

O/298/12

TRADE MARKS ACT 1994

APPLICATION No. 2566688 BY CAPARO INTERNATIONAL CORP.

TO REGISTER THE TRADE MARK CAPARO IN CLASS 12

AND

OPPOSITION No. 101996 BY CARRARO S.p.A.

THE BACKGROUND

1. On 9 December 2010, Caparo International Corp. applied to register CAPARO as a trade mark in classes 12, 40 and 42 for a wide range the goods and services¹, including vehicles, vehicle parts, treatment of materials, design and engineering services, including design of vehicles and vehicle parts.

2. The application is opposed by Carraro S.p.A. on the basis of four earlier trade marks and the opponent's common law rights in the word CARRARO. With regard to the former grounds, the opponent is the proprietor of earlier UK registration 1461594, which consists of the following trade mark:



3. This mark is registered for „Axles for tractors and motor land vehicles; parts for tractors and motor land vehicles; all included in Class 12’. The same mark is also registered as a Community trade mark (“CTM”) under number 110445 for a similar list of goods. Both of these marks had been registered for more than 5 years at the date of publication of the opposed mark and it is common ground that they can only be relied on in this opposition if, and to the extent that, they satisfy the proof of use requirements².

4. The opponent is also the proprietor of CTMs 9058223 and 6987631. These are shown below.



5. CTM 9058223 is registered in class 7 for „Agricultural machines and implements’ and in class 12 for ‘Tractors’. CTM 6987631 is registered for the following list of goods and services:

Class 07:

Axles, couplings and transmission components (except for land vehicles), reducers, parts for vehicles (except for land vehicles).

¹ See Annex A.

² See section 6A of the Act.

Class 12:

Axles, couplings and transmission components for land vehicles, reducers, parts for land vehicles.

Class 35:

Advertising; business management; business administration; office functions.

Class 42:

Scientific and technological services and research and design relating thereto; industrial analysis and research services.

6. CTMs 9058223 and 6987631 had been registered for less than five years when the opposed trade mark was published for opposition purposes. Consequently, it is common ground that the opponent can rely on these marks for all the goods and services for which they are registered, without having to prove use of the marks.

7. The opponent claims that each of the above marks is similar to the mark applied for, that they are registered for goods or services that are identical or similar to the goods and services covered by the application, and that there is a likelihood of confusion. Consequently, registration of the applicant's mark would be contrary to s.5(2)(b) of the Act.

8. The opponent also claims that it is an international group which leads the world in highly efficient eco-compatible power transmission systems with production plants in Italy, India, Argentina, China, Germany, Poland and the United States. The opponent says that "*tractors, axles and transmissions for vehicles*" have been sold into the UK under the mark CARRARO for many years and that it has acquired a protectable goodwill under that name. Use of the applicant's mark would amount to a misrepresentation and damage the opponent's goodwill. Consequently, registration would be contrary to s.5(4)(a) of the Act.

9. The applicant filed a counterstatement in which it:

- i) Claimed that it and "*its associated companies*" have been using the name CAPARO since the business began in 1968.
- ii) Says that the group employs over 10,000 people in its worldwide operations and that the applicant has accrued a significant reputation and goodwill under the name CAPARO.
- iii) Denies the grounds of opposition and puts the opponent to proof of its claims.

10. Both sides seek an award of costs.

11. A hearing took place on 26 June 2012 at which the applicant was represented by Giles Fernando of Counsel, instructed by Barker Brettell LLP, and the opponent was represented by Ben Longstaff of Counsel, instructed by Appleyard Lees.

THE FACTS

Use of the Opponent's Mark

12. The opponent's evidence comes from a witness statement by Enrico Carraro, who is the "Vice-President of B.O.D." for Carraro S.p.A. Mr Carraro says that "*the brand CARRARO is used in various forms*" by his company and that use in the UK "*probably started towards 1976-1977 as supplier of axles of primary tractor constructors commercialized in UK: for example, Renault, Ford, Massey Ferguson and Leyland*". According to Mr Carraro, from around 1990 the UK became a "*primary market*" for axles. Also an important supply agreement was formed with Caterpillar UK Limited and goods have been imported into the UK every year since then.

13. Mr Carraro says that his company "*is also one of the leading manufacturers of machines for orchards and vineyards and build, in addition to machines with its own brand 'Agricube', tractors for the most important players in the field: Claas, Massey Ferguson and John Deere*". Further, in 2010, the opponent launched its own brand tractors under the CARRARO plus horses mark registered under CTM 9058223. He concludes that "*Over the past 15-20 years, and by virtue of the long and established use of the CARRARO brand in the UK, my company enjoys a reputation and goodwill in the CARRARO marks that extends across the full range of axles and parts for tractors and motor vehicles and tractors and the brand CARRARO is distinctive to the relevant customers in the field*".

14. Perhaps because Mr Carraro's first language is not English, his statement is not entirely clear, but I understand Mr Carraro's evidence to be that:

- i) The opponent started trading in the UK in 1976/77 supplying axles to vehicle manufacturers.
- ii) The UK market became more important when the opponent started supplying goods to Caterpillar UK Limited in 1990.
- ii) The company also builds tractors for Claas, Massey Ferguson and John Deere and sells machines for use in vineyards and orchards under its own brand „Agricube’.
- iii) In 2010, the company also started marketing its own brand tractor under the CARRARO plus horses trade mark.

15. Mr Carraro also provides worldwide advertising and sales figures for the CARRARO brand and also approximate sales figures for the UK alone. These indicate that in each of the years 2005-2010, the opponent had a UK turnover of between 15 and 84 million Euros. However, Mr Carraro says that his company's records do not allow him to break down the turnover by mark, so it is not clear how these figures relate to each of the earlier marks. He also provides figures for worldwide advertising expenditure in connection with the CARRARO brand, and

says that the opponent spends most of this on printed publications and attending trade shows. No further details about this promotion are provided and Mr Carraro says that he cannot break down the activity by mark or by territory. Thus, it is not clear which mark has been promoted in the UK or in the EU, to what extent, or how.

16. Mr Carraro does, however, provide sample invoices³ said to show the goods sold to Caterpillar UK Limited. In fact only 5 of the 13 invoices are addressed to Caterpillar UK Limited. The others are addressed to McCormick Tractors International Limited, Terex UK Limited and NMHG Limited. All are dated between 6 March 2006 and February 2011. The goods are described mostly in Italian. In this context, Mr Carraro explains that “assale” means axle and that “cambio” means gears. The cost of the goods has been redacted, but the first invoice is for 40 axle units sold to Caterpillar UK Limited in March 2006. The third invoice, to Terex UK Limited, includes more axles and also 12 gears. I note that it also includes 12 “*Filtro Olio Carraro Filter*”, which appear to be Carraro branded oil filters. The sixth exhibit, also to Terex UK Limited, covers more axles as well as 9 more transmissions and 9 more Carraro oil filters. So far as I can see, the 5 invoices to Caterpillar UK Limited cover only axles. The earliest 5 invoices, dated between March 2006 and March 2008, carry the CARRARO plus device mark registered under UK trade mark 1461594 (and CTM 110445). The other invoices, dated from December 2008 to February 2011, carry the CARRARO DRIVETECH plus device mark registered under CTM 6987631.

17. There are disputed points of law as to whether the evidence shows genuine use of the CARRARO plus device mark in relation to any goods. I return to this below. There is also some dispute on the facts about whether the evidence, particularly the invoices, covers anything other than axles. I will deal with this point here. In doing so, I bear in mind that the burden of proof is on the opponent to show what use has been made of its marks, but a decision maker should not resort to the burden of proof unless having striven to decide the facts on the evidence, he is unable to do so⁴.

18. Mr Fernando points out that Mr Carraro’s evidence only specifically mentions use of the CARRARO mark in relation to axles. Mr Longstaff draws attention to Mr Carraro’s more general claim as to the extent of his company’s goodwill⁵ and to the appearance of gears, transmissions, covers, oil filters and pallets as items listed in the invoices in evidence. Mr Fernando’s point is not quite correct because Mr Carraro does say that the word “cambios” in the exhibits means „gears’. It is true that he does not specifically say that his company has sold gears (or transmissions, filters, covers or pallets) under a CARRARO mark. I have already noted that Mr Carraro’s evidence is not as clear as it could be and that the burden is on the opponent in this respect, but I do not think that this necessarily means that any

³ See exhibits EC1-13.

⁴ Section 100 of the Act and *Stephens v. Cannon* [2005] EWCA Civ 222 (14 March 2005).

⁵ See paragraph 13 above

ambiguity must be resolved in the applicant's favour. Rather, I should decide what a fair reading of the evidence shows when considered in totality. Mr Carraro plainly had some purpose in explaining that "cambio" means „gear'. And to some extent, the invoices in evidence speak for themselves. Taken together with Mr Carraro's claims about the scope of the opponent's reputation, I consider that the invoices show use of the mark in relation to gears as well as axles. Gears are very similar to transmissions, which are also listed in some of the invoices bearing the CARRARO DRIVETECH and device mark (in English as well as the Italian, "*Transmissione*"). I find that the invoices cover sales of all these goods. They also cover oil filters and pallets. However, neither of these goods are in class 12 (oil filters are in class 7) and it is doubtful, whether the pallets are anything more than means of transporting the opponent's axles, gears etc. Consequently, the inclusion of these goods is irrelevant. There are also a couple of instances of "covers" listed in the invoices. There is no explanation as to what these goods are and it is not for me to speculate. Consequently, the opponent has not shown that these are sales of parts of motor vehicles falling within class 12.

19. I find that the evidence shows use of the CARRARO plus device mark in invoices for axles and gears and use of the CARRARO DRIVETECH and device mark on invoices for the same goods and for transmissions.

Use of the Applicant's Mark

20. The applicant's evidence consists of a witness statement by David Patrick Dancaster. Mr Dancaster is an officer of Caparo Group Limited and of Caparo Industries plc. The relationship between these companies and Caparo International Corp is not clear. However, Caparo Industries plc is the ultimate holding company of the Caparo steel and engineering businesses in the UK. The UK business is divided into two divisions: steel products and materials engineering. Mr Dancaster describes the various businesses run through these divisions, all of which have Caparo in their names. For example, Caparo Atlas Fastenings is said to have traded under that name since 2006 and is the UK's largest manufacturer of male threaded specialist fasteners, predominantly for the automotive industry. Caparo Forging Europe started trading under that name in 2008. It sells "*...forged, machined and fabricated components*" for a number of sectors, including the heavy truck, car and light vehicle and agricultural sectors. Caparo Tube Components and Caparo Aluminium Bridge have also traded under names including the word Caparo since 2004 and 2007, respectively. They also manufacture steel and aluminium components for, inter alia, the automotive industry.

21. Perhaps the two most relevant businesses for the purposes of this opposition are Caparo AP Braking and Caparo Advanced Composites. The former has traded under that name since 2006 and makes braking systems, clutch products and hydraulic actuation components for vehicles. A promotional brochure and an invoice

to Land Rover for some brake calipers is exhibited⁶ showing use of the Caparo name in 2007. The latter business traded under the name Caparo Vehicle Technologies from 2006 to 2011 *“during which time it was an advanced materials engineering and design business focusing on providing technology development, materials engineering and design services to the mainstream automotive, aerospace and marine markets”*.

22. Mr Dancaster provides UK turnover figures for Caparo Industries Plc from 1990 to 2010 from which it is clear that the UK business is worth around £150-400m per annum. However, there are no sales figures for any particular products.

23. I find that the applicant has made certain uses of marks including the name CAPARO in relation to goods and services aimed at the automotive and agricultural sectors, but I am unable to say what the scale of the applicant’s business was in these sectors under the CAPARO mark or (with the exception of Land Rover) who its customers were.

24. There is no evidence that the applicant sells axles, gears or transmissions under the CAPARO mark. The parties’ marks have not therefore been used concurrently in relation to the same goods.

PROOF OF USE OF UK REGISTRATION 1461594 AND CTM 110445 – CARRARO PLUS DEVICE

25. The following part of Section 6A of the Act is relevant.

“(2) In opposition proceedings, the registrar shall not refuse to register the trade mark by reason of the earlier trade mark unless the use conditions are met.

(3) The use conditions are met if –

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

(b) the earlier trade mark has not been so used, but there are proper reasons for non- use.

(4) For these purposes -

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

(b) use in the United Kingdom includes affixing the trade mark to goods or to the packaging of goods in the United Kingdom solely for export purposes.

(5) In relation to a Community trade mark or international trade mark (EC), any reference in subsection (3) or (4) to the United Kingdom shall be construed as a reference to the European Community.

⁶ See exhibit DpD3, section 9.

(6) Where an earlier trade mark satisfies the use conditions in respect of some only of the goods or services for which it is registered, it shall be treated for the purposes of this section as if it were registered only in respect of those goods or services.”

26. This provision essentially mirrors the conditions in s.46 of the Act for revocation of a trade mark for non-use. It is common ground that the case law relating to revocation for non-use is applicable here. The requirements for genuine use in this context were conveniently summarised by Ms Anna Carboni as The Appointed Person in *Pasticceria e Confetteria Sant Ambroeus Srl v G & D Restaurant Associates Ltd* (Sant Ambroeus Trade Mark) [2010] RPC 28. The summary, which I gratefully adopt and re-produce below, is drawn from the judgments of the Court of Justice of the European Union (CJEU) in Cases C-40/01, *Ansul BV v Ajax Brandbeveiliging BV*, C-259/02, *La Mer Technology Inc. v Laboratoires Goemar*, and C-495/07, *Silberquelle GmbH v Maselli-Strickmode GmbH*.

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

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

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

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

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

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

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

(6) Use of the mark need not always be quantitatively significant for it to be deemed genuine. There is no de minimis rule. Even minimal use may qualify as

genuine use if it is the sort of use that is appropriate in the economic sector concerned for preserving or creating market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor: *Ansul*, [39]; *La Mer*, [21], [24] and [25].”

27. The opposed mark was published on 4 March 2011. The relevant five year period in which use must be shown is therefore 5 March 2006 – 4 March 2011. I have found that the opponent has shown use of the CARRARO and device mark (corresponding to the above numbered registrations) and use of the CARRARO DRIVETECH and device mark on invoices issued within this period for axles, gears and transmissions. Mr Ferando pointed out that:

- i) There is no evidence that the goods to which the invoices relate bear the CARRARO mark (in fact the evidence suggests that they were unbranded);
- ii) The goods were supplied to manufacturers of tractors and the like to be used to manufacture complete goods sold to the public under the manufacturers’ own marks; so the opponent’s marks would not have been exposed to end users of tractors etc;
- iii) In these circumstances the use on invoices was not genuine use of the trade marks;
- iv) Use of CARRARO alone, or of the CARRARO DRIVETECH and device mark, did not qualify as use of the CARRARO and device mark registered under UK 1461594.

28. Mr Longstaff submitted that:

- i) Use of CARRARO alone, and of the CARRARO DRIVETECH and device mark, qualify as use of the CARRARO and device mark because CARRARO makes up, or is the dominant and distinctive element of, all three mark;.
- ii) The use of the marks shown in the evidence is sufficient to create or maintain a market for ‚Axles for tractors and motor land vehicles; parts for tractors and motor land vehicles; all included in Class 12’.

29. Dealing first with the question of whether the use of CARRARO alone, or CARRARO DRIVETECH and device, qualifies as use of the CARRARO and device mark registered as UK 1461594 and as CTM 110445, Mr Longstaff did not ask me to consider whether use of CARRARO and the device as part of the CARRARO DRIVETECH and (same) device mark constituted use of the former mark as registered. In fact he conceded that the variant mark was not use of the CARRARO

and device mark as such. However, he relied on s.6A(4) of the Act which deems “..use in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered” to count as use of the registered mark.

30. The correct approach to this was summarised by Richard Arnold QC (as he then was) as The Appointed Person in *Nirvana Trade Mark* (O-262-06) at [9]-[21] and [33]-[34] and *Remus Uomo Trade Mark* (O-061-08) at [30]-[35] as follows:

“The first question [in a case of this kind] is what sign was presented as the trade mark on the goods and in the marketing materials during the relevant period...

The second question is whether that sign differs from the registered trade mark in elements which do not alter the latter’s distinctive character. As can be seen from the discussion above, this second question breaks down in the sub-questions, (a) what is the distinctive character of the registered trade mark, (b) what are the differences between the mark used and the registered trade mark and (c) do the differences identified in (b) alter the distinctive character identified in (a)? An affirmative answer to the second question does not depend upon the average consumer not registering the differences at all.”

31. For convenience, the trade mark at issue is re-produced below.



32. In my view, the distinctive character of this mark depends on the combination of the device and the word Carraro. It is true that the word is more dominant and distinctive than the device. However, the device is not descriptive, commonplace or negligible, and contributes to the distinctiveness of the mark as a whole. It should be remembered that the question here is whether the absence of the device alters the distinctive character of the word alone from that of the registered mark, not whether the word is similar to the word and device together. In my view, the answer is plain. The absence of the device clearly alters the distinctive character of the word Carraro compared with that of the registered composite mark because one of the distinctive features of the composite mark is missing when the word is used alone. However, not much turns on this finding because, aside from Mr Carraro’s somewhat vague evidence about having used CARRARO marks, all the examples of use in evidence (the invoices) carry the mark at issue or the CARRARO DRIVETECH and (same) device mark.

33. Turning to the latter, Mr Fernando submitted that there was a greater difference between CARRARO DRIVETECH and device and the mark shown at paragraph 31 above than there was in the marks at issue in *Nirvana Trade Mark* case (*NIRVANA NATURAL v NIRVANA*), and Mr Arnold had said that that was a marginal case. I agree. DRIVETECH may be allusive of axles, gears and transmissions, but it is not

really descriptive/non-distinctive as was „Natural’ for the goods at issue in the *Nirvana* case. The word DRIVETECH therefore makes a non-negligible contribution to the distinctive character of the composite mark. When compared as wholes, the distinctive character of CARRARO DRIVETECH and device is therefore different from that of the mark shown at paragraph 31 above. Use of that mark does not therefore qualify as use of the registered mark under s.6A(4).

34. Mr Fernando accepted that the tribunal is bound by the decision of the Court of Appeal in *Laboratoire de la Mer Trade Mark*⁷. It was not therefore open to him to ask me to find that the use of a mark just amongst other traders is insufficient to create or maintain a market for the goods and therefore to qualify as genuine use of the mark. However, Mr Fernando submitted that use of a mark in these circumstances was not “*in relation to*” the goods shown in invoices when there was no evidence that the mark at issue was applied to imported goods and therefore no possibility whatsoever of the mark coming to the attention of the ultimate user of tractors etc.

35. I accept that there is no evidence that the mark at issue was applied to the goods themselves, and it probably wasn’t. However, it is clear from s.10(4) of the Act that importing goods “*under the sign*” and using the sign on “*business papers*” (which obviously includes invoices) counts as use of the mark for infringement purposes. Logic indicates that such uses should also count as use of the mark by the proprietor himself. In this connection I note that s.6A(4)(b) states that use of the mark in relation to goods exported from the UK (or, in the case of a CTM, from the EU) counts as use of the mark by the proprietor provided that the mark is affixed to the goods or their packaging. There is no similar caveat for imports. I can see why use of marks in relation to exports is subject to special requirements. This is because using the mark only in relation to exports does not create or maintain a market for goods in the UK or EU. The requirement that such use only counts if the mark is affixed to the goods or their packaging is really a concession that use of the mark just amongst those engaged in the UK or EU export markets will count provided that the additional condition is met. There was no reason for the legislature to adopt a similar approach to imports because they are obviously intended to find a market in the territory of importation. I do not therefore accept that the absence of evidence that the mark at issue was applied to the goods themselves means that the use of the mark on invoices is not genuine use. The questions are whether 1) the use would be perceived as being “*in relation to*” the goods by those traders who bought axles and gears from the opponent, and 2) whether such use was sufficient to create or maintain a market for the goods, including amongst those who bought the goods to use as parts of their own goods.

36. As to the first question, I accept that prominent use of the registered mark on the invoices sent to UK trade customers for axles and gears was likely to have created a commercial link in their minds between the mark at issue and the unmarked goods

7 [2006] F.S.R. 5

covered by those invoices. No doubt the mark would have been relied on as a reference point to make further orders if the goods met the customers' expectations, or to avoid making further purchases from the undertaking responsible, if they did not. That is a classic example of the functioning of a trade mark. The fact that the consumer here is a trader buying axles and gears in order to manufacture other goods, rather than the ultimate user of the parts once assembled, is neither here nor there. I find that the use concerned was "*in relation to*" to the goods.

37. As to the second question, it is clear from Mr Carraro's evidence that the CARRARO and device mark (as registered) was used on the first five invoices between March 2006 and March 2008, and that these invoices covered a substantial number of axles and a small-but-not-negligible number of gears, which were sold to a small group of UK trade customers. I find that this use was sufficient to create or maintain a market for axles and gears under the registered mark. It was therefore genuine use in the EU.

38. If that is right, I must next determine the notional list of goods for which the CARRARO and device mark is entitled to protection. Mr Longstaff says that use shown entitles the marks to protection for all the goods for which they registered, although he acknowledges that the case for protecting the marks for mechanical parts is stronger than it is for other parts of tractors and motor land vehicles. Mr Fernando says that, if the mark is to be protected at all, it should be limited to axles in class 12.

39. In *Euro Gida Sanayi Ve Ticaret Limited v Gima (UK) Limited*⁸, Mr Geoffrey Hobbs QC as The Appointed Person summed up the law on partial revocation like this:

"In the present state of the law, fair protection is to be achieved by identifying and defining not the particular examples of goods or services for which there has been genuine use but the particular categories of goods or services they should realistically be taken to exemplify. For that purpose the terminology of the resulting specification should accord with the perceptions of the average consumer of the goods or services concerned."

40. I accept that where a trader shows use of a trade mark in relation to a range of goods, the name of the category of goods may be an appropriate description, even though there are goods in that category for which no use is shown⁹. However, here the mark has only been used in relation to two relevant mechanical parts: axles and gears. And most of the use shown is for axles. In these circumstances, I consider that the mark should be protected only for „axles and gears, for tractors and for motor land vehicles’.

⁸ BL O/345/10

⁹ See *Animal Trade Mark* [2004] FSR 19.

SECTION 5(2)(b) GROUNDS

41. Section 5(2)(b) is as follows:

“5 (2) A trade mark shall not be registered if because -

(a) -

(b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.”

42. In my consideration of whether there is a likelihood of confusion between the applicant’s mark and the opponent’s marks, I take into account the guidance from the settled case law of the CJEU 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, *Marca Mode CV v Adidas AG & Adidas Benelux BV* [2000] E.T.M.R. 723, and *Shaker di L. Laudato & C. Sas v 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 (and ears) of the average consumer of the 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 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) 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: *Limoncello*.

(f) 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*.

(g) 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*.

(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*.

43. It is convenient to examine first the opponent's case based on the mark registered under UK registration 1461594 and CTM 110445. This is the mark shown at paragraph 31 above, which in my view is the closest of the opponent's earlier marks to the applicant's mark. Following my assessment of the evidence of use of that mark, I have found that this mark is entitled to protection for axles and gears, for tractors and for motor land vehicles. The application covers 'vehicle axle assemblies' and 'drive gears' in class 12. These are identical to the opponent's goods.

44. The applicant's mark is the word CAPARO, which has some visual similarity to the word CARRARO in the opponent's mark: both words begin CA- and end -ARO. The words are of similar length. On the other hand, the letters -RR- in the middle of the earlier mark make a certain impact which is not really replicated by the single letter 'P' in the middle of CAPARO. Further, the earlier mark includes the device shown in paragraph 31 above, which is absent from the applicant's mark. Overall the marks are moderately similar to the eye.

45. The device element of the opponent's mark will not be spoken so the respective marks are more similar to the ear than they are to the eye. I expect that the applicant's mark will be pronounced as KA-PAH-RO and the opponent's as KAR-RA-RO or KA-RARE-O. On the first (and more likely) of these possible pronunciations, the marks are highly similar to the ear.

46. Neither mark has any concept, so there is neither conceptual similarity nor dissimilarity.

47. Overall, I find that the marks are reasonably similar, but not the highest level of similarity.

48. I find that the earlier mark has an above average level of distinctiveness. This is because the word CARRARO is not descriptive of the goods for which it is registered, has no obvious meaning to an average UK consumer, and would most likely be taken as an invented word. It is accompanied by a figurative device of average distinctiveness. Although the mark appears to have been used in the UK for many years there is no specific evidence of any promotion of the mark here. I accept that the mark is likely to be known to a small number of vehicle manufacturers in the UK, but any reputation is likely to be narrow. In these circumstances I do not

consider that the distinctive character of the earlier mark (which is pretty high anyway) has been materially enhanced by the use made of it.

49. It is common ground that the relevant average consumer is a buyer of major mechanical parts, like axles and gears, for tractors and for motor land vehicles. These are not the sort of products commonly fitted by end users of tractors etc. They will usually be bought by trade customers. Mr Longstaff accepted that such goods are not bought without careful consideration. On a scale of 1-10 he was constrained to accept that the appropriate level of attention merited a seven or eight. If anything, I think this puts it a bit too low. Nine would be more like it. This is because axles and gears are likely to be expensive products and buyers of these goods (whether for initial manufacture or as replacement parts) would have to pay very close attention to their selection so as to make sure the goods were suitable for the vehicle for which they were intended. This case is therefore at the opposite end of the spectrum of levels of attention from impulse purchases, such as the proverbial bag of sweets. And as the CJEU has stated¹⁰,

“ Where it is established in fact that the objective characteristics of a given product mean that the average consumer purchases it only after a particularly careful examination, it is important in law to take into account that such a fact may reduce the likelihood of confusion between marks relating to such goods at the crucial moment when the choice between those goods and marks is made.”

Likelihood of Confusion with UK 1461594 mark (and CTM 110445)

50. There is no evidence as to the way in which axles and gears for tractors and for motor land vehicles are selected, but I think it is likely that it will be a partly visual process involving study of brochures and manuals, as well as perhaps oral enquiries and discussions. In his skeleton, Mr Longstaff submitted that given the close sound of the marks, confusion is just waiting to happen. At the hearing, he seemed to retreat from this a little, accepting that perhaps the decision maker himself might not be confused, but that orders might get mixed up „down the line’ in the procurement departments of trade buyers for axles etc. In this context, Mr Longstaff submitted that people often hear what they expect to hear and are therefore liable to mishear similar sounding marks.

51. In another case I think there would be some merit in these points. However, the argument that people hear what they expect to hear is not as strong where the earlier mark has only a limited reputation. More importantly, I have found that the selection process for the goods at issue will be at least partly visual. In these circumstances it is important not to attach too much weight to the admittedly higher level of aural similarity between the marks. The required global assessment should not pay too much (or too little) attention to any one category of similarity between the

¹⁰ See paragraph 40 of the court’s judgment in *Picasso v OHIM*, Case C-361/04, [2006] E.T.M.R.29.

marks. In this connection, I note that the CJEU stated in its judgment in *Mülhens GmbH & Co KG v. OHIM*¹¹ that:

“it must be noted that the existence of such a likelihood must be established as part of a global assessment as regards the conceptual, visual and aural similarities between the signs at issue. In that regard, the assessment of any aural similarity is but one of the relevant factors for the purpose of that global assessment.

Therefore, one cannot deduce from paragraph 28 of the judgment in *Lloyd Schuhfabrik Meyer* that there is necessarily a likelihood of confusion each time that mere phonetic similarity between two signs is established.

The Court of First Instance therefore correctly considered the overall impression created by the two signs at issue, as regards their possible conceptual, visual and aural similarities, for the purpose of the global assessment of the likelihood of confusion.”

52. Considering all relevant factors, including the identity of goods, the fact that there is a reasonable degree of similarity (particularly aural similarity), but not the highest level of overall similarity between the marks, the above average distinctiveness of the earlier mark, the nature and likely cost of the goods, that the relevant public are likely to be traders rather the general public, the high level of attention paid during the selection process and that it is likely to be at least partly visual, I find that there is no likelihood of direct or indirect confusion.

53. If that is right where the goods are identical, then the opponent is no better off where the application covers other non-identical goods and services. I therefore find that the opposition under s.5(2)(b) fails to the extent that it is based on earlier trade marks UK 14616594 and CTM 110445.

Likelihood of Confusion with the Other Earlier Marks

54. Earlier CTM 6987631 covers ‚parts for motor land vehicles’ at large and therefore covers goods such as vehicle wheel hubs, which are likely to be purchased by members of the general vehicle owning public and which will be selected with only an average level of attention. The opponent’s case based on CTM 6987631 is stronger in this respect. On the other hand, the mark at issue includes the additional word DRIVETECH, which I have found to be distinctive. This composite mark therefore looks and sounds less similar to the applicant’s mark than the earlier mark already considered. I find that these factors balance each other out and bring me to the same conclusion by another route. There is no likelihood of confusion despite the notional identity of goods. The position is obviously no stronger where similar (but non-identical) goods and services are considered.

55. I therefore find that the s.5(2)(b) opposition based on CTM 6987631 also fails.

¹¹ See paragraphs 21-23 of the judgment: Case C-206/04, [2006] E.T.M.R. 57.

56. That leaves the opposition based on CTM 9058223, which consists of the word CARRARO and a device of three horses as shown in paragraph 4 above. Most relevantly it is registered in class 12 for tractors. The marks sound highly similar – CARRARO v CAPARO – but the device of three horses is visually quite striking and distinguishes the marks more so than the device forming part of the opponent’s other marks. Further, although identical goods are again at issue, the nature of the goods and of the likely selection process (no one buys a tractor without looking carefully at the trade mark) again militates against the likelihood of confusion. Taking all the relevant factors into account, I also reject the s.5(2)(b) ground of opposition based on CTM 9058223.

57. This means that the oppositions based on s.5(2)(b) have all failed.

THE SECTION 5(4)(a) GROUND

58. Section 5(4)(a) of the Act states that a trade mark shall not be registered:

“.....if, or to the extent that, its use in the United Kingdom is liable to be prevented by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade”

59. The requirements to succeed in a passing off action are well established and are summarised in *Halbury’s Laws of England* 4th Ed at paragraph 165 as follows:

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

60. I accept that the opponent has established a relevant goodwill amongst a very small number of UK based trade purchasers of axles, gears and transmissions for tractors and other heavy motorized land vehicles. The opponent is probably also known by some other UK based manufacturers of similar vehicles. The goodwill and reputation are therefore in a particular niche of the vehicle market. In particular, there is no evidence that the opponent has a goodwill or reputation amongst the general UK public who are actual or potential purchasers of vehicles or vehicle parts.

61. I also accept that the opponent is likely to be known as CARRARO. However, those who know the name are likely to be aware that it is used in combination with one or another of the devices shown in the opponent’s registered marks (as shown in the invoices). Therefore the absence of the devices is likely to play a similar role in relation to the likelihood of confusion or deception under s.5(4)(a) as it did in

assessing the likelihood of confusion under s.5(2)(b). In other respects the opponent's case is no better under s.5(4)(a) than it was under s.5(2)(b). In particular, the nature of the goods is just as relevant to the enquiry under s.5(4)(a)¹². And the requirement for deception amongst a substantial number of persons for passing off purposes is similar to the average consumer test under trade mark law. Both are intended to focus the enquiry on relevant average consumers paying reasonable attention to the selection of goods and to exclude those who are exceptionally careful or careless.

62. Therefore, for the same reasons I found that there was no likelihood of confusion under s.5(2)(b), I find that there is no likelihood of misrepresentation under s.5(4)(a). The s.5(4)(a) ground therefore also fails.

COSTS

63. The opposition having failed, the applicant is entitled to an award of costs. It is common ground that the award should be calculated on the registrar's published scale of costs.

64. On the substance, I find that the applicant is entitled to an award of £1550 towards its costs. This is made up of:

£300 - for considering the notice of opposition and filing a counterstatement

£500 - for considering the opponent's evidence and filing its own

£750 - for the hearing, including the cost of the skeleton.

65. The parties reminded me that at a case management conference ("CMC") on 23 March I directed that the costs associated with the CMC should be assessed following the substantive hearing. The CMC was occasioned by the opponent's objections to the applicant's request for additional time to file its evidence. I allowed the applicant further time to file its evidence of concurrent use, mainly because it might have been relevant. However, I noted that the applicant had caused the delay by not starting to collect evidence until mid January 2012, despite having had the opponent's evidence to hand since early December 2011. In the event, the applicant's evidence turned out to be too general to be of much value. The opponent is therefore entitled to a contribution towards the cost of the CMC. I will do this by deducting £200 from the costs that the opponent is required to pay to the applicant.

¹² See LANCER TRADE MARK [1987] RPC 303, English Court of Appeal (no likelihood of misrepresentation as Lancia cars).

66. I therefore order Carraro S.p.A. to pay Caparo International Corp. the sum of £1350. This sum to be paid within 35 days of the date of this decision (subject to any appeal).

Dated 3rd of August 2012

**Allan James
For the Registrar**

ANNEX A

List of goods or services

Class 12:

Vehicles, including motor land vehicles; apparatus for locomotion by land, air or water and parts and fittings therefor included in class 12; vehicle axle assemblies; vehicle bodies; bonnets, trunks, tailgates, roofs, fenders, grills, floors, bulkheads, brackets, sumps, rocker covers, all being parts and fittings for vehicles; brake callipers; braking installations; draw bars; bumper bars; clutches; differential gears; drive gears; drive shafts; engines; motors; fans; gear change selectors; transmissions; transmission shafts; hydraulic cylinders and motors; couplings; bearings; fan belts; motor vehicle chassis; parts and components for motor vehicle chassis; manual and power steering apparatus; sliding roofs; vehicle steering columns; vehicle wheels hubs; vehicle wheels; wheel trims; deflectors; direction indicators; doors; hatches; upholstery; handles for door; horns; mirrors; mud-flaps; roof-racks; ski-racks; shock absorbers; springs; stabiliser bars; starter motors; steering wheels; steering linkages; suspensions; suspension lowering outfits; torsion bars; tow bars; windows; window winding mechanisms; windscreen wipers; arm rests; balance weights for wheels; breaks, brake pads break discs and brake linings for vehicles; cabs; caps for vehicle fuel tanks; mechanical controls; tanks; protective covers; radiator grilles; fluid reservoirs; stowage boxes; stowage compartments; wheel carriers; cab tilt mechanisms; trim panel; spoilers; side skirts; anti-theft devices; snow chains; fasteners for vehicles; vehicle tubular assemblies; ducts, manifolds; brake fluids; hoses, pads and shoes; composites for vehicles; frames and sub-frames for vehicles, turbochargers; pumps for vehicles; compressors for vehicles; levers for vehicles; parts for all the aforementioned goods.

Class 40:

Treatment of materials; forging; forging of metals; services for the forging of metal; treatment of materials, namely blacksmithing, abrasion, magnetisation, plating, soldering, coppersmithing, chromium plating, metal casting, cutting, slitting, shaping, drawing, forming, welding, straightening, machining, pressing, pressure testing, painting, aluminising, end forming, heat treating, pickling, powder and paint costing, enamelling, embossing, finishing, coating, coiling, trimming, swaging, chamfering, bending, manipulating, annealing, fabrication, brazing, profiling, stress relieving, gilding, tin-plating, stamping, millworking, pre-galvanisation and galvanisation, engraving, laminating, grinding, nickel plating, metal plating, metal burnishing, soldering, metal tempering; metal machining; die forging; precision die forging; forging of industrial parts; information and consultancy relating to the treatment of materials; information, advisory and consultancy services in relation to all of the aforesaid services

Class 42:

Engineering consultancy services; engineering services; testing and inspection services; design services by way of prototyping, modelling and simulation; design services; laboratory services; product, material and systems engineering; manufacturing solutions in relation to the automobile field; design of vehicles and vehicle parts and components; mechanical engineering; industrial analysis and research services; information, advisory and consultancy services in relation to all of the aforesaid services.