or adults during the last couple of decades.

38. I therefore agree with the Opponent that the Hearing Officer was wrong to find that the earlier trade marks would give rise to the concept of the native American tribe by the same name in the mind of the average consumer and that he should not have relied on his own knowledge and experience to do so.

...

52. It will be clear from my review of the Hearing Officer's assessment of conceptual similarity that I do not agree that it is appropriate to assume that the relevant average consumer would think of the Cherokee Nation tribe when faced with the earlier trade marks. I stated at the hearing that I had expected to find some reference to Cherokee Jeeps, my own assumption being that many people would think of these vehicles in response to seeing the name CHEROKEE on clothing. Mr Groom rightly was not receptive to that suggestion. Like the Hearing Officer's assumption of the average consumer's awareness of the Cherokee Nation tribe, my assumption of their awareness of the Cherokee Jeep was not a fact of which I could take judicial notice in the absence of evidence."

49) Taking account of these comments I conclude that, in the absence of any evidence to the contrary, it would be wrong for me to accept that the word "ROSSI" will be understood by the relevant UK consumer as being the Italian word meaning "reds". Further, as the common surname ROSSI appears after the recognised Christian name CARLO, the overall impression created is one of a full name of an individual. This impression is not changed when used in respect to red wines. I conclude therefore, that the relevant average consumer will identify the words CARLO ROSSI as being the full name of an individual person where CARLO is the Christian name and ROSSI is the surname.

50) Dr James contends that the name CARLO in Terraustral's trade mark B.CARLO would not be perceived as a reference to a surname but its visual presentation and layout strongly suggest otherwise. I accept that, aurally, it is the phonetic equivalent of "be Carlo", but the layout of the trade mark does not support this interpretation. The consumer, upon being confronted with the trade mark, will immediately see the name of an individual person whose Christian name begins with "B" and whose surname is "Carlo". It is possible that when ordering over the telephone, the consumer may not have sight of the trade mark,

but for wines, this type of purchasing act will form the minority as it is more common to purchase wine from “the shelf” or on the Internet where the layout of the trade mark will be seen.

51) I do note however, that there is some support from the courts, for Dr James’ contention that the name “Carlo” in Terraustral’s trade mark would be perceived as a Christian name. The use of the trade mark by Terraustral as referred to in paragraph 45 above can be said to be the paradigm case of its use in a normal and fair manner (*Premier Brands v Typhoon* [2000] ETMR 1071). I shall return to this point in my assessment of likelihood of confusion.

52) At the hearing, Dr James advanced an alternative argument that if I accepted that CARLO was indeed perceived as a surname in B.CARLO then Gallo’s trade mark should be seen as a combination of two surnames and that case law indicates that in such circumstances, I should find confusion. I am not persuaded by this argument. CARLO is a recognised Christian name but, as Dr James conceded, a rare surname. As a result, the trade mark CARLO ROSSI will be perceived as a Christian name followed by a surname and not as two surnames.

53) In conclusion, I find that both trade marks are representations of personal names with ROSSI being the surname in Gallo’s trade mark and CARLO being the surname in Terraustral’s trade mark. As such, I conclude that there is no conceptual similarity between the respective trade marks. In coming to this conclusion, it is not necessary to consider the application of the CFI decision, referred to by Dr James in his evidence, namely *Vincenzo Fusco v OHIM* in respect of the current proceedings.

Use and distinctive character of the earlier trade mark

54) I have to consider whether the opponent’s trade marks have a particularly distinctive character either arising from the inherent characteristics of the trade marks or because of the use made of it. Gallo’s trade mark consists of the words CARLO ROSSI and as I have already concluded, will be seen as a name of an individual possibly of Italian origin. As such, it enjoys a reasonably high level of inherent distinctive character.

55) The effect of reputation on the global consideration of a likelihood of confusion under Section 5(2)(b) of the Act was considered by David Kitchen Q.C. sitting as the Appointed Person in *Steelco Trade Mark* (BL O/268/04). Mr Kitchen concluded at paragraph 17 of his decision:

“The global assessment of the likelihood of confusion must therefore be based on all the circumstances. These include an assessment of the distinctive character of the earlier mark. When the mark has been used on a significant scale that distinctiveness will depend upon a combination of its inherent nature and its factual distinctiveness. I do not detect in the

principles established by the European Court of Justice any intention to limit the assessment of distinctiveness acquired through use to those marks which have become household names. Accordingly, I believe the observations of Mr. Thorley Q.C in *DUONEBS* should not be seen as of general application irrespective of the circumstances of the case. The recognition of the earlier trade mark in the market is one of the factors which must be taken into account in making the overall global assessment of the likelihood of confusion. As observed recently by Jacob L.J. in *Reed Executive & Ors v Reed Business Information Ltd & Ors*, EWCA Civ 159, this may be particularly important in the case of marks which contain an element descriptive of the goods or services for which they have been registered. In the case of marks which are descriptive, the average consumer will expect others to use similar descriptive marks and thus be alert for details which would differentiate one mark from another. Where a mark has become distinctive through use then this may cease to be such an important consideration. But all must depend upon the circumstances of each individual case.”

56) For the purposes of considering if Gallo’s trade mark benefits from an enhanced distinctive character by virtue of the use made of it, it is necessary for me to consider if the use, by Gallo, of the label device represented at paragraph 5 of this decision is such as to confer an enhanced distinctive character of the registered CARLO ROSSI word trade mark in the UK. This label consists of a roundel incorporating the words “Carlo Rossi California Vineyards” around a representation of the bust of a man holding a bunch of grapes. Underneath this roundel in hand written script is the name CARLO ROSSI. When considering this sign when viewed as a whole, it is clearly a CARLO ROSSI sign. None of the other elements override the dominance of the CARLO ROSSI element and I am able to conclude, without difficulty, that use of this sign is such as to qualify as use of the CARLO ROSSI words as registered.

57) Having established this, I need to consider the scale of use in the UK. To this end, Gallo claims use in the UK since 1981 but the evidence only elaborates on use since 2002 with sales information indicating that 976 cases were sold in the UK in that year. This was followed by negligible or no use in the years 2003-5 and then with 2721 cases sold in 2006 and 2368 sold in 2007 (however, it is not clear how many, if any, of this last figure relate to the period prior to the filing date of Terraustral’s trade mark). The total UK sales turnover for this period amounts to \$127,678. No information is provided regarding the size of the total wine market in the UK, but at the hearing Dr James conceded that this use in the UK is not overwhelming. Despite this concession, I am prepared to accept that this level of use in respect to wine has resulted in a small impact upon the level of the trade mark’s inherent distinctive character, but that such a small impact will not have any material difference to the level of distinctive character established by its inherent qualities.

Likelihood of confusion

58) It is clear from the case law that there is interdependency between the various factors that need to be taken into account when deciding whether there exists a likelihood of confusion. I must also take into account that marks are rarely recalled perfectly with the consumer relying, instead, on the imperfect picture of them he has in kept in his mind (*Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V* paragraph 27).

59) I have found that the respective trade marks share a modest level of visual and aural similarity but do not share any conceptual similarity. Some of the respective goods are identical. When taking all these factors into consideration, I find that the relevant public will not confuse the trade marks and they will not believe that the respective goods originate from the same trade source. In doing so, I believe I am consistent with the comments made by Matthew Clarke QC, sitting as the appointed person in *Mazetti Clothing Company v Samdys S.p.A.*, a decision referred to in Mr Rawlence's evidence.

60) If I accept the argument that "Carlo" is perceived as a Christian name in Terraustral's trade mark, it does not change my findings. As I have already found, Gallo's trade mark will be perceived as a whole name, identifying a specific individual named CARLO ROSSI. On the other hand, Terraustral's trade mark would be perceived as a reference to any number of individuals named Carlo. The relatively low level of inherent distinctive character that resides in this common Christian name is insufficient to establish that, in respect of wine, the relevant consumer will expect the product to originate from the same or economically linked undertaking. I concluded earlier that the visual construction of "B.Carlo" leads the consumer to perceive an initial followed by a surname. In order to see "Carlo" as a Christian name, the consumer will need to be aware of Terraustral's attempt to link the trade mark with Carlos Gardel. In this scenario, the "Carlo" element of Terraustral's trade mark would be perceived by the consumer as relating to the singer, a different and unrelated individual to Carlo Rossi. As such, the consumer will clearly not expect the respective wine to originate from the same or economically linked undertaking.

61) Accordingly, I find there is a no likelihood of confusion and the opposition under Section 5(2) (b) fails. Having made this finding in respect of wine, being identical to the goods covered by Gallo's CTM registration, it follows that Gallo's case is no better in respect to the similar goods covered by Terraustral's specification of goods, namely "spirits".

Section 5(4) (a)

62) The Section 5(4) (a) grounds were withdrawn at the hearing.

Section 5(3)

63) I turn to consider the ground for opposition under Section 5(3) of the Act which reads as follows:

“5.-(3) A trade mark which –

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

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 Community trade mark or international trade mark (EC) in the European Community) 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.”

64) The scope of Section 5(3) has been considered in a number of cases notably *General Motors Corp v Yplon SA* (CHEVY) [1999] ETMR 122 and [2000] RPC 572, *Adidas Salomon AG v Fitnessworld Trading Ltd.* [2004] ETMR 10, *Premier Brands UK Limited v Typhoon Europe Limited* (TYPHOON) [2000] FSR 767, *Daimler Chrysler A.G. v Alavi* (MERC) [2001] RPC 42, *C.A. Sheimer (M) Sdn Bhd's TM Application* (VISA) [2000] RPC 484, *Valucci Designs Ltd v IPC Magazines* (LOADED) O/455/00, *Mastercard International Inc v Hitachi Credit (UK) Plc* [2004] EWHC 1623 (Ch), *Electrocoin Automatics Limited v Coinworld Limited and others* [2005] FSR 7 and *Davidoff & Cie SA v Gofkid Ltd* (DAVIDOFF) [2003] ETMR 42.

65) The applicable legal principles arising from these cases are as follows.

a) ‘Reputation’ for the purposes of Section 5(3) means that the earlier trade mark is known by a significant part of the public concerned with the products or services covered by that trade mark (paragraph 26 of the ECJ's judgment in *General Motors Corp. v Yplon SA (CHEVY)* [1999] ETMR 122).

b) Under this provision the similarity between the trade marks does not have to be such as to give rise to a likelihood of confusion between them; the provision may be invoked where there is sufficient similarity to cause the relevant public to establish a link between the earlier trade mark and the later trade mark or sign, *Adidas Salomon v Fitnessworld*, paragraphs 29-30.

c) The stronger the earlier trade mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it (per Neuberger J. in *Premier Brands*, and the ECJ in CHEVY, paragraph 30).

d) Unfair advantage is taken of the distinctive character or the repute of the earlier trade mark where there is clear exploitation and free-riding on the coat-tails of a famous trade mark or an attempt to trade upon its reputation: *Spa Monopole v OHIM*.

66) To these, I would also add the following legal principles that have arisen from the recent ECJ judgement in *Intel Corporation Inc. V CPM United Kingdom Ltd (INTEL) C-252/07*:

a) Whether there is a link, within the meaning of *Adidas-Salomon and Adidas Benelux*, between the earlier trade mark with a reputation and the later trade mark must be assessed globally, taking into account all factors relevant to the circumstances of the case.

b) The fact that, for the average consumer, who is reasonably well informed and reasonably observant and circumspect, the later mark calls the earlier mark with a reputation to mind is tantamount to the existence of such a link between the conflicting trade marks, within the meaning of *Adidas-Salomon and Adidas Benelux*.

c) Whether use of the later trade mark takes or would take unfair advantage of, or is or would be detrimental to, the distinctive character or the repute of the earlier mark, must be assessed globally, taking into account all factors relevant to the circumstances of the case.

d) The use of the later mark may be detrimental to the distinctive character of the earlier mark with a reputation even if that mark is not unique; a first use of the later mark may suffice to be detrimental to the distinctive character of the earlier mark; proof that the use of the later mark is or would be detrimental to the distinctive character of the earlier mark requires evidence of a change in the economic behaviour of the average consumer of the goods or services for which the earlier mark was registered consequent on the use of the later mark, or a serious likelihood that such a change will occur in the future.

67) I begin by assessing Gallo's claim to a reputation and whether this existed at the relevant date. At the hearing Gallo dropped its claim under Section 5(3) in respect to its UK registration and relied solely on the alleged reputation of its CTM registration for the words CARLO ROSSI. Many of the exhibits show use of the label device as shown in paragraph 5, and others, such as some of the pages at Exhibit 7 illustrate use of the signature element alone. As I have already

concluded, when considering enhanced distinctive character at paragraph 55, any use of the label sign is use that can contribute towards the reputation of the words CARLO ROSSI alone.

68) I need to consider the size of reputation enjoyed by Gallo in respect to CARLO ROSSI. From the ECJ's comments in *CHEVY* it is known that for a reputation to exist, the relevant trade marks must be known by a significant part of the public concerned and that particularly important considerations are the market share held by the trade marks, the intensity, geographical extent and duration of use and the level of promotion undertaken. The evidence submitted by Gallo discloses that in its largest national market in the EU, Poland, CARLO ROSSI enjoyed a 3.9% (by volume) and 6.2% (by value) market share in 2006 with a corresponding €839,548 spent on marketing. Sales figures are provided for a further eleven EU states (see paragraph 10 of this decision) and the results of the survey referred to at Exhibit 9, whilst not being immune from criticism reveals that CARLO ROSSI was ranked as the third best known wine brand based on prompted awareness. I am prepared to accept that taking all this evidence together that CARLO ROSSI, as registered as a CTM, enjoys a reputation in the EU.

69) Having established this, I need to go on to consider the existence of the necessary link. I am mindful of the recent comments of the ECJ in *INTEL* that it is sufficient for the later trade mark to bring the earlier trade mark with a reputation to mind for the link, within the meaning of *Adidas-Salomon and Adidas Benelux*, to be established. The ECJ also set out the factors to take into account when considering if the necessary link exists:

“41. The existence of such a link must be assessed globally, taking into account all factors relevant to the circumstances of the case (see, in respect of Article 5(2) of the Directive, *Adidas-Salomon and Adidas Benelux*, paragraph 30, and *adidas and adidas Benelux*, paragraph 42).

42. Those factors include:

- the degree of similarity between the conflicting marks;
- the nature of the goods or services for which the conflicting marks were registered, including the degree of closeness or dissimilarity between those goods or services, and the relevant section of the public;
- the strength of the earlier mark's reputation;
- the degree of the earlier mark's distinctive character, whether inherent or acquired through use;

– the existence of the likelihood of confusion on the part of the public.”

70) The respective trade marks, despite sharing the word CARLO are significantly different when viewed as a whole. As I have already found in my analysis under Section 5(2) (b), Gallo’s earlier trade mark consists of the Christian name CARLO followed by the surname ROSSI, the whole being a full personal name. On the other hand, Terraustral’s trade mark consists of the initial “B” followed by the surname CARLO. Gallo’s trademark has a reasonably high level of distinctive character. Despite the respective goods being identical or similar, I found that there was no likelihood of confusion when considering the grounds under Section 5(2) (b).

71) When considering the strength of the earlier trade marks’s reputation, I am mindful of the fact that this resides predominantly in other EU territories and is not in respect to the UK, any use that may lead to a reputation is somewhat more limited. At the hearing, Dr James commented that Gallo’s case “becomes somewhat weaker” if only the position in the UK is considered. I agree with this candid analysis. In respect of wines, it is not obvious that a reputation in other EU territories will transfer to the UK and there is certainly no evidence of any such transference. The only use I must consider for establishing detriment in the UK is use that has an impact upon the UK consumer. In this case and in the absence of any evidence that there is any transference to the UK of reputation built up in other EU territories, this can be assessed by reference only to the extent of the reputation that Gallo’s trade mark enjoys in the UK. Such use has been shown to be inconsistent and not particularly large.

72) Taking all these factors into account, and in particular my finding that the earlier trade mark is a reference to a person with the surname ROSSI whereas the later trade mark is a reference to a person with the surname CARLO, I find that the necessary link does not exist and as a result, Gallo’s grounds based upon Section 5(3) fail.

Costs

73) The opposition having failed, Terraustral are entitled to a contribution towards its costs. I take account of the fact that Terraustral was not represented at the hearing, but that it did file written submissions in lieu of attendance. I award costs on the following basis:

Considering Notice of Opposition and statement	£200
Statement of case in reply	£300
Preparing and filing evidence	£500
Considering evidence	£250
Filing written submissions	£400
TOTAL	£1650

74) I order E & J Gallo Winery to pay Terraustral S.A. the sum of £1650. 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 25th day of March 2009

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