

# EIP



## Cheers and confusion: General Court agrees that STONE and STONES are one and the same

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- The EUIPO upheld Molson Coors' opposition against STONE BREWING in Class 32 based on earlier STONES marks, also covering Class 32
- The court confirmed that use of Molson Coors' mark in the United Kingdom constituted use in an EU member state
- The court agreed with the EUIPO that the second element of the STONE BREWING mark had little distinctive character

On 14 June 2023 the General Court (Second Chamber)

upheld a decision by the Fourth Board of Appeal of the European Union Intellectual Property Office (EUIPO), finding that the board was correct to reject Stone Brewing Co LLC's mark for being confusingly similar to drinks giant Molson Coors Brewing Company (UK) Ltd's existing word mark STONES (Case T-200/20)).

This EU trademark spat between these two drinks companies follows a similar trademark dispute in the United States in March 2022. However, that case saw Stone Brewing convince the courts to order Molson Coors to pay \$56 million for infringing another trademark it held for the word 'Stone'.

### **Background**

On 11 May 2016 Stone Brewing, a Californian brewer, filed an application for registration

of the EU word mark STONEBREWING with the EUIPO in Class 32 for “beers and ales”. However, on 23 August 2016, during the publication period of the application, the UK arm of Molson Coors claimed there could be confusion with its two earlier registered marks:

1. the EU word mark STONES, registered on 13 June 2010 with a specification in Class 32 for “beer, bitter beer and lager”; and
2. the UK word mark STONES, registered on 21 May 1980 with a specification in Class 32 for “bitter beer for sale in England, the Isle of Man and the countries of Clwyd and Gwynedd”.

The Opposition Division upheld the opposition on 30 July 2018 based on evidence submitted by Molson Coors proving its genuine use of the trademarks. On 3 August 2018 Stone Brewing filed a notice of appeal with the EUIPO against this decision, claiming that the evidence was not sufficient because it demonstrated use only in a “small area” of the United Kingdom and related only to “bitter beer” rather than “beer in general”. The EUIPO dismissed Stone Brewing’s claims and allowed Molson Coors to rely on the genuine use of the trademark for “bitter beer” only.

Further, the EUIPO dismissed Stone Brewing’s claim that the earlier mark had only a “local character” and therefore would not cause confusion; the Board of Appeal considered the “inherent distinctiveness” of the trademark, rather than any local reputation.

In addition to Stone Brewing appealing the likelihood of confusion findings, it also claimed that the EUIPO was wrong to deny its request to stay the proceedings due to concerns over Brexit. Stone Brewing requested that the General Court annul the board’s decision, declare the contested mark STONE BREWING to be valid, and order the EUIPO to pay the costs.

### **General Court decision**

#### **Refusal to accept that Brexit caused uncertainties**

Stone Brewing submitted that the EUIPO’s refusal to stay the proceedings infringed Rule 20(7)(c) of Regulation 2868/95, because it wrongly interpreted Stone Brewing’s request for a suspension of the proceedings as being made as a subsidiary request, and did not appropriately account for the legal uncertainties connected with Brexit. The General Court concluded that the EUIPO did not err in finding Stone Brewing’s request inadmissible and unfounded given that, during the relevant period Molson Coors had to prove genuine use (May 2011 - May 2016), the United Kingdom was part of the European Union, and that Molson Coors showing use in the United Kingdom constituted use in an

EU member state.

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### **Sufficient evidence of genuine use**

Stone Brewing argued that the evidence put forth by Molson Coors in respect of the genuine use of the mark STONES was not sufficient for the following reasons:

1. the documents provided by Molson Coors were not verified from an independent source;
2. the amount of evidence provided was insufficient, considering that beer is a mass-market product and Molson Coors is one of the largest brewers worldwide; and
3. the evidence provided indicated use in a small area of the United Kingdom and related to “bitter beer”, instead of establishing genuine use for beer in general.

Stone Brewing alleged that the EUIPO had infringed Article 47(2) of Regulation 2017/1001 and Rule 22(3) of Regulation 2868/95 in finding that Molson Coors had proved the genuine use of the earlier mark.

The court rejected all of Stone Brewing’s submissions due to the following:

1. Under Rule 22(4), “documents such as invoices or a witness statement, such as those produced in the present case before the Opposition Division, constitute evidence of use, which cannot be devoid of probative value merely because they were drawn up by the [Molson Coors] itself” (Paragraph 69);
2. The evidence provided by Molson Coors, which included two witness statements and invoices, was enough in terms of volume and illustrated genuine use;
3. The territorial scope of use constituted a fraction of the several factors the court needs to take into account to determine genuine use; and
4. Under Article 47(2) of Regulation 2017/1001, Molson Coors demonstrated genuine use of the mark with respect to “bitter beer”, and “[t]he Board of Appeal was then entitled to rely on that finding in order to analyse the likelihood of confusion, without having to require [Molson Coors] to prove genuine use of that mark in respect of ‘beer’ in general” (Paragraph 74).

Consequently, the court concluded that the Board of Appeal did not err in finding that Molson Coors provided sufficient evidence of genuine use in the earlier mark.

### **Likelihood of confusion**

Stone Brewing submitted that the EUIPO misapplied Article 8(1)(b) of Regulation 207/2009 when finding that there was a likelihood of confusion between its mark consisting of two elements, 'stone' and 'brewing', and Molson Coors' single element 'stones'.

Under Article 8(1)(b), a trademark shall not be registered if "there exists a likelihood of confusion on the part of the public in the territory in which the earlier trademark is protected; the likelihood of confusion includes the likelihood of association with the earlier trademark". To satisfy this criterion, the court considered the following factors:

### **The relevant public and comparison of the goods**

Stone Brewing did not dispute the EUIPO's findings concerning the relevant public, which it deemed was the "English-speaking public of the European Union", and that the goods at issue were identical - namely, "beers and ales" covered by Stone Brewing's mark and "bitter beer" covered by Molson Coors' mark.

### **Comparison of the signs**

In comparing STONE BREWING to the earlier sign STONES, the court agreed with the EUIPO that the second element of Stone Brewing's sign had little distinctive character. Although the EUIPO wrongly referred to the word 'brewery' in its decision, the court held that there was a descriptive relationship between the words 'brewery' and 'brewing' and that both words had little distinctive character.

Given that the second element of Stone Brewing's mark was found to have little distinctive character, the court held that there was strong similarity, both visually and phonetically, between the marks STONE and STONES.

### **Distinctiveness of the earlier mark**

In agreement with the EUIPO, the court concluded that the mark STONES had a normal degree of distinctiveness, as it would not be understood by the English-speaking public to describe the goods covered by the mark.

### **Conclusion on the likelihood of confusion**

Although Stone Brewing suggested that, regardless of the goods being identical, the signs were visually, conceptually and phonetically different, the court rejected this submission considering the above and stated that Stone Brewing "has not succeeded in calling into question the Board of Appeal's global assessment of the likelihood of confusion".

The court accordingly dismissed the action in its entirety.

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## **Comment**

One of the key issues raised by Stone Brewing was the refusal of the EUIPO to suspend proceedings due to the uncertainties of Brexit. In this instance, Brexit was not an issue, as the dates for which Molson Coors had to prove genuine use fell before the date on which the agreement on the United Kingdom's withdrawal from the European Union came into force. This case clarifies that use of a trademark anywhere in the European Union made before 1 January 2021 (including in just the United Kingdom) will suffice as genuine use of an EU trademark. This compliments the position under UK law that use of a trademark anywhere in the European Union made before 1 January 2021 (including not in the United Kingdom) will suffice as genuine use of a UK comparable trademark. However, it is important for brand owners to ensure that they understand the impact Brexit has on use, and confirm that they can demonstrate relevant use at all relevant times. For example, "where the five-year period includes time before 1 January 2021, use in the European Union will be considered. Where the period includes any time after 1 January 2021, use of the comparable trademark in the European Union (and outside of the United Kingdom) within that period will not be taken into account" (UK Government guidance). However, this is a time-limited issue which will not be relevant after 31 January 2026, when the five-year period expires.

Finally, it is worth noting that the court finding little distinctive character in the second element of Stone Brewing's mark - 'brewing', or 'brewery' as the EUIPO incorrectly referred to it - confirms that generic or descriptive elements of a mark will not be considered by the courts when determining the likelihood of confusion. Trademark owners and trademark applicants should develop marks with distinctive and unique elements to distinguish their goods or services in the marketplace and fully benefit from enforcing their exclusive rights against any potential infringers.