

(Fictional Case Study)

DECISION
of the Second Board of Appeal
of 5 November 2017

In Case R 286/2015-2

INSTITUTO DOS VINHOS DO DOURO E DO PORTO, IP

Rua dos Camilos, 90
5050-272 Peso da Régua
Portugal

Opponent / Appellant

v

Good Limited

12 Flar Avenue
1087 Nicosia
Cyprus

Applicant / Respondent

APPEAL relating to Opposition Proceedings No B 2 376 182 (European Union trade mark application No 12 430 069)

THE SECOND BOARD OF APPEAL

composed of P. Kirhof (Chairperson), S. Gandlieh (Rapporteur) and A. Schug (Member)

Registrar: H. Bello

gives the following

Decision

Summary of the facts

- 1 By an application filed on 3 October 2016, Good Limited ('the applicant') sought to register the word mark

Porto Maltese

for the following list of goods and services:

Class 29: Wine sauces;

Class 43: Services for providing food and drink; Restaurants; Restaurant reservation services; Carry-out restaurants; Fast-food restaurants; Bar services; Café services; Catering; Takeaway services;

- 2 The application was published on 26 November 2016.
- 3 On 10 February 2017, INSTITUTO DOS VINHOS DO DOURO E DO PORTO, IP ('the opponent') filed an opposition against the registration of the published trade mark application for all the above services.
- 4 The grounds of opposition were those laid down in Article 8(6) EUTMR.
- 5 The opposition was based on the Protected Designation of Origin No PCO-PT-A 1540 'PORTO' for fortified wine from Portugal (hereinafter the 'PGI').
- 6 The opponent also claimed that the contested mark exploits the reputation of its PGI. In this regard it argues that said reputation is a well-known fact and that it has been acknowledged on various occasions by the Office (see Decision on opposition no. 001876187 and Decision on Opposition no. B 998510).
- 7 By decision of 19 January 2017 ('the contested decision'), the Opposition Division rejected the opposition in its entirety. It concluded that the contested sign is dissimilar to the protected geographical indication since 'Porto Maltese' refers to a Port located in Malta. It also found that one of the necessary requirements of Article 8(6) EUTMR was not met as the contested goods in class 29 and services in Class 43 are not comparable to 'wine' for the purposes of Article 103(2) of Regulation No 1308/2013. Furthermore Article 103 of Regulation 1083/2013 which is understood in the same way as Article 8(5) EUTMR, could not be invoked, as the opponent did not prove reputation of the PDO.
- 8 On 8 February 2017, the opponent filed an appeal against the contested decision, requesting that the decision be entirely set aside. The statement of grounds of the appeal was received on 3 May 2017.
- 9 No observations in reply were filed.

Submissions and arguments of the parties

- 10 The arguments raised in the statement of grounds may be summarised as follows:
- The use of the contested sign is prohibited under Portuguese law. This issue was not addressed by the opposition division.
 - The opponent contests the Offices findings that the goods and services under conflict are not comparable. Numerous sauces incorporate wine, including 'Porto'. All contested services are indeed comparable to wine since a restaurant and a bar offer a variety of drinks to their patrons including Port wine.
 - The Office already recognized the internationally well-known character of the PGI 'PORTO' in several decisions. Furthermore, by definition a Protected Geographical Indication has reputation (see Article 93(1) (b)(i) of Regulation No 1308/2013). It adds that in any event the reputation of the PGI 'PORTO' is a well-known fact

Reasons

11 As from 01/10/2017, Regulation (EC) No 207/2009 and Regulation (EC) No 2868/95 have been repealed and replaced by Regulation (EU) 2017/1001 (codification), Delegated Regulation (EU) 2017/1430 and Implementing Regulation (EU) 2017/1431, subject to certain transitional provisions. All the references in this decision to the EUTMR, EUTMDR and EUTMIR shall be understood as references to the Regulations currently in force, except where expressly indicated otherwise.

Article 8(6) EUTMR

12 According to Article 8(6) EUTMR, upon opposition by any person authorised under the relevant law to exercise the rights arising from a designation of origin or a geographical indication, the trade mark applied for shall not be registered where and to the extent that, pursuant to the Union legislation or national law providing for the protection of designations of origin or geographical indications:

- (i) an application for a designation of origin or a geographical indication had already been submitted, in accordance with Union legislation or national law, prior to the date of application for registration of the EU trade mark or the date of the priority claimed for the application, subject to its subsequent registration;
- (ii) that designation of origin or geographical indication confers the right to prohibit the use of a subsequent trade mark.

13 A geographical indication identifies a product originating in a particular geographical area, where a given quality, reputation or other characteristic of that product is essentially attributable to its geographical origin.

14 The ground of refusal of Article 8(6) EUTMR is subject to the following requirements:

- The opponent is authorised under the relevant law to exercise the rights arising from a designation of origin or a geographical indication;
- An application for a designation of origin or a geographical indication had already been submitted, in accordance with Union legislation or national law, prior to the date of application for registration of the EU trade mark or the date of the priority claimed for the application, subject to its subsequent registration;
- That designation of origin or geographical indication confers the right to prohibit the use of a subsequent trade mark.

15 These conditions are cumulative. Therefore, where one of those conditions is not met, the opposition based on a protected geographical indication (“PGI”) according to Article 8(6) EUTMR cannot succeed.

16 Designations of origin and geographical indications for wines and other grapevine products protected under Council Regulation No 1234/2007 of

22/10/2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation No 1308/2013 of 17/12/2013) fall under Article 8(4) EUTMR.

17 This includes the names already registered under Council Regulation No 1493/1999 of 17/05/1999 on the common organisation of the market in wine or Council Regulation No 479/2008 of 29/04/2008 on the common organisation of the market in wine.

18 According to the documents submitted by the opponent the designation of origin has already been registered since 1921. Therefore, the designation 'PORTO' falls under the scope of protection of the Council Regulation. According to Article 93(1)(a) of Regulation No 1308/2013, 'designation of origin' means the name of a region, a specific place or, in exceptional cases, a country used to describe a product referred to in Article 92(1) fulfilling the following requirements:

- the quality and characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors;
- the grapes from which it is produced come exclusively from this geographical area;
- its production takes place in this geographical area; and
- it is obtained from vine varieties belonging to *Vitis vinifera*.

19 In the present case, the designation of origin 'PORTO' has been registered for wine. The registration was published in the Official Journal of the European Union.

20 According to Article 103(2) of Regulation No 1308/2013, protected designations of origins and protected geographical indications and the wines using those protected names in conformity with the product specification shall be protected against:

(a) any direct or indirect commercial use of a protected name:

(i) by comparable products not complying with the product specification of the protected name; or

(ii) in so far as such use exploits the reputation of a designation of origin or a geographical indication;

(b) any misuse, imitation or evocation, even if the true origin of the product or service is indicated or if the protected name is translated or accompanied by an expression such as 'style', 'type', 'method', 'as produced in', 'imitation', 'flavour', 'like' or similar;

(c) any other false or misleading indication as to the provenance, origin, nature or essential qualities of the product, on the inner or outer packaging, advertising material or documents relating to the wine product concerned, and the packing of the product in a container liable to convey a false impression as to its origin;

(d) any other practice liable to mislead the consumer as to the true origin of the product.

Any direct or indirect commercial use of a protected name by comparable products not complying with the product specification of the protected name

- 21 Firstly, the application of Article 103(2) of Regulation No 1308/2013 is excluded for the reason that the contested sign is not a ‘use’ of the protected geographical indication.
- 22 This is not the case since the contested sign does not refer to the same geographical place or region. The contested sign refers to a port located in Malta.
- 23 Moreover, according to the Case-Law, products are comparable for the purposes of Article 103(2) of Regulation No 1308/2013 when they have common objective characteristics, such as the method of elaboration, the physical appearance of the product and the use of the same raw materials. Other factors which may be relevant are, from the perspective of the relevant public, the consumption on identical occasions and the identical channels of distribution and marketing methods ((14/07/2011, C-4/10 & C-27/10, BNI Cognac, EU:C:2011:484, § 54).
- 24 It is obvious that the notion of a ‘comparable’ product must be one ‘comparable’ to wine in the sense that the specific protection for wines is affected. ‘Comparable’ products are e.g. products which are types of wine or presented under names alluding to wine (‘plum wine’) or which look like wine and could be held by consumers to be or to contain wine. And it must be emphasized that a ‘comparable’ product is not to be interpreted as meaning a ‘similar’ product in the sense of Article 8(1)(b) EUTMR. In the case at hand the goods in Class 29 are food products. These goods in Class 29 do not comply with the product specification for wine. Therefore, these goods are not comparable.
- 25 The contested services in Class 43 are not comparable to wine. The services in Class 43 differ already in their nature. Furthermore, services cannot comply with the product specification. It must be emphasized that a ‘comparable’ product is not to be interpreted as meaning a ‘similar’ product in the sense of Article 8(1)(b) EUTMR (see also decision of 15.06.2016, R 1105/2015-4, PORTOBELLO ROAD NO 171, § 23). Therefore, all the contested goods and services are not comparable.
- 26 The essential function of a geographical indication – as an IP right – is not to monopolise the name of a city or region. Any city or region serves as a place of protection of innumerable other goods. The essential function of a geographical indication is to protect the link between a product (and its

characteristics) and a geographic origin. Geographical indications or appellations of origin are meant to protect the consumer's expectations that a given product has the geographic origin indicated on the product.

Exploitation of the reputation of the protected name

- 27 The second alternative for protection under Article 103 of Regulation No 1083/2013 is that there is 'any direct or indirect commercial use of the protected name' (Article 103(2)(a), header) and that 'such use exploits the reputation of the geographical indication' (Article 103(2)(a)(ii)).
- 28 The Board concurs with the Opposition Division that that second condition is to be understood in the same way as Article 8(5) EUTMR, namely as a protection of a reputation or goodwill in a sign against acts of unfair exploitation of that reputation (See also DECISION OF 15 MAY 2008 – R 1171/2005-4 – ROYAL COGNAC/COGNAC *et al.*).
- 29 Pursuant to Article 8(5) EUTMR, an opposition to an application for a European Union trade mark may be founded on an earlier European Union trade mark which has a reputation in the European Union or on an earlier national trade mark which has a reputation in the Member State concerned, even though the earlier mark is registered for goods or services which are not similar to the goods or services covered by the application for a European Union trade mark, provided that the use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to the distinctive character or the repute of the earlier trademark.
- 30 Thus the application of Article 8(5) EUTMR is subject to the following conditions: (i) the marks at issue must be identical or similar; (ii) the earlier mark must have a reputation in the relevant territory; and (iii) there must be a risk that the use without due cause of the trade mark applied for would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark. Those conditions are cumulative and failure to satisfy one of them is sufficient to render that provision inapplicable (22/03/2007, T-215/03, Vips, EU:T:2007:93, § 34-35; 11/07/2007, T-150/04, Tosca Blu, EU:T:2007:214, § 54-55).

Reputation

- 31 In accordance with settled Case-Law, the concept of 'reputation' assumes a certain degree of knowledge amongst the relevant public. In respect of an EUTM, the Court has held that the relevant public is that concerned by the trade mark at issue, that is to say, depending on the product or service marketed, either the public at large or a more specialized public, for example traders in a specific sector. It cannot be required that that trade mark be known by a given percentage of the public. The degree of knowledge required must be considered to be reached when the trade mark at issue is known by a significant part of the public concerned by the products or services covered by that trade mark. Among the relevant indicia, one should in particular consider 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 (01/02/2012, T-291/09, Pollo Tropical chicken on the grill, EU:T:2012:39, § 62).

- 32 In the present case the opponent submits that by definition a Protected Geographical Indication has reputation (see Article 93(1) (b)(i) of Regulation No 1308/2013). It adds that in any event the reputation of the PGI 'PORTO' is a well-known fact and that the reputation has already been recognized by the Office in previous decisions. The Board agrees. Port wine is known in the entire world, not only by wine lovers or connoisseurs, but by the average consumer of wine. This has been rightly acknowledged by the Office in previous decisions.
- 33 Furthermore, certain facts which form part of general knowledge need not be proved, for instance that the sky is blue and water is wet. It was for example decided that 'Aspirin', as a well-known mark, does not require any further evidence (decision of the Board of Appeal in Case R 7/2001-1 – Aspir-Willow/Aspirin, paragraph 22). This category of generally known facts also includes the fact that champagne is a well-known sparkling wine drink which has a specific geographical origin (DECISION OF 19 NOVEMBER 2008 – R 25/2008-1 – CHAMPAGNE AND ROSES / Champagne, Par.18). The same conclusion applies to 'Porto' wine which was used by Vice-admiral Nelson before the battle of Trafalgar, after dipping a finger in his glass of port wine to draw a map of his tactics for the battle.

Similarity of the signs

- 34 The types of injury referred to in Article 8(5) EUTMR, where they occur, are the consequence of a certain degree of similarity between the earlier and later marks, by virtue of which the relevant section of the public makes a connection between those two marks, that is to say, establishes a link between them even though it does not confuse them (see 14/09/1999, C-375/97, Chevy, EU:C:1999:408, § 23; of 23/10/2003, C-408/01, Adidas, EU:C:2003:582, § 29 and 41, and 27/11/2008, C-252/07, Intel, EU:C:2008:655, § 30).
- 35 In particular, the Court has stated that that Article 8(1)(b) and Article 8(5) EUTMR differ in terms of the degree of similarity each requires. The former is conditional upon finding a similarity between the marks at issue that risks confusion for part of the relevant section of the public. In contrast, the types of injury referred to in Article 8(5) EUTMR may be the consequence of a lesser degree of similarity between the earlier and later marks, provided that it is sufficient for the relevant section of the public to make a connection between those marks, that is to say, to establish a link between them although it would not confuse them (27/11/2008, C-252/07, Intel, EU:C:2008:655, § 39; 11/12/2014, T-480/12, EU:T:2014:1062, Master (fig.) / Coca Cola (fig.) et al., § 33).
- 36 In the present case, the signs are similar to the extent that both contain the word element 'PORTO'.

The existence of a link between the contested mark and the PGI 'PORTO'

- 37 The case-law establishes a series of possible factors that must be analysed in the examination of the link between the signs, those factors including the following (27/11/2008, C-252/07, Intel, EU:C:2008:655, § 42):
- the degree of similarity between the signs;
 - the nature of the goods and services, including the degree of similarity or dissimilarity between those goods and services, and the relevant section of the public;
 - the strength of the earlier trade mark's reputation;
 - the degree of the earlier trade mark's distinctive character, whether inherent or acquired through use;
 - the existence of the likelihood of confusion on the part of the public.
- 38 In the absence of such a link in the mind of the public, the use of the later mark is not likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier marks.
- 39 It is apparent from case-law that the purpose of Article 8(5) EUTMR is not to prevent the registration of any mark which is identical to a mark with a reputation or similar to it. The objective of that provision is, notably, to enable the proprietor of an earlier national mark with a reputation to oppose the registration of marks which are likely either to be detrimental to the repute or the distinctive character of the earlier mark, or to take unfair advantage of that repute or distinctive character (25/05/2005, T-67/04, Spa-Finders, EU:T:2005:179, § 40).
- 40 As regards the degree of similarity between the conflicting marks, the more similar they are, the more likely it is that the later mark will bring the earlier mark with a reputation to the mind of the relevant public (27/11/2008, C-252/07, Intel, EU:C:2008:655, § 44).
- 41 As seen above, the signs present a certain similarity.
- 42 However, the fact that the conflicting rights are identical or similar, like in the present case, it is not sufficient per se to conclude that there is a link between those rights. It is possible that the conflicting marks are registered for goods or services in respect of which the relevant sections of the public do not overlap and that the public targeted by each of the two marks may never be confronted with the other mark, so that they will not establish any link between those marks. It is also possible that, even if the relevant section of the public as regards the goods or services for which the conflicting marks are registered or applied for is the same or overlaps to some extent, those goods or services may be so dissimilar that the later mark is unlikely to bring the earlier mark to the mind of the relevant public (27/11/2008, C-252/07, Intel, EU:C:2008:655, § 45- 49).

- 43 The relevant public, in the present case, is the general public at large. Concerning the goods and services at issue, although they were not considered comparable, are sufficiently related in the sense that port is frequently used as an ingredient in the preparation of a meal and that Port wine is often offered in bars and restaurants. The PGI ‘PORTO’ enjoys a substantial reputation within the EU.
- 44 Therefore, the relevant public, seeing the contested mark on those goods and in relation with contested services, will immediately make a link with the earlier reputed PGI.

The injury: Taking unfair advantage of the distinctive character or the repute of the earlier PGI

- 45 However, the existence of a link between the conflicting marks in the mind of the public constitutes a condition which is necessary but not, in itself, sufficient to establish the existence of one of the types of injury against which Article 8(5) EUTMR ensures protection for the benefit of a trade mark with a reputation (see, to that effect, 27/11/2008, C-252/07, Intel, EU:C:2008:655, § 31-32). Therefore, it does not dispense the owner of an earlier right from having to prove the serious likelihood that such an injury will occur in the future.
- 46 As regards the concept of ‘taking unfair advantage of the distinctive character or the repute of the earlier mark’, also referred to as ‘parasitism’ or ‘free-riding’, that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (18/06/2009, C-487/07, L’Oréal, EU:C:2009:378, § 41).
- 47 This concerns the risk that the image of the mark with a reputation, or the characteristics which it projects, are transferred to the goods covered by the mark applied for, with the result that the marketing of those goods is made easier by that association with the earlier mark already having a reputation (see 22/03/2007, T-215/03, Vips, EU:T:2007:93, § 40).
- 48 The advantage taken by a third party of the distinctive character or the repute of the mark may be unfair, even if the use of the identical or similar sign is not detrimental either to the distinctive character or to the repute of the mark or, more generally, to its proprietor (18/06/2009, C-487/07, L’Oréal, EU:C:2009:378, § 43).
- 49 The difference from unfair advantage of distinctiveness is that this kind of misappropriation is more concerned with the quality image of the earlier right. Such a risk will be particularly high where the earlier sign has acquired not only an outstanding recognition, but also a “good” or “special” reputation, in the sense that it reflects an image of excellence, reliability or quality, or some

other positive message, which could influence the choice of the consumer in favour of other producers' goods. Such an added value to the reputation of a mark or appellation of origin has to be abundantly clear from the evidence on file and should not be merely assumed.

- 50 It follows from the wording of Article 8(5) EUTMR that the proprietor of the earlier mark is not required to demonstrate actual and present unfair advantage of the earlier mark. It must nevertheless adduce prima facie evidence of a future risk, which is not hypothetical, of unfair advantage (25/05/2005, T-67/04, Spa- Finders, EU:T:2005:179, § 40).
- 51 Defining the relevant consumer, the Court of Justice found that unfair advantage, taken by the later mark, has to be assessed by reference to average consumers of the goods or services for which the later mark is applied for (see 27/11/2008, C-252/07, Intel, EU:C:2008:655, §35-36).
- 52 Therefore, for the purpose of the present evaluation, unfair advantage taken by the contested mark must be assessed by reference to the average European Union consumer of the goods in respect of which the applicant seeks protection, ie 'sauces and restaurant and bar services'.
- 53 Furthermore, it is necessary to consider whether the link between the rights at issue would give an unfair advantage to the applicant by enabling a transfer of the image of the earlier PGI 'PORTO' or the characteristics which it projects on to 'sauces and restaurant and bar services' identified by the contested mark.
- 54 The Board believes that upon encountering the sign , used on 'sauces' or in a bar or restaurant the relevant consumer, who coincides with the purchaser of the opponent's 'Port Wine', will inevitably make a mental connection with the opponent's PGI 'PORTO', and the goods it offers on account of the reputation of the opponent's PGI. In using the name 'PORTO' to launch a new restaurant or bar and a new product (sauces), the applicant wishes to create an attractive effect borrowed from the prestige of the disputed appellation. Port wine is one of the most iconic wine in the world associated with a positive image. Port is regarded as one of the most civilised and sociable of wines which will help to make any occasion special, whether a quiet evening by the fireside, an informal gathering of friends or a sophisticated formal meal.
- 55 This is exactly the claim incorporated in the opponent's documents, already submitted before the first instance, and therefore it should not have been dismissed without a careful examination of all the particulars of the case. This constitutes a case of taking advantage of the reputation of the opponent's sign.
- 56 In light of the above considerations, the Board concludes that the contested mark is likely to take unfair advantage of the distinctive character or the repute of the earlier PGI 'PORTO'.
- 57 It is not necessary to determine whether there is a risk that the use of the mark applied for would be detrimental to the distinctive character or the repute of the earlier PGI 'PORTO'. As is apparent from Case-Law, the existence of one

of the injuries referred to in Article 8(5) EUTMR is sufficient for that provision to apply.

Due cause

- 58 Article 8(5) EUTMR makes an opposition by an earlier trade mark with repute subject to the lack of due cause for using the trade mark applied for. Such a reference to ‘due cause’ means that the applicant would be allowed to use the mark applied for, notwithstanding the unfair advantage which might be taken of the opponent’s mark, in circumstances where it could not reasonably be required to abstain from such use.
- 59 In the present case, the applicant did not submit any comments, thus there are no arguments about the existence of due cause for the use of the mark applied for either.
- 60 For these reasons, the Board considers the requirements of Article 103(2) of Regulation No 1308/2013 in conjunction with Article 8(5) EUTMR to be fulfilled. Therefore, the opposition under Article 8(6) EUTMR succeeds.

Order

On those grounds,

THE BOARD

hereby:

- 1. Annuls the contested decision and rejects the contested trade mark for all goods and services.**
- 2. Orders the applicant to pay to the opponent the costs of the opposition and appeal proceedings.**