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SIPO's *MERCATOR* decision set aside for the second time

Examination/opposition

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In *Poslovni Sistem Mercator dd v Tabacofina-Vander Elst NV* (Case U 954/2007, November 10 2009, released only recently), the Administrative Court has set aside a decision of the **Slovenian Intellectual Property Office** (SIPO) in which the latter had, for the second time, dismissed an opposition against the registration of the figurative trademark MERCATOR in Class 34 of **Nice Classification**.

In 2002 Belgian company Tabacofina-Vander Elst NV applied for the registration in Slovenia of the trademark MERCATOR as a label mark for, among other things, cigarettes and other tobacco products in Class 34. Slovenian company **Poslovni Sistem Mercator** (PSM), which is behind the Mercator chain of supermarkets in Slovenia and former Yugoslavia, opposed the application based on several earlier word and figurative marks comprising the word 'mercator', which also covered Class 34 goods, among others. PSM claimed that:

- the marks of the parties were confusingly similar; and
- its MERCATOR marks had a reputation and were well known in Slovenia, so that use of the MERCATOR mark by Tabacofina would take unfair advantage of, or be detrimental to, the distinctive character or repute of the earlier marks.

In 2004 SIPO dismissed the opposition (for further details please see "**SIPO not sold on MERCATOR opposition**") and PSM appealed to the Administrative Court. In 2005 the Administrative Court set the decision aside and remitted the case back to SIPO, holding that:

- the visual differences between the marks were insufficient to prevent a likelihood of confusion among consumers; and
- SIPO should reassess the similarities between the marks.

In 2007 SIPO dismissed the opposition for the second time. Although, in its second decision, SIPO recognized that there was a certain degree of similarity between the marks, it held that it was insufficient to give rise to a likelihood of confusion and association with

the earlier marks, especially because there were conceptual differences resulting from the visual differences. According to SIPO, consumers of tobacco products are more attentive than the average consumer and would distinguish easily between different MERCATOR marks for tobacco products. Finally, SIPO admitted that the earlier marks enjoyed a certain reputation in Slovenia. However, since consumers were very familiar with the design of the earlier marks, which differed significantly from the design of the mark applied for, there was no likelihood of confusion (for further details please see "**MERCATOR opposition refused for the second time**").

In its second decision, the Administrative Court disagreed once again with SIPO and held that there were significant similarities between the marks from a visual, phonetic and conceptual point of view, especially because the dominant part of the marks (ie, the verbal element 'mercator') was identical. The fact that consumers of tobacco products are very attentive could not overcome the similarities between the marks.

Consequently, the court held that the relevant public might believe that:

- the marks belonged to the same undertaking; or
- Tabacofina's goods had been manufactured by PSM.

The court also emphasized that, contrary to SIPO's view, the reputation of the earlier marks would increase the likelihood of confusion, and not prevent it, even though consumers recognized the design of the earlier marks. The court concluded that SIPO should have taken the reputation of the earlier marks into account when assessing the likelihood of confusion, and remitted the case back to SIPO for the second time.

It is expected that, in its third decision, SIPO will uphold the opposition and refuse to register Tabacofina's mark. This case clearly shows one of the weaknesses of the Slovenian administrative dispute procedure: the Administrative Court has the authority to review SIPO's decisions, but is extremely reluctant to decide on the merits of a case. Instead, the court remits the case back to SIPO, often with imprecise instructions, and SIPO sometimes reaches the same conclusion.

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