

O-294-08

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO 2452374
BY CHEN, AOYUAN
TO REGISTER THE TRADE MARK:**

KOKOA

IN CLASSES 18, 25 & 35

AND

**IN THE MATTER OF OPPOSITION NO 95480
BY KOOKAI**

TRADE MARKS ACT 1994

IN THE MATTER OF Application No 2452374
By Chen, Aoyuan
to register a trade mark in Classes 18, 25 & 33

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IN THE MATTER OF Opposition No 95480
By Kookai

BACKGROUND

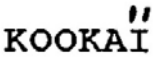
1. On 13 April 2007 Chen, Aoyuan (“CA”) applied to register the word KOKOA as a trade mark in classes 18, 25 & 35. Registration is sought in respect of:

Class 18: Leather cases; leather bags; leather goods.

Class 25: Clothing.

Class 35: Retail store services in the field of clothing; retail store services in the field of leather cases, leather bags and leather goods; department store services connected with the sale of clothing; department store services connected with the sale of leather goods and luggage; import-export agencies in the field of clothing; import-export agencies in the field of leather goods and luggage.

2. On 10 September 2007 Kookai (“K”) opposed the above application on grounds under sections 5(2)(b), 5(3) & 5(4)(a) of the Trade Marks Act 1994 (“the Act”). In relation to its ground under section 5(4), K relies on its use of the sign “KOOKAI” in the UK. In relation to its other grounds of opposition, K relies on the following earlier trade marks:

Trade Mark	Relevant Dates	Specification
UK Registration 2109359 for the mark: 	Filed: 5/09/1996 Registered: 4/04/1997	Class 25: Clothing, footwear, headgear. Claimed use: All of the goods registered.
UK Registration 1207570 for the mark: KOOKAI	Filed: 21/11/83 Registered: 02/10/1985	Class 25: Articles of outerclothing, stockings and socks (for wear). Claimed use: All of the goods registered.

<p>UK Registration 1356522 for the mark:</p> <p>KOOKAÏ</p>	<p>Filed: 31/08/1988</p> <p>Registered: 17/01/1990</p>	<p>Class 18: Leather, imitation leather and articles made from the afore said materials; animal skins, hides; trunks and travelling bags; umbrellas, parasols and walking sticks; all included in Class 18.</p> <p>Claimed use: "Leather, imitation leather and articles made from the aforesaid goods; trunks and travelling bags"</p>
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3. CA filed a counterstatement denying the grounds of opposition. Only K filed evidence, this is summarised below. K also filed written submissions at the same time as its evidence. Despite an opportunity to do so, neither side requested a hearing. CA did not file any formal submissions, but it did make some observations on the merits of the dispute when filing its counterstatement. Both sides' submissions and observations will be taken into account in this decision but they will not be summarised separately.

K's evidence

4. K's evidence is given by its chairman and managing director, Mr Jacques Lévy. Mr Lévy sets out the history of the KOOKAÏ brand which began in France in 1983. From Mr Lévy's statements it appears that: the goods sold under the brand are clothing, footwear, headgear, bags, handbags and other leather fashion accessories; that the brand was launched in other European countries in 1989 and in certain South East Asian countries in 1990; that the first KOOKAÏ shops selling KOOKAÏ goods in the UK opened in 1991.

5. Mr Lévy then refers to various KOOKAÏ web-sites. Various domain name indicators have been used all beginning with the word KOOKAÏ. The dates of domain registration are: ".fr" (July 1997); ".co.uk" (April 1998); ".com" (March 2006). It is stated that the respective web-sites' content went live the week following registration. It is also stated that the French web-site also had English language pages from the outset. Mr Lévy explains that the web-sites have been a "show room" for KOOKAÏ goods. Exhibit JL1 relates to the above web-sites. It firstly contains the "whois" prints of the domain name registrations (K is shown as the registrant) and, secondly, contains recent prints from the web-sites to illustrate the type of content used. The content shows various items of ladies clothing and also bags, hats, belts and shoes. Whilst KOOKAÏ branding on the actual goods is not visible, the KOOKAÏ name is prominent on the web-sites and there is no indication that the goods are branded with other third party brands. The web-sites do not appear to be retailing web-sites where goods can be purchased. It is more in the nature, as Mr Lévy states, of an online show room.

6. Turnover figures for UK sales of KOOKAÏ goods are then given. It is sufficient to say that in the years 2001-2006 the turnover is at least £30million per annum. In 2007 (up until August) it is just under £18million.

7. Information about KOOKAÏ outlets in the UK is then given. By 1995 there were nearly 60 outlets including an outlet in the *Selfridges* department store in London. Exhibit JL2 consists of two photographs of the outlet in *Selfridges* both of which show the word KOOKAÏ prominently. The exhibit also contains a sample price label which also shows the word. Exhibit JL3 consists of a list of UK KOOKAÏ outlets that were in operation before the relevant date. The outlets span a reasonably wide geographical area.

8. Exhibits JL4, JL5, JL6 and JL7 consist of various KOOKAÏ catalogues from the years 1998, 2000, 2002 and 2003. They all show a variety of ladies' clothing items; the catalogue from 2002 also shows clothing being modelled by men, but it is unclear, particularly against the rest of the evidence, whether such goods are for sale. The word KOOKAÏ is clearly shown at the front and the back of each catalogue. There does not appear to be any use of any third party trade marks. Each catalogue contains lists of KOOKAÏ stores throughout the world – I note that the UK is listed as “royaume uni” which suggests that they are international or French catalogues and not specific to the UK.

9. Mr Lévy then refers to the advertising of KOOKAÏ goods. Exhibit JL8 contains details of this and it includes information on its advertising initiatives in the UK in the first half of 1999. The initiatives include advertisements on buses in London, Leeds and Manchester for which information on printing and other costs are provided. Mr Lévy then refers to the press exposure that the KOOKAÏ brand has received. Exhibit JL9 includes an internal memo setting out the publications which featured KOOKAÏ goods in the period April-May 2004. Similar evidence is provided in Exhibit JL10 for the period February-April 2007; this exhibit also includes a large number of the articles themselves together with circulation figures for the publications. The publications range from national newspapers to what I would describe as lifestyle/fashion magazines.

DECISION

Section 5(2)(b) of the Act

Proof of use regulations

10. Of potential relevance to the ground of opposition under section 5(2)(b) (and also the ground under section 5(3)) are the provisions that relate to proof of use. Section 6A(1)¹ of the Act informs me that the provisions only apply if the registration procedure for K's earlier marks was completed before the end of the five year period ending with the date of publication of the applied for mark (CA's mark). To this extent, CA's mark was published on 8 June 2007. As can be seen from the table in paragraph two of this decision, all of K's earlier marks completed their registration procedures before the five year period ending on 8

¹ Section 6A was added to the Act by virtue of the Trade Marks (Proof of Use, etc.) Regulations 2004 (SI 2004/946) which came into force on 5th May 2004.

June 2007. Consequently, the proof of use provisions apply. In line with rule 13(2)(d) of the Trade Marks Rules 2000 (as amended) (“the Rules”) K made statements of use in relation to its three earlier trade marks. If K were required to substantiate its claims in evidence, CA was required to either deny or not admit the truth of the matter set out in the statements of use². Whilst CA gave a blanket denial to K’s grounds of opposition, it did not specifically address the statement of use. This is so despite the counterstatement form carrying a question “do you want the opponent to provide proof of use?” – CA’s answer to this question was “—”. The further question “if you answered “yes” to question five, please state for which goods and services you require proof” received an identical answer. In my view the lack of a specific denial or non-admittance of the statements of use, together with the failure of CA to answer the questions on the counterstatement form, means that K were not required to substantiate its statements of use. **Consequently, the statements of use stand as the goods to be utilised for the purposes of this opposition.**

The law and the leading authorities

11. Section 5(2)(b) of the Act states:

“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.”

12. An earlier trade mark is defined in section 6 of the Act, the relevant parts of which read:

“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.”

13. When reaching my decision I have taken into account the guidance provided by the European Court of Justice (“ECJ”) in a number of judgments germane to this issue, notably in: *Sabel BV v. Puma AG* [1998] R.P.C. 199, *Canon Kabushiki*

² See rule 13(C)(1) of the Rules.

Kaisha v. Metro-Goldwyn-Mayer [1999] R.P.C. 117, *Lloyd Schuhfabrik Mayer & 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* (Case C-120/04) and *Shaker di L. Laudato & Co. Sas* (C-334/05). It is clear from all these cases that:

- (a) the likelihood of confusion must be appreciated globally, taking account of all the relevant factors: *Sabel BV v. Puma AG*, paragraph 22;
- (b) the matter must be judged through the eyes of the average consumer of the good/services in question; *Sabel BV v. Puma AG*, paragraph 23, who is deemed to be reasonably well informed and 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* paragraph 27;
- (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*, paragraph 23;
- (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*, paragraph 23;
- (e) when considering composite marks, it is only if all the other components of the mark are negligible that the assessment of the similarity can be carried out solely on the basis of the dominant element; *Shaker di L. Laudato & Co. Sas* (C-334/05), paragraph 42;
- (f) an element of a mark may play an independent distinctive role within it without necessarily constituting the dominant element; *Medion AG V Thomson multimedia Sales Germany & Austria GmbH*, paragraph 30;
- (g) 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*, paragraph 17;
- (h) 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*, paragraph 24;
- (i) 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*, paragraph 26;

(j) 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 + Adidas Benelux BV*, paragraph 41;

(k) 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*, paragraph 29.

Similarity of the marks

14. 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). K has a registration for the plain word KOOKAI in class 25, but this earlier mark has a more limited specification in comparison to its other registration in class 25 and, furthermore, it does not cover any goods in class 18 (for which it has another earlier mark). For this reason, I will assess the degree of similarity based on the two earlier marks shown below. CA's trade mark is shown alongside them for ease of reference:

K's trade marks

CA's trade mark

KOOKAI

KOKOA

KOOKAI

15. K's submissions on similarity focus on:

“the visual repetition of the letters K and O and a phonetic repetition of the sounds K and A. In particular, the rhythm of the marks is dictated both visually and phonetically by the letter/sound K at the beginning and in the middle of the marks in issue.”

16. CA's observations in its counterstatement focus on the fact that its mark is a repetition of the string KO with the added letter A whereas K's marks will be viewed and broken down as two elements KOO and KAI. This analysis also informs CA's view on aural similarity as it says that its mark will be pronounced

as KO–KO-A whereas K’s mark will be pronounced as KOO-KAI. CA considers that these differences render the marks dissimilar.

17. In terms of visual similarity, the marks do not obviously break down into sets of 2 (K’s marks) or 3 (CA’s mark) elements. My view is that they will be viewed as single self-standing words with no obvious visual (and different) breaks that will strike the eye as creating a point of difference. Instead, it is likely to be noticed that the marks are of a similar length, that they have a number of letters in common, and, furthermore, that these common letters fall in a similar pattern – both begin “KO”, both have a “K” in the middle and both have an “A” towards the end. I must of course take into account the differences, which includes the presence of what is likely to be seen as an umlaut (stylised in the case of one of them) above the “I” in K’s marks, nevertheless, **despite these differences, I consider that there is still a good deal of visual similarity.**

18. In terms of aural similarity, I agree with CA that K’s mark will be pronounced KOO-KAI whereas its mark will be pronounced as KO-KO-A. Whilst this renders the degree of similarity to be less than the degree of visual similarity, there are nevertheless still some similarities in terms of length, a hard K sound both at the beginning and middle part of the pronunciations, and some form of O/OO sound following the initial K. **There is some, albeit, not a high degree of aural similarity.**

19. Neither party has put forward any conceptual meanings that underpin the respective marks. I know of none myself. Whilst this means that there is no conceptual similarity, neither does this create a conceptual dissonance which would result in the marks pointing away from one another. **The assessment of conceptual similarity is, therefore, of a neutral significance.**

Similarity of goods/services

20. All relevant factors relating to the goods in the respective specifications should be taken into account in determining this issue. 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 intended purpose and their method of use and whether they are in competition with each other or are complementary.’

21. 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 of the European Communities (“CFI”) in Case T-164/03 *Ampafrance v OHIM – Johnson & Johnson (monBeBé)*).

22. The comparison is to be made on the basis of K's goods detailed in its statements of use and CA's goods as detailed in its application for registration.

CA's class 18 specification

23. CA's specification reads:

Leather cases; leather bags; leather goods.

K's class 18 goods covered by its statement of use for mark 1356522 read:

Leather, imitation leather and articles made from the aforesaid goods; trunks and travelling bags

24. It is clear from the above that all of CA's goods fall within the ambit of K's goods. **As they fall within the ambit they must, consequently, be considered to be identical³.**

CA's class 25 specification

25. CA's specification reads:

Clothing

K's class 25 goods covered by its statement of use for mark 2109359 read:

Clothing, footwear, headgear

26. CA's goods in class 25 must again be considered to be identical to K's goods.

CA's class 35 specification

27. CA's specification reads:

Retail store services in the field of clothing; retail store services in the field of leather cases, leather bags and leather goods; department store services connected with the sale of clothing; department store services connected with the sale of leather goods and luggage; import-export agencies in the field of clothing; import-export agencies in the field of leather goods and luggage.

28. None of K's earlier marks cover any services in class 35. However, it is clear that the nature of the goods being retailed by CA are the same as the goods

³ See *Gérard Meric v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM) Case T-133/05*

covered by K's earlier marks. The CFI⁴ recently gave judgment in *Oakley, Inc v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Case T-116/06 which deals with the relationship between goods on the one hand and the retailing of the same goods on the other. In this judgment it was stated:

“57 Thus, notwithstanding the incorrect finding of the Board of Appeal to the effect that the services and goods in question have the same nature, purpose and method of use, it is indisputable that those services and goods display similarities, having regard to the fact that they are complementary and that those services are generally offered in the same places as those where the goods are offered for sale.

58 It therefore follows from all of the foregoing that the goods and services in question resemble each other to a certain degree, with the result that the finding in paragraph 24 of the contested decision that such a similarity exists must be upheld.”

29. I can add little more by way of analysis - it seems clear to me that although there is an inherent difference between the nature of any good and service, a clear and direct relationship (the complementary nature identified by the CFI) must nevertheless exist between the goods on the one hand and the specific retailing of them on the other. The actual goods/services in question here also increase the strength of that relationship as I am aware from my own experience that retailers in this field often sell own brand goods in addition to the goods/brands of others and, furthermore, it is not uncommon for retailers to sell nothing other than its own branded goods.

30. However, in relation to CA's import/export agency services, the complementary relationship is not as strong. The nature and intended purpose of the service is somewhat different – it is, effectively, a business to business service - furthermore, the end users will also differ significantly (the general public in relation to K's goods against business users in respect of CA's import/export agency service) which further reduces any similarity. **In summary, CA's retail services are highly similar to K's goods. Any degree of similarity between CA's import/export agency services and K's goods is of only a minimal degree.**

⁴ The Court of First Instance of the European Communities – a court of binding precedent.

Relevant public and the purchasing act

31. As matters must be judged through the eyes of the relevant, average consumer (*Sabel BV v. Puma AG*, paragraph 23) it is important that I assess who this is. Both marks have specifications covering various items of clothing and leather goods such as handbags. CA's specification also covers the retailing of such goods and also import/export agency services. Generally speaking, items of clothing are general consumer items purchased by the public at large. In my experience, such consumers will possess a reasonable degree of brand awareness which equates, in my view, to reasonable degree of care and attention being applied during the purchasing process. The case-law⁵ also informs me that in relation to clothing, it is the visual impression of the trade mark that is most important given that the goods are normally selected from a clothing rail or a catalogue rather than by oral request. The same principles apply, in my view, to leather goods such as bags and handbags. Similar principles also apply in relation to the retail aspect of the goods in question.

32. The matter is different in relation to CA's import/export agency services. These do not strike me as a service targeted at the general public. I have already stated that it strikes me more as some form of business to business service relating to the arrangement of the import and export of goods (clothing etc in this case). The relevant, average consumer is therefore a typical businessman or an employee of a larger company whose job it is to arrange for the import or the export of the goods in question. A higher degree of care and attention is likely to be utilised by these types of consumer when selecting a service provider in this field.

Distinctiveness of the earlier trade marks

33. The distinctiveness of an earlier mark is another important factor to consider because the more distinctive it is (based either on inherent qualities or because of the use made of it), the greater the likelihood of confusion (see *Sabel BV v. Puma AG*, paragraph 24). From an inherent point of view, K's mark has no meaning and it will, therefore, be seen as an invented word. Neither does the word allude in any way to the goods for which it is registered. K's marks are, therefore, of a high degree of inherent distinctive character. The use that has been made of the marks also points towards an enhancement of this already high degree of distinctiveness. It is clear from the evidence that the KOOKAI mark is well known in relation to articles of clothing (predominantly ladies' clothing) and fashion accessories such as bags and shoes etc. **The marks are very high in distinctive character.**

⁵ See *Société provençale d'achat and de gestion (SPAG) SA v OHIM Case T-57/03 and React Trade Mark* [2000] RPC 285.

Likelihood of confusion

34. CA's submissions focus on its argument that the marks are simply not similar enough to cause confusion. K, on the other hand, highlights the similarities between the marks, the highly distinctive nature of its earlier marks (including its reputation demonstrated in evidence) and also the principle of imperfect recollection, all of which, in its view, points towards confusion being likely.

35. I agree with CA that imperfect recollection is an important factor to take into account. In *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V* the ECJ highlighted that the average consumer rarely has the chance to make direct comparisons between marks and they must instead rely upon the imperfect picture of them that has been kept in mind. This is more so, in my view, when one takes into account that the marks in question here have no specific conceptual meaning that will form a hook in the mind of the consumer so as to assist him in his recall. I am also conscious that the earlier marks are very high in distinctive character so making the likelihood of confusion even greater (*Sabel BV v. Puma AG*, paragraph 24).

36. Irrespective of the above, whilst I have found that there is a good deal of similarity from a visual perspective, this is less so with regard to the degree of aural similarity between the marks. However, in my assessment of the relevant public, I identified that in relation to the goods (and by extension the utilisation of the retail service relating to them), the purchasing act is predominantly a visual one. Therefore, despite the side-by-side differences, the concept of imperfect recollection, together with the other relevant factor such as the identical nature of the goods and the close relationship with retailing, leads me **to the conclusion that there is a likelihood of confusion. This is my finding in relation to the CA's goods in classes 18 & 25 and its retail services in class 35.**

37. In relation to the **import/export services**, I have found the link between the goods and the services to be much weaker. Whilst the visual similarity is still present, there is nothing to suggest that these services are utilised with visual considerations in mind. I also believe that the nature of the purchasing act will be more considered. All these factors lead me to **conclude that there is not a likelihood of confusion in relation to these services.**

Section 5(4)(a) of the Act

38. Section 5(4)(a) of the Act reads:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented –

(a) 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, or

(b)

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of an “earlier right” in relation to the trade mark.”

39. The opponent relies on the common law tort of passing-off. Two decisions⁶ of the House of Lords clearly set out the necessary elements that need to be demonstrated. They can be summarised as: 1) goodwill, 2) misrepresentation and 3) damage. Lord Oliver summarised the position quite succinctly in the latter of these cases when he stated:

“The law of passing off can be summarised in one short general proposition-- no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. ... Thirdly he must demonstrate that he suffers, or in a *quia timet* action that he is likely to suffer, damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.”

⁶ *Erven Warnick BV v J Townend & Sons (Hull) Ltd* [1980] R.P.C. 31 and *Reckitt & Colman Products Ltd v Borden Inc* [1990] R.P.C.341.

40. I only intend to deal with this ground to the extent that K has been unsuccessful thus far, namely, in relation to its opposition against CA's import/export agency services. In terms of goodwill, K's evidence clearly demonstrates a strong goodwill in relation to clothing and handbags and the actual retailing of these goods. All of its goodwill has been generated whilst using the sign KOOKAĪ as the primary indication of trade origin. However, there is no evidence to suggest that K has any form of goodwill in relation to the provision of import/export agency services. Whilst I note that there is no requirement in passing-off for a common field of activity – the absence of one is, nevertheless, a highly relevant and important consideration⁷.

41. The question I must determine, and put as simply as possible, is whether the public encountering CA's import/export agency services will believe that the service is being offered by K. There is no evidence that CA's services are routinely offered by manufactures or retailers of the goods in question. In the absence of such evidence, it strikes me that the services are likely to be offered by independent businesses who are offering a specialist business service to other business. There is clearly the concern that CA's services relate specifically to the import/export of the goods in which K has a recognised goodwill, nevertheless, a reasonably astute businessman wishing to avail himself of CA's service will not, taking into account in the nature of the signs and the nature of CA's service (and the distance of them from the goods/services in which K has a goodwill), believe that they are the services of K. **The ground of opposition fails in relation to import/export agency services.**

⁷ See the comments of Millet LJ in *Harrods Ltd v Harrodian School* [1996] RPC 697

Section 5(3) of the Act

42. Again, I only intend to deal with this ground in relation to CA's import/export agency services. Section 5(3)⁸ of the Act reads:

"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 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."

43. 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, *Premier Brands UK Limited v Typhoon Europe Limited (Typhoon)* [2000] FSR 767, *Daimler Chrysler 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 and Hitachi Credit (UK) Plc* [2004] EWHC 1623 (Ch), *Electrocoin Automatics Limited and Coinworld Limited and others* [2005] FSR 7 and *Davidoff & Cie SA v Gofkid Ltd (Davidoff)* [2003] ETMR 42, *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd (Adidas-Salomon)* (C-408/01) .

44. The points that come out of 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 by the products and services covered by that trade mark (paragraph 26 of the ECJ's judgment in *Chevy*);

b) Protection is available where the respective goods or services are similar or not similar (paragraph 29 of the Advocate General's opinion in *Chevy* and *Davidoff*);

c) The provision is not intended to give marks "an unduly extensive protection" – there must be actual detriment or unfair advantage (not merely risks) which must be substantiated to the satisfaction of the national court or tribunal (paragraph 43 of the Advocate General's opinion in *Chevy* and paragraph 88 of Pumfrey J's judgment in the *Merc* case);

⁸ As amended by The Trade Marks (Proof of Use, etc) Regulations 2004 (SI 2004 No. 946) giving effect to the judgments of the ECJ in *Davidoff & Cie SA and Zino Davidoff SA v Gofkid Ltd* (C-292/00) and *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd* (C-408/01)

d) The provision is not aimed at every sign whose use may stimulate the relevant public to recall a trade mark which enjoys a reputation with them (per Neuberger J in the *Typhoon* case);

e) The stronger the earlier mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it (paragraph 30 of the ECJ's judgment in the *Chevy* case);

f) Confusion as to the trade source of the goods or services offered for sale under the later mark is not a necessary condition before there can be detriment; but is one form of detriment (paragraph 88 of Pumfrey J's judgment in the *Merc* Case);

g) It is not conditional for a finding that there exists a likelihood of confusion; it is sufficient for the degree of similarity between a mark with a reputation and the applied for mark to have the effect that the relevant consumer establishes a link between the marks (paragraph 31 of the ECJ's judgment in *Adidas-Salomon*)

h) Detriment can take the form of either making the earlier mark less attractive (tarnishing) or less distinctive (blurring) (paragraph 88 of Pumfrey J's judgment in the *Merc* Case);

i) Unfair advantage can take the form of feeding on the fame of the earlier mark in order to substantially increase the marketability of the goods or services offered under the later trade mark (per G Hobbs QC in *Visa* at page 505. lines 10-17).

45. I have also taking into account the decision of Anna Carboni (sitting as the Appointed Person) in *Cube Publishing Ltd v. Standard Life Insurance Company* (BL O/208/08) where she reviewed the relevant legislation relating to this issue and I note the further decisions that she made reference to, notably: *L'Oreal SA v. Bellure NV* [2007] EWCA Civ 968, [2008] ETMR 1 and *Intel Corporation Inc v. CPM United Kingdom* [2007] EWCA Civ 431, [2007] ETMR 59, and also the opinion of Advocate General Sharpston in the latter of these cases (Case C-252/07, Opinion dated 26 June 2008).

Reputation

46. I have already commented under section 5(2) and 5(4) on the use that K has made of its earlier marks. To this extent, I am prepared to accept that in relation to its earlier mark, it has a reputation in relation to clothing and handbags. In terms of the nature of this reputation, there is nothing in the evidence to suggest that K's reputation is characterised by any particular characteristic such as a reputation for luxury. The examples of press coverage contained in Exhibit JL10

show prices for some of the goods, whilst it is fair to say they are not at the budget end of the market, they do not strike me as being high end goods either.

The “link”

47. The ECJ’s judgment in *Adidas-Salomon* highlighted that confusion is not a pre-requisite for a finding under this ground, it being sufficient that the degree of similarity between the marks has the effect that the relevant consumer establishes a link between them. The link, however, appears to be more than a simple finding that the marks have some degree of similarity. At paragraph 30 of the ECJ’s judgment in *Adidas-Salomon* it drew an analogy between the test to be applied here with the global appreciation test relevant to the likelihood of confusion:

“The existence of such a link must, just like a likelihood of confusion in the context of Article 5(1)(b) of the Directive, be appreciated globally, taking into account all factors relevant to the circumstances of the case (see, in respect of the likelihood of confusion, *SABEL*, paragraph 22, and *Marca Mode*, paragraph 40).”

48. Adopting such an approach, and taking into account relevant factors such as the similarity between the signs, the goods and services at issue and the reputation/distinctiveness of the earlier marks, I come to the view that a consumer encountering CA’s mark in relation to import/export agency services may bring K’s earlier marks to mind in a reminiscent sort of way. Although the nature of this link is not a strong one, it is a link nonetheless.

Heads of damage

49. In its judgment in *Sigla SA v OHIM* (Case T-215/03) the CFI set out and described the heads of damage applicable under article 8(5) of Regulation No 40/94 (section 5(3) as incorporated into the Act). I do not intend to rehearse the findings here, it is sufficient to say that the heads of damage were threefold, namely: 1) detriment to distinctive character, 2) detriment to repute, 3) unfair advantage of the distinctive character or repute.

50. Neither K’s statement of grounds, nor its submissions, shed any light on how or why the heads of damage will occur. It simply says that they will follow. Whilst I can understand this in relation to its primary case involving identical/very similar goods and services, it is more difficult to see how the heads of damage will manifest themselves in relation to import/export services. In relation to detriment to distinctive character (often referred to as “dilution”) I do not see how CA’s use of its mark on import/export services will water down the identity of K’s marks with the result that they are no longer capable of arousing immediate association with its goods. In my view, the link is not strong enough, and the goods/services not close enough, for such dilution to occur.

51. In relation to detriment to repute, there is nothing inherent in CA's import/export services that would have a negative influence on the image or reputation of K's mark. An argument is often put forward in these types of cases that there is potential for CA's mark to be used on a service of a low quality and that this could, as a consequence, damage K's reputation. However, this line of argument was dismissed by Lindsay J. in *e-sure Insurance Limited v Direct Line Insurance Plc* [2007] EWHC 1557 (Ch) at paragraph 127 of his decision⁹. I also take the view that the link and the relationship between CA's service and K's good would not, in any event, be strong enough so as to cause detriment to K's repute.

52. Finally, in relation to unfair advantage (often referred to as "free-riding"), I see no obvious reason, taking into account the link etc., why CA will gain any form of advantage from K's marks and reputation. I am conscious in all of my findings under this ground that the "proprietor is not required to demonstrate actual and present harm to his mark, but he must adduce *prima facie* evidence of a future risk, which is not hypothetical, of unfair advantage or detriment"¹⁰. However, given the nature of the link I have found, together with the degree of similarity between the marks and the respective specifications, I have struggled to see even a hypothetical link let alone a future risk of unfair advantage or detriment. **The ground of opposition fails in relation of import/export agency services.**

⁹ Although his decision was the subject of appeal, the Court of Appeal did not disturb this finding

¹⁰ This statement is taken from the CGI's decision in *Antartica S.r.l v. OHIM* (case t-47/06) and was referred to by K in its submissions.

CONCLUSIONS

53. The opposition succeeds in respect of:

Class 18: Leather cases; leather bags; leather goods.

Class 25: Clothing.

Class 35: Retail store services in the field of clothing; retail store services in the field of leather cases, leather bags and leather goods; department store services connected with the sale of clothing; department store services connected with the sale of leather goods and luggage

but fails in respect of:

Class 35: Import-export agencies in the field of clothing; import-export agencies in the field of leather goods and luggage

Costs

54. K has been successful to a large extent and is entitled to a contribution towards its costs. I hereby order Chen, Aoyuan to pay Kookaï the sum of £1500. This sum is calculated as follows:

Opposition fee	£200
Notice of opposition	£300
Considering the counterstatement	£200
Preparing and filing evidence and submissions	£800
Total	£1500

55. The above sum should 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 24th day of October 2008

**Oliver Morris
For the Registrar
The Comptroller-General**