

O-350-14

TRADE MARKS ACT 1994

**APPLICATION 3003811 BY MERLYN SCOTT AND NATHAN SCOTT
TO REGISTER THE FOLLOWING TRADE MARK**



AND

OPPOSITION 400788

BY ROLEX SA

Background and pleadings

1. On 26 April 2013, Merlyn Audriana Scott and Nathan Alexander Ezekiel Scott (“the applicants”) applied to register the trade mark shown below.



2. The application covers a range of goods and services in classes 9, 14, 18, 25 and 41.

3. The application was published in the Trade Marks Journal on 7 June 2013.

4. Rolex SA (“the opponent”) opposes the trade mark application to the extent that it covers the following goods in class 14.

“Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery; costume jewellery and precious jewellery; precious stones; watches, clocks, horological and chronometric instruments, key fobs and key rings, badges, buckles, chains, earrings, pins, parts and fittings for all the aforesaid goods.”

5. The grounds of opposition are based on section 5(2)(b) and 5(3) of the Trade Marks Act 1994 (“the Act”). This is on the basis of the opponent’s earlier UK trade marks 854289 (“289”) and 2482493 (“493”), which look like this:



6. The 289 mark was registered in 1963 for a wide specification including:

“All goods included in Class 14, and all being for sale in the United Kingdom in so far as concerns the right to the exclusive use thereof in relation to goods for sale in the United Kingdom.”

7. The 493 mark was registered with effect from 14 March 2008. It covers a better particularised list of goods as follows.

“Clock-hands (clock- and watch-making), anchors (clock- and watch-making), rings (jewellery), pendulums (clock- and watch-making), barrels (clock- and watch-making), jewellery, clock cases, watch cases, earrings, buckles of precious metal (jewellery), buckles (clock- and watch-making, namely for watch bands), cuff links, bracelets (jewellery), watch bands, charms (jewellery), brooches (jewellery), dials (clock- and watch-making), sundials, chains (jewellery), watch chains, chronographs (watches), chronometers, chronometrical instruments, jewel cases of precious metal, necklaces (jewellery), control clocks (master clocks), diamonds, cases for watches (presentation), pins (jewellery), ornamental pins, cases for clock and watch-making, threads of precious metals (jewellery), clocks, atomic clocks, electric clocks and watches, medallions (jewellery), watches, wristwatches, movements for clocks and watches, ornaments (jewellery), silver ornaments, pearls (jewellery), semi-precious stones, precious stones, watch springs, watch glasses.”

8. The opponent argues that the respective goods are either identical or similar and the marks are similar. This is said to be because:

“The applicants’ mark incorporates a prominent and striking crown device which is similar to the opponent’s marks (each depicting the “Rolex Crown”).”

9. The likelihood of confusion is said to be increased by the fact that the Rolex Crown has an “enormous reputation” in the UK as a result of its continuous use over many years.

10. The section 5(3) objection is based on:

- i) The reputation of the earlier marks, particularly for watches;
- ii) The similarity between the respective marks as described above;
- iii) A claim that the applicants’ mark would take unfair advantage of the earlier marks and of the quality, prestige and exclusiveness of the Rolex brand, of which the Rolex Crown forms “an integral part”;
- iv) A further claim that use of the applicant’s mark would blur the distinctiveness and erode the reputation of the earlier marks and reduce their capacity to immediately summon up the opponent’s watches and their aura of prestige.

11. The applicants filed a counterstatement denying the claims made. The applicants point out that the respective marks are different in that:

- i) The opposed mark has four short pronged peaks which are un-uniformed and are topped by large baubles, whereas the opponent's crown has five symmetrically tall slim prongs.
- ii) The applicants' crown has a narrow horizontal 'halo' at its base and beneath that the letters GH, none of which are present in the opponent's marks.

12. Although the 289 mark had been registered for more than five years at the date of publication of the opposed mark and was, therefore, potentially subject to the requirements of section 6A of the Act for proof of use, the applicants made no such request. Both of the earlier marks are therefore entitled to be relied upon for the goods for which they are registered.

13. The applicants point out the opposed mark is derived from an earlier mark including the same crown device and (much more prominently) the stylised word GRIMEHEAD.

14. The applicants indicated that, if necessary, they were content to limit their list of goods by deleting and excluding 'watches, clocks, horological and chronometric instruments'.

15. In response to this statement the opponent wrote to the applicants on 2 December 2013 offering to withdraw the opposition if the amendment described in the counterstatement was made and certain other terms covering the use of the mark were accepted. The applicants responded on 9 December declining to make the amendment offered "if necessary" in their counterstatement on the grounds that it was not necessary. The proceedings therefore continued.

The evidence

16. Only the opponent filed evidence. This takes the form of a witness statement by David Cutler, who is the Head of Communications for The Rolex Watch Company Limited, an affiliate company of the opponent.

17. Mr Cutler states that the Rolex Crown has been used for over 60 years in relation to watches. He says that the Rolex brand has been the pre-eminent symbol of performance and prestige in watch-making for over a century and all watches manufactured by the opponent prominently feature the Rolex Crown on the face of the watch¹, on the winding wheel², and on the clasp³. The Rolex Crown is the only mark used on the exterior of the presentation box which accompanies every watch,

¹ See, for example, exhibit DC6, page 44

² See, for example, exhibit DC6, page 68

³ See, exhibit DC2 page 16.

on the guarantee card, and on the mounts used in shop windows to display Rolex watches⁴.

18. The Rolex Watch Company Limited received £25m worth of revenue in 2013, mostly from UK sales of Rolex watches bearing the Rolex Crown.

19. The opponent has 130 official Rolex retailers in the UK, including national high street chains, such as Goldsmiths and high-end retailers, such as Watches of Switzerland.

20. The opponent spent £200k promoting its Rolex marks in the UK in 2009 and 2010, and £250k in 2013.

21. The opponent sponsors major sporting events. For example, the opponent has sponsored the Wimbledon tennis event since 1978 and also sponsors major golfing, motorsport⁵, yachting and equestrian events.

22. An article in *Ad Week* in 2013 (which appears to be published in the USA) stated that “the Rolex Crown is one of the most recognisable luxury brand symbols in existence”.

23. In 2012, The Centre for Brand Analysis ranked the Rolex word mark number 1 in its list of the top 500 Consumer Superbrands. The Rolex word mark was ranked by Forbes as number 68 amongst The World’s Most Valuable Brands in 2013.

The Hearing

24. A Hearing took place on 4 July 2014 at which the opponent was represented by Mr Thomas St Quinton of Counsel, instructed by D Young & Co. The applicant was not represented.

DECISION

Section 5(2)(b)

25. Sections 5(2)(b) of the Act is as follows:

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

(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

⁴ See, exhibit DC3, page 24

⁵ See, exhibit DC6, page 52 for an example of the Rolex word and Rolex Crown device in prominent use at the 2011 Le Mans race.

protected, or there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark”.

Comparison of goods

26. The respective goods are shown below.

Applicants' goods	Opponent's goods
<p>Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery; costume jewellery and precious jewellery; precious stones; watches, clocks, horological and chronometric instruments, key fobs and key rings, badges, buckles, chains, earrings, pins, parts and fittings for all the aforesaid goods</p>	<p>289 mark</p> <p>All goods included in Class 14, and all being for sale in the United Kingdom in so far as concerns the right to the exclusive use thereof in relation to goods for sale in the United Kingdom</p> <p>493 mark</p> <p>Clock-hands (clock- and watch-making), anchors (clock- and watch-making), rings (jewellery), pendulums (clock- and watch-making), barrels (clock- and watch-making), jewellery, clock cases, watch cases, earrings, buckles of precious metal (jewellery), buckles (clock- and watch-making, namely for watch bands), cuff links, bracelets (jewellery), watch bands, charms (jewellery), brooches (jewellery), dials (clock- and watch-making), sundials, chains (jewellery), watch chains, chronographs (watches), chronometers, chronometrical instruments, jewel cases of precious metal, necklaces (jewellery), control clocks (master clocks), diamonds, cases for watches (presentation), pins (jewellery), ornamental pins, cases for clock and watch-making, threads of precious metals (jewellery), clocks, atomic clocks, electric clocks and watches, medallions (jewellery), watches, wristwatches, movements for clocks and watches, ornaments (jewellery), silver ornaments, pearls (jewellery), semi-precious stones, precious stones, watch springs, watch glasses.</p>

27. As the 289 mark covers all the goods in class 14, it is clear that it encompasses the applicant's goods. The respective goods must therefore be considered to be

identical. Even if one compares the applicants' goods with the more specific goods covered by the 493 mark, the following goods correspond and are identical (the opponent's goods are shown in brackets).

Goods in precious metals ("jewel cases of precious metal"),
Jewellery, costume jewellery and precious jewellery ("jewellery"),
Precious stones ("precious stones", "diamonds"),
Watches, clocks, horological and chronometric instruments ("watches",
"clocks", "chronometrical instruments"),
Buckles ("buckles of precious metal (jewellery)", "buckles (clock- and watch-
making, namely for watch bands"),
Chains ("watch chains"),
Earrings ("earrings"),
Pins ("ornamental pins"),
Parts and fittings for these goods ("watch springs, watch glasses").



28. These goods are therefore identical. Only 'precious metals and their alloys' as such, 'key fobs', 'key rings' and 'badges' in the application are not identical to the goods covered by the 493 mark. However, as these goods are also encompassed by the wide specification of goods for the 289 mark, there is no point in considering how similar they are to the particular goods covered by the 493 mark.

Comparison of marks

29. It is clear from *Sabel BV v. Puma AG*⁶ (particularly paragraph 23) that the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details. The same case also explains that 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. It would be wrong, therefore, to artificially dissect the trade marks, although it is necessary to take into account any distinctive and dominant components and give due weight to any other features which are not negligible.

⁶ See paragraph 42 below

30. The respective trade marks are shown below:

	
Contested trade mark	Earlier trade mark

The marks are similar to the eye to the extent that they consist of, or include, a crown device with prongs topped by baubles. The number of prongs differs and, as the applicants point out, the prongs in the Rolex Crown are noticeably longer than in the crown in the applicants' mark. This gives the overall impression of a shorter 'stubbier' pronged crown than the Rolex crown. There are further small differences between the crowns in that the Rolex crown gives the impression of having a hole at its base whereas the applicants' crown has a narrow 'halo' at the base of the crown, which gives the impression of the base flaring outwards. Further, the prongs in the applicants' crown are not uniform like the prongs in the Rolex crown. However, although these differences (and the differing number of prongs) are evident from a side by side comparison, I doubt that they would make a lasting impression on an average consumer of the goods at issue paying a normal level of attention during the process of selecting the goods.

31. Importantly, the applicants' mark also includes the letters GH. Taking all of this into account I find that there is a modest degree of visual similarity between the marks as wholes.

32. The Rolex crown is a purely visual mark. The level of aural similarity is therefore of low importance. To the extent that it matters, I find there is no aural similarity because the applicants' mark would be verbalised as GH.

33. The presence of a crown in both marks means that there is an average degree of conceptual similarity between the marks.

Average consumer and the purchasing act

34. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect. For the purpose of assessing the likelihood of confusion, it must be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question: *Lloyd Schuhfabrik Meyer, Case C-342/97*.

35. The goods in question are all those covered by the list of goods in the application. In *Bang & Olufsen A/S v OHIM, Case T-460/05*, the General Court stated that:

“According to the case-law, the price of the product concerned is also immaterial as regards the definition of the relevant public, since price will also not be the subject of the registration (Joined Cases T-324/01 and T-110/02 *Axions and Belce v OHIM (Brown cigar shape and gold ingot shape)* [2003] ECR II-1897, paragraph 36).”

36. For the purposes of defining the relevant average consumer it is therefore irrelevant whether the applicants' mark will be targeted at consumers for high cost jewellery, watches etc. or whether it will be targeted at consumers for lower cost goods of the same kind. Similarly, it is irrelevant for this purpose that the opponent's mark is, in practice, used on products at the luxury end of the market. I must consider the likelihood of confusion amongst consumers in all the market sectors for jewellery, watches, precious stones etc.

37. Although the price of these goods varies considerably, most of the applicants' goods, such as precious stones, items made from precious metals, watches, clocks, tend to be reasonably costly products. The average consumer of such products is likely to pay an above average level of attention when selecting such products. Other goods covered by the application, such as costume jewellery, key rings and badges, are likely to be lower cost items selected with an average degree of attention.

Distinctive character of the earlier trade mark

38. In *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV, Case C-342/97* the CJEU stated:

“22. In determining the distinctive character of a mark and, accordingly, in assessing whether it is highly distinctive, the national court must make an overall assessment of the greater or lesser capacity of the mark to identify the goods or services for which it has been registered as coming from a particular undertaking, and thus to distinguish those goods or services from those of other undertakings (see, to that effect, judgment of 4 May 1999 in Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee v Huber and Attenberger* [1999] ECR I-0000, paragraph 49).

23. In making that assessment, account should be taken, in particular, of the inherent characteristics of the mark, including the fact that it does or does not contain an element descriptive of the goods or services for which it has been registered; the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark has been; the amount invested by the undertaking in promoting the mark; the proportion of the relevant section of the public which, because of the mark, identifies the goods or services as originating from a particular undertaking; and statements from chambers of commerce and industry or other trade and professional associations (see *Windsurfing Chiemsee*, paragraph 51).”

39. The earlier marks are not descriptive of the goods for which they are registered (other than possibly crowns, if there is a trade in such goods). I find that the Rolex crown marks have at an average level of distinctive character for the goods for which they are registered.

40. The marks, in my judgment, have been shown to have acquired an enhanced level of distinctiveness for watches through the extensive use made of the marks over many years. It is true the Rolex crown is often used in conjunction with the Rolex word mark, but there are plenty of examples in the evidence of the mark being used alone and, in any event, it is now well established that a mark can acquire a distinctive character (or enhanced distinctiveness) as a result of its use in conjunction with another mark⁷.

41. I find that the earlier marks are highly distinctive for watches.

Conclusion on likelihood of confusion.

42. In *Specsavers International Healthcare Limited & Others v Asda Stores Limited* [2012] EWCA Civ 24 para 51 et seq, the Court of Appeal approved the following principles gleaned from the decisions of the EU courts in *Sabel BV v Puma AG*, Case C-251/95 [1998] RPC 199, *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc*, Case C-39/97 [1999] RPC 117, *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel B.V.* Case C-342/97, *Marca Mode CV v Adidas AG & Adidas Benelux BV*, Case C-425/98 [2000] E.T.M.R. 723, *Matratzen Concord GmbH v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM)*, Case C-3/03, *Medion AG v. Thomson Multimedia Sales Germany & Austria GmbH*, Case C-120/04 and *Shaker di L. Laudato & C. Sas v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* Case C-334/05P.

⁷ Mars v Nestlé, Case C-353/03, CJEU

The principles

(a) The likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, 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, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but 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;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;

(f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element in that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a great degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) 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;

(k) if the association between the marks creates a risk that the public will wrongly believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.

43. Before I turn to the required global assessment it is necessary to explain why certain matters relied on by the applicants are not relevant. The applicants say that one of the reasons that there is no likelihood of confusion is that their products will be sold exclusively via their Grime Head websites and in Grime Head packaging. In *O2 Holdings Limited, O2 (UK) Limited v Hutchison 3G UK Limited*⁸, the CJEU stated at paragraph 66 of its judgment that when assessing the likelihood of confusion under Section 5(2) it is necessary to consider all the circumstances in which the mark applied for might be used if it were registered. Further, in *Devinlec Développement Innovation Leclerc SA v OHIM*⁹, the CJEU stated that:

“59. As regards the fact that the particular circumstances in which the goods in question were marketed were not taken into account, the Court of First Instance was fully entitled to hold that, since these may vary in time and depending on the wishes of the proprietors of the opposing marks, it is inappropriate to take those circumstances into account in the prospective analysis of the likelihood of confusion between those marks.”

44. The applicants’ decision to market their goods via particular websites is a marketing consideration that could change over time, particularly if the trade mark were sold to a new owner. It cannot therefore be taken into account in assessing the likelihood of confusion.

45. It is convenient to dispose of another point I find to be of little relevance. Mr St Quinton submitted that I should take account of the likelihood of confusion arising from the possibility of consumers having only a fleeting glimpse of the applicants’ mark post sale, e.g. on someone’s wrist. I accept that post sale use may be relevant to the extent that it might lead to confusion in the goods. However, I consider that my assessment as to the likelihood of confusion should be focussed on the selection process, which might in some cases include aspects of post sale use. I don’t accept that it is appropriate to focus on “confusion” arising, not in the course of trade, but as a result of someone getting a fleeting glimpse of the applicants’ mark when the applicants’ goods are in use. As the CJEU noted at paragraph 42 of its judgment in *Picasso v OHIM*¹⁰:

“..it is clear that, whatever the goods and marks at issue, there will always be situations in which the public faced with them will grant them only a low degree of attention. However, to require that account be taken of the lowest

⁸ Case C-533/06

⁹ Case C-171/06P

¹⁰ Case C-361/04

degree of attention which the public is capable of displaying when faced with a product and a mark would amount to denying all relevance, for the purpose of an assessment of the likelihood of confusion, to the criterion relating to the variable level of attention according to the category of goods, noted in paragraph 38 of this judgment.”

46. I bear in mind that the respective goods are identical, that the opponent’s mark has at least an average degree of distinctive character (a high degree of distinctiveness for watches) and that the average consumer is likely to pay at least an average level of attention when selecting the goods.

47. So far as the marks are concerned, I find that it is the degree of visual similarity between the marks which is of most importance in this case. In *Quelle AG v OHIM*¹¹, the General Court found that visual similarity (and difference) is most important in the case of goods that are self selected or where the consumer sees the mark when purchasing the goods. The Court stated that:

“68..... If the goods covered by the marks in question are usually sold in self-service stores where consumers choose the product themselves and must therefore rely primarily on the image of the trade mark applied to the product, the visual similarity between the signs will as a general rule be more important. If on the other hand the product covered is primarily sold orally, greater weight will usually be attributed to any phonetic similarity between the signs (*NLSPORT, NLJEANS, NLACTIVE and NLCollection*, paragraph 53 supra, paragraph 49).

69. Likewise, the degree of phonetic similarity between two marks is of less importance in the case of goods which are marketed in such a way that, when making a purchase, the relevant public usually perceives visually the mark designating those goods (*BASS*, paragraph 56 supra, paragraph 55, and Case T-301/03 *Canali Ireland v OHIM – Canal Jean (CANAL JEAN CO. NEW YORK)* [2005] ECR II-2479, paragraph 55). That is the case with respect to the goods at issue here. Although the applicant states that it is a mail order company, it does not submit that its goods are sold outside normal distribution channels for clothing and shoes (shops) or without a visual assessment of them by the relevant consumer. Moreover, while oral communication in respect of the product and the trade mark is not excluded, the choice of an item of clothing or a pair of shoes is generally made visually. Therefore, the visual perception of the marks in question will generally take place prior to purchase. Accordingly, the visual aspect plays a greater role in the global assessment of the likelihood of confusion (*NLSPORT, NLJEANS, NLACTIVE and NLCollection*, paragraph 53 supra, paragraph 50). The same is true of catalogue selling, which involves as much as does shop selling a visual assessment of the item purchased by the consumer, whether clothing or shoes, and does not generally allow him to obtain the help of a sales assistant. Where a sales discussion by telephone is possible, it takes place usually only after the consumer has consulted the catalogue and seen the goods. The fact that those products may, in some

¹¹ Case T-88/05

circumstances, be the subject of discussion between consumers is therefore irrelevant, since, at the time of purchase, the goods in question and, therefore, the marks which are affixed to them are visually perceived by consumers.”

48. The evidence shows that watches are displayed on stands in windows of retail stores and initially selected by eye. There is nothing to suggest that visual selection is of any less importance for the other goods covered by the application.

49. I earlier found that the overall degree of visual similarity between the marks was modest, mainly because, although there are similarities between them, the applicants’ crown is noticeably shorter and stubbier than the Rolex crown and the applicants’ mark includes the letters GH. Taking account of all of the relevant factors, including the average level of conceptual similarity between the marks and the potential for imperfect recollection, I find that the differences between the marks are sufficient to avoid a likelihood of confusion, including the likelihood of indirect confusion (or “association” as it is called in the Act).

50. I therefore reject the section 5(2)(b) ground of opposition.

Section 5(3)

51. Section 5(3) states:

“(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 a 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.”

52. The relevant case law can be found in the following judgments of the CJEU: Case C-375/97, *General Motors*, [1999] ETMR 950, Case 252/07, *Intel*, [2009] ETMR 13, Case C-408/01, *Addidas-Salomon*, [2004] ETMR 10 and Case C-487/07, *L’Oreal v Bellure* [2009] ETMR 55 and Case C-323/09, *Marks and Spencer v Interflora*. The law appears to be as follows.

a) The reputation of a trade mark must be established in relation to the relevant section of the public as regards the goods or services for which the mark is registered; *General Motors*, paragraph 24.

(b) The trade mark for which protection is sought must be known by a significant part of that relevant public; *General Motors*, paragraph 26.

(c) It is necessary for the public when confronted with the later mark to make a link with the earlier reputed mark, which is the case where the public calls

the earlier mark to mind; *Adidas Saloman, paragraph 29* and *Intel, paragraph 63*.

(d) Whether such a link exists must be assessed globally taking account of all relevant factors, including the degree of similarity between the respective marks and between the goods/services, the extent of the overlap between the relevant consumers for those goods/services, and the strength of the earlier mark's reputation and distinctiveness; *Intel, paragraph 42*

(e) Where a link is established, the owner of the earlier mark must also establish the existence of one or more of the types of injury set out in the section, or there is a serious likelihood that such an injury will occur in the future; *Intel, paragraph 68*; whether this is the case must also be assessed globally, taking account of all relevant factors; *Intel, paragraph 79*.

(f) Detriment to the distinctive character of the earlier mark occurs when the mark's ability to identify the goods/services for which it is registered is weakened as a result of the use of the later mark, and requires evidence of a change in the economic behaviour of the average consumer of the goods/services for which the earlier mark is registered, or a serious likelihood that this will happen in future; *Intel, paragraphs 76 and 77*.

(g) The more unique the earlier mark appears, the greater the likelihood that the use of a later identical or similar mark will be detrimental to its distinctive character; *Intel, paragraph 74*.

(h) Detriment to the reputation of the earlier mark is caused when goods or services for which the later mark is used may be perceived by the public in such a way that the power of attraction of the earlier mark is reduced, and occurs particularly where the goods or services offered under the later mark have a characteristic or quality which is liable to have a negative impact of the earlier mark; *L'Oreal v Bellure NV, paragraph 40*.

(i) The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an unfair advantage where it seeks to ride on the coat-tails of the senior mark in order to benefit from the power of attraction, the reputation and the prestige of that mark and to exploit, without paying any financial compensation, the marketing effort expended by the proprietor of the mark in order to create and maintain the mark's image. This covers, in particular, cases where, by reason of a transfer of the image of the mark or of the characteristics which it projects to the goods identified by the identical or similar sign, there is clear exploitation on the coat-tails of the mark with a reputation (*Marks and Spencer v Interflora, paragraph 74* and the court's answer to question 1 in *L'Oreal v Bellure*).

Reputation

53. I find that the evidence establishes that the opponent's marks have a qualifying reputation. The marks are unlikely to have a reputation of the scale of the word ROLEX itself, but I am satisfied that, in relation to watches, the Rolex crown device has a substantial reputation amongst a significant part of the relevant public.

The Link

54. Although the level of similarity between the parties' marks is insufficient to create a likelihood of confusion, I find that if the applicants' mark were used in relation to watches or other timekeeping instruments, then the inclusion of the prominent crown device would be sufficient to cause the public to call the Rolex crown to mind. I therefore find that use of the applicants' mark in relation to watches or other timekeeping instruments would create a link with the Rolex crown.

55. I find that the nature and extent of the reputation of the opponent's marks is insufficient for the public to link the applicants' mark to the Rolex crown when the applicants' mark is used in relation to goods other than watches or other timekeeping instruments.

56. This means that it is only necessary to consider the section 5(3) objection further in relation to watches, clocks, horological and chronometric instruments.

Unfair advantage and/or detriment

57. The applicants have filed no evidence. Consequently, they have not shown that they have due cause to use the opposed mark in relation to watches, clocks, horological and chronometric instruments.

58. I have noted that the counterstatement states that the opposed mark was derived from other registered marks. This does not show that the applicants have due cause to use the opposed mark, not least because the crown device is more prominent in the opposed mark than it is in the marks from which it is claimed to have been derived.

59. I am satisfied that the reputation of the opponent's marks is for ultra prestige watches. The opponent's marks therefore have an exceptional power of attraction in relation to watches and, by extension, other timekeeping instruments. The link that the relevant public are likely to make between the respective marks means that the applicants' marks stand to benefit from the power of attraction of the opponent's marks because some of that power of attraction is likely to rub off on the applicants' mark. That is liable to increase sales of watches and other timekeeping instruments under the applicants' mark.

60. In *Jack Wills Ltd v House of Fraser (Stores) Ltd*¹², Arnold J. reviewed the case law on unfair advantage and concluded as follows.

“80. The arguments in the present case give rise to two questions with regard to taking unfair advantage. The first concerns the relevance of the defendant's intention. It is clear both from the wording of Article 5(2) of the Directive and Article 9(1)(c) of the Regulation and from the case law of the Court of Justice interpreting these provisions that this aspect of the legislation is directed at a particular form of unfair competition. It is also clear from the case law both of the Court of Justice and of the Court of Appeal that the defendant's conduct is most likely to be regarded as unfair where he intends to benefit from the reputation and goodwill of the trade mark. In my judgment, however, there is nothing in the case law to preclude the court from concluding in an appropriate case that the use of a sign the objective effect of which is to enable the defendant to benefit from the reputation and goodwill of the trade mark amounts to unfair advantage even if it is not proved that the defendant subjectively intended to exploit that reputation and goodwill.

61. The applicants have not explained what their motivation was in adopting the opposed mark in relation to watches and other timekeeping instruments. It is not therefore possible to say whether they had the Rolex crown in mind when they did so. In any event, I find that, viewed objectively, the applicants' mark will take unfair advantage of the reputation of the opponent's marks by benefitting from the power of attraction, the reputation and the prestige of those marks and exploiting, without paying any financial compensation, the marketing effort expended by the proprietor of the marks in order to create and maintain the marks' image.

62. In the light of this finding it is not necessary to consider the opponent's alternative claim that use of the applicants' mark will be detrimental to the distinctive character or repute of the opponent's marks.

63. The section 5(3) ground of opposition succeeds insofar as it relates to the registration of the mark for watches, clocks, horological and chronometric instruments. I reject this ground of opposition in relation to the other goods covered by the application.

Outcome

64. Subject to the outcome of any appeal, the applicants' mark will be registered in class 14 (the opposition was not directed at goods and services in the other classes) for:

Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery; costume jewellery and

¹² [2014] EWHC 110 (Ch)

precious jewellery; precious stones; key fobs and key rings, badges, buckles, chains, earrings, pins, parts and fittings for all the aforesaid goods; but not including watches, clocks, horological and chronometric instruments or any parts or fittings for these excluded goods.

Costs

65. The opposition has partly succeeded and partly failed. Ordinarily I would have directed each side to bear its own costs. However, as Mr St Quinton pointed out at the hearing, the applicants floated the idea of limiting their application in the terms set out above in their counterstatement. The opponent offered to settle largely on this basis. The applicants then refused to make the amendment. This effectively handed the opponent the cost of pursuing the opposition. The applicants played no further part in the proceedings, thus avoiding any further costs of their own.

66. In these circumstances I accept Mr St Quinton's submission that the applicants' conduct of the proceedings was less than satisfactory. I will therefore order the applicants to make a contribution towards the opponent's costs following the filing of the counterstatement.

67. I order Merlyn Audriana Scott and Nathan Alexander Ezekiel Scott to pay Rolex SA the sum of £1500 within 10 days of the end of the period allowed for appeal. This is made up of:

£750 for filing evidence

£750 for attending the hearing and filing a skeleton argument

Dated this 6th day of August 2014

**Allan James
For the Registrar**