

O-089-14

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION No. 2628922
BY MATT BAKER AND JULIE BAKER
TO REGISTER THE TRADE MARK**



**IN CLASSES 37 & 45
AND**

**IN THE MATTER OF OPPOSITION
THERE TO UNDER No. 104074 BY
ETA SA MANUFACTURE HORLOGERE SUISSE**

BACKGROUND

1) On 20 July 2012 Matt Baker and Julie Baker (hereinafter the applicants) applied to register the trade mark shown on the previous page in respect of the following services:


In Class 37: Information services relating to maintenance of security systems; Information services relating to installation of security systems; Installation of residential security apparatus; Installation of security systems; Locks (Repair of security -); Maintenance and servicing of security alarms; Repair and installation of security locks; Installation of closed circuit television systems; Repair of closed circuit television systems; Advisory and consultancy to all foresaid services.

In Class 45: Advisory services relating to security; Locks (Opening of security -); Monitoring of security systems; Rental of security apparatus; Rental of security surveillance apparatus; Security advisory services; Security consultancy; Security services for the protection of property; Security services for buildings.

2) The application was examined and accepted, and subsequently published for opposition purposes on 10 August 2012 in Trade Marks Journal No.6952.

3) On 9 November 2012 ETA SA Manufacture Horlogere Suisse (hereinafter the opponent) filed a notice of opposition. The grounds of the opposition are in summary:

a) The opponent is the proprietor of the following trade mark:

Mark	Number	Date of application / registration	Class	Specification relied upon
	602026	31.10.38 31.10.38	14	Parts of watches

b) The opponent contends that the mark in suit is confusingly similar to its registered trade mark and that the goods and services are similar. The opponent also contends that the applicants will unfairly benefit from the reputation built up by the opponent and that use of the mark in suit will diminish the connotations of quality and reliability attaching to the opponent's mark. The opponent contends that its mark is well known in the UK under the meaning of Section 56 of the Act and Article 6bis of the Paris Convention. The mark in suit therefore offends against Section 5(2)(b) and 5(3) of the Act.

c) The opponent states that it has used the mark shown above since October 1938 in the UK in relation to watch movements and parts for watches. It states that it has

acquired significant goodwill in the UK. Use of the marks in suit would amount to passing off and as such the marks in suit offend against Section 5(4)(a) of the Act.

4) On 21 March 2013 the applicants filed a counterstatement, subsequently amended, denying all the grounds. They put the opponent to strict proof of use of its mark, and also its reputation and goodwill in its marks. The applicants also contended that confusion will not occur as the opponent does not sell to the public but only to Swatch and that they have not sold their goods in the UK. Finally, they point out that they have been trading for fifteen years without ever encountering the opponent or any confusion between the two companies.

5) Only the opponent filed evidence. Both parties seek an award of costs in their favour. The matter came to be heard on 25 February 2014 when the opponent was represented by Mr Conway of Messrs Haseltine Lake LPP; the applicant was not represented but has supplied written submissions.

OPPONENT'S EVIDENCE

6) The opponent filed a witness statement, dated 29 July 2013 by Pierre-Alain Vuille the Head of Intellectual Property at the opponent company, a position he has held since 2003. He provides general evidence of watch making in Switzerland and sales by Swiss manufacturers to the UK. This evidence does not assist my decision. He states that his company is part of the Swatch Group, and he provides evidence of sales by the Swatch group under a variety of marks, none of them the one on which the opposition is based and so this does not assist my decision. He states that "ETA is the largest manufacturer of Swiss watch movements and supplies the overwhelming majority of movements found in Swiss watches". As such the company is well known within the industry. The company has production sites around the world. He states that under the Swatch brand alone several hundred thousand watches have been sold in the UK in each of the last five years, all of which contain an ETA movement. He states that the company has limited the number of movements it sells outside the Swatch group and that this change was widely publicised. He states that the dominance of ETA movements in the market has also been the focus of press attention. He states that the ETA logo is the badge by which his company's products are recognised in the industry and that the logo has been used on advertising and product literature. He states that every Swatch watch has the ETA logo upon it, indeed he states that other manufacturers who use an ETA movement mention this fact in their literature. He claims that ETA movements have been sold directly in the UK for many years. He also provided the following exhibits:

- PV7: This consists of three articles from the press discussing the decision to restrict sales of ETA movements outside the Swatch group. The first is from the *Independent* dated 7 April 2012 which mentions that ETA is a subsidiary of Swatch and that its movements are found in most Swiss watches. The second is an article from *Forbes India* magazine which states much the same as the *Independent* and is dated 6 July 2012. The third article is dated 24 December

2011 and is a press article issued by the Swiss Broadcasting Corporation and is reporting the court decision allowing ETA to restrict its sales to third parties.

- PV8: Press articles said to deal with the dominance of ETA movements in the market. The first, dated April 2008 is from Watch Time (USA). It is not clear if this magazine was distributed in the UK. The second item is dated 19 July 2013 and is from the internet site of Bernard Watch Co of Texas.
- PV11: This consists of images of ETA movements with the logo mark upon them. It also includes a copy of the 2011 ETA catalogue. However no details are provided as to how many catalogues were distributed in the UK and to whom they were sent.
- PV12: Images of Swatch watches which are said to have the opponent's mark on the back. One can clearly read the words "SWATCH, Swiss, Aluminium/stainless steel" and on some "Automatic" on another "patented water resistant". There is an extremely small smudge which I am willing to accept is probably the logo mark of the opponent but I doubt that it can be read without a magnifying glass. Even on one of the highly magnified images available it is barely recognisable.
- PV13: This has two internet print outs. The first, dated 24 July 2013, is from the Burberry UK store and shows details of one watch which states that it has an "ETA automatic Swiss Made movement". The second, dated 10 July 2013, is from the Cabot Watch Company based in London. It states that all its watches are Swiss made. Of the fourteen watches detailed, two mention ETA. One states "Quartz ETA movement" and the other "Valjoux ETA 7760 basic with modification".
- PV14: Copies of internet pages from Watchmaker Jeweller and Silversmith magazine dated April and May 1991. These both have advertisements for ETA movements.
- PV15: Copies of advertisements in what is described as "the industry publication The Horological Journal dated between September 2001 and September 2002. All show advertisements for ETA movements.
- PV17: Copies of internet pages from two websites, Gleave and Company and Watchpart.co.uk. Both are dated 19 July 2013 and both offer various ETA branded watch movements and parts.
- PV18: This exhibit is the subject of a confidentiality order. It consists of copies of invoices during the period 2009-2011 to UK customers for ETA branded movements. These are so heavily redacted that the confidentiality order seems completely unnecessary. All the invoices have the ETA logo mark at the top of every page. The first invoice, dated January 2009 and addressed to someone in Essex is for 213 parts, including movements wheels, stems and pinions.

However, only one item out of the 213 has the letters ETA as part of its description. There is no monetary value visible. The second invoice dated 2 December 2009 is addressed to London. It relates to 900 movements, none of which has the letters ETA as part of its description and there is no monetary value visible. The third invoice, dated 16 June 2010 is also addressed to London. It relates to 136 pieces, such as springs, pinions, movements, wheels, etc none of which have the letters ETA as part of their description. There is no monetary value visible. The fourth invoice is dated 7 March 2011 and addressed to Manchester. It relates to 840 pieces, such as wheels, movements, screws, springs etc none of which have the letters ETA as part of their description. There is no monetary value visible.

- PV19: Various pages from the internet from around the globe which show that retail outlets which sell jewellery and watches are security conscious and there are a number of security companies which offer goods and services to jewellery and watch retail outlets.
- PV20: This consists of a copy of the Jewellery Security Alliance 2012 annual crime report. This organisation is based in New York.
- PV21: Five sets of pages from the internet. One is from Australia, another from the Philippines, two from the USA and one from the UK. The UK article deals with a documentary regarding crime protection for UK businesses. The expert who will provide the advice is described as a “jewellery industry security solutions expert”. It is dated 14 December 2012.

7) That concludes my summary of the evidence filed, insofar as I consider it necessary.

DECISION

8) Prior to the hearing the opponent dropped the ground of opposition under Section 56 of the Act. I first turn to consider the ground of opposition under Section 5(4)(a) which reads:

“5. (4) 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

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.”

9) In deciding whether the mark in question offends against this section, I intend to adopt the guidance given by the Appointed Person, Mr Geoffrey Hobbs QC, in the *WILD CHILD* case [1998] RPC 455. In that decision Mr Hobbs stated that:

“The question raised by the grounds of opposition is whether normal and fair use of the designation WILD CHILD for the purposes of distinguishing the goods of interest to the applicant from those of other undertakings (see section 1(1) of the Act) was liable to be prevented at the date of the application for registration (see Article 4(4)(b) of the Directive and section 40 of the Act) by enforcement of rights which the opponent could then have asserted against the applicant in accordance with the law of passing off.

A helpful summary of the elements of an action for passing off can be found in Halsbury’s Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165. The guidance given with reference to the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731 is (with footnotes omitted) as follows:

‘The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

(1) that the plaintiff’s goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant’s misrepresentation.

10) First I must determine the date at which the opponent’s claim is to be assessed; this is known as the material date. In this regard, I note the judgment of the General Court (GC) in *Last Minute Network Ltd v Office for Harmonization in the Internal Market (Trade Marks and Designs) (OHIM)* Joined Cases T-114/07 and T-115/07. In that judgment the GC said:

“50 First, there was goodwill or reputation attached to the services offered by LMN in the mind of the relevant public by association with their get-up. In an action for passing off, that reputation must be established at the date on which the defendant began to offer his goods or services (*Cadbury Schweppes v Pub Squash* (1981) R.P.C. 429).

51 However, according to Article 8(4) of Regulation No 40/94 the relevant date is not that date, but the date on which the application for a Community trade mark

was filed, since it requires that an applicant seeking a declaration of invalidity has acquired rights over its non registered national mark before the date of filing, in this case 11 March 2000.”

11) The filing date of the application is, therefore, the material date. However, if the applicants have used their trade mark prior to this then this use must also be taken into account. It could, for example, establish that the applicants are the senior user, or that there had been common law acquiescence, or that the status quo should not be disturbed; any of which could mean that the applicants’ use would not be liable to be prevented by the law of passing-off – the comments in *Croom’s Trade Mark Application* [2005] RPC 2 and *Daimlerchrysler AG v Javid Alavi (T/A Merc)* [2001] RPC 42 refer.

12) The applicant has not provided any evidence of use of the mark in suit prior to the date of application, other than to state that it has been in business for fifteen years. I shall therefore regard the relevant date as 20 July 2012.

13) The onus is upon the opponent to show that it has goodwill in its mark. I take note of the comments of Pumfrey J in *South Cone Incorporated v JackBessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)* case, in which he said:

“27. There is one major problem in assessing a passing off claim on paper, as will normally happen in the Registry. This is the cogency of the evidence of reputation and its extent. It seems to me that in any case in which this ground of opposition is raised the Registrar is entitled to be presented with evidence which at least raises a prima facie case that the opponent’s reputation extends to the goods comprised in the applicant’s specification of goods. The requirements of the objection itself are considerably more stringent than the enquiry under Section 11 of the 1938 Act (See *Smith Hayden (OVAX)* (1946) 63 RPC 97 as qualified by *BALI* [1969] RPC 472). Thus the evidence will include evidence from the trade as to reputation; evidence as to the manner in which the goods are traded or the services supplied; and so on.

28. Evidence of reputation comes primarily from the trade and the public, and will be supported by evidence of the extent of use. To be useful, the evidence must be directed at the relevant date. Once raised the applicant must rebut the prima facie case. Obviously he does not need to show that passing off will not occur, but he must produce sufficient cogent evidence to satisfy the hearing officer that it is not shown on the balance of possibilities that passing off will occur.”

14) I must also keep in mind the comments of Mr Justice Floyd in *Minimax GMBH & Co KG and Chubb Fire Limited* [2008] EWHC 1960 (Pat) in which he says of the above:

“Those observations are obviously intended as helpful guidelines as to the way in which a person relying on section 5(4)(a) can raise a case to be answered of passing off. I do not understand Pumfrey J to be laying down any absolute requirements as to the nature of evidence which needs to be filed in every case. The essential is that the evidence should show, at least prima facie, that the

opponent's reputation extends to the goods comprised in the application in the applicant's specification of goods. It must also do so as of the relevant date, which is, at least in the first instance, the date of application.”

15) In considering the issues I note that the opponent's evidence, whilst substantially uncorroborated, is unchallenged. I take into account the comments of Mr Arnold Q.C (as he was) when acting as the Appointed Person in *Extreme O/161/07* where he commented on the issue of unchallenged evidence and cross examination:

“Unchallenged evidence

33. *Phillips on Evidence* (16th ed) states at paragraph 12-12:

In general a party is required to challenge in cross-examination the evidence of any witness of the opposing party if he wishes to submit to the court that the evidence should not be accepted on that point. The rule applies in civil cases as it does in criminal. In general the CPR does not alter that position.

This rule [sic] serves the important function of giving the witness the opportunity of explaining any contradiction or alleged problem with his evidence. If a party has decided not to cross-examine on a particular important point, he will be in difficulty in submitting that the evidence should be rejected.

However the rule is not an inflexible one...

34. The authority cited in support of this statement of the law is the decision of the House of Lords in *Browne v Dunn* (1894) 6 R 67. The relevant passages from the speeches are set out in the judgment of Hunt J in *Allied Pastoral Holdings v Federal Commissioner of Taxation* (1983) 44 ALR 607, the material parts of which are quoted in the judgment of the Court of Appeal in *Markem Corp v Zipher Ltd* [2005] EWCA Civ 267, [2005] RPC 31 at [59]-[60].

35. In my judgment the learned editors of *Phillips* are correct to say that the rule is not an inflexible one. There are at least two well-established exceptions to it. The first is that, as the speech of Lord Herschell LC in *Browne v Dunn* makes clear, it may not be necessary to cross-examine on a point if the witness has been given full notice of it before making his statement. As I pointed out in *BRUTT Trade Marks* [2007] RPC 19 at [23], this may be significant in registry proceedings where evidence is given sequentially. The second is that a court is not obliged to accept a witness's evidence in the absence of cross-examination if it is obviously incredible: see *National Westminster Bank plc v Daniel* [1993] 1 WLR 1453.

36. Where, however, evidence is given in a witness statement filed on behalf of a party to registry proceedings which is not obviously incredible and the opposing party has neither given the witness advance notice that his evidence is to be challenged nor challenged his evidence in cross-examination nor adduced

evidence to contradict the witness's evidence despite having had the opportunity to do so, then I consider that the rule in *Brown v Dunn* applies and it is not open to the opposing party to invite the tribunal to disbelieve the witness's evidence.

37. Despite this, it is not an uncommon experience to find parties in registry hearings making submissions about such unchallenged evidence which amount to cross-examination of the witness in his absence and an invitation to the hearing officer to disbelieve or discount his evidence. There have been a number of cases in which appeals have been allowed against the decisions of hearing officers who have accepted such submissions. Two recent examples where this appears to have happened which were cited by counsel for the proprietor are *Score Draw Ltd v Finch* [2007] EWHC 462 (Ch), [2007] *BusLR* 864 and *EINSTEIN Trade Mark* (O/068/07). Another recent example is *Scholl Ltd's Application* (O/199/06). I consider that hearing officers should guard themselves against being beguiled by such submissions (which is not, of course, to say that they should assess evidence uncritically)."

16) I also note that in their submissions the applicants state:

"We do not dispute ETA SA supplies watch parts, how long ETA SA have been trading or that they be well known in Europe, but we do not feel they have supplied anything to show they are known to the general public of which we serve here in the UK."

17) The opponent's evidence is summarised at paragraph 6 above. This evidence is not without flaws. However, it is clear that the opponent enjoys a virtual monopoly situation in respect of quartz movements used by Swiss watches, with even very expensive brands using them. They have clearly supplied UK watch manufacturers and repairers with parts labelled with their mark. These customers will be fully aware of the opponent and their mark. The opponent also supplies movements which are used in every Swatch watch manufactured. Every Swatch watch has, on the back of the casing, an etched version of the opponent's mark. Whilst the naked eye can see that there is something on the casing, I have earlier described it as a smudge, it is too small to read without considerable magnification. I do not accept that the average purchaser of a Swatch watch will be aware of the opponent's mark. However, the retailers of such watches and those who replace batteries in watches will have cause to open the back and the mark on the movement itself will be revealed. I also accept that the retail staff will be aware of the fact that the watches they are charged with selling have an ETA movement and that this will be used as a selling point as per exhibit PV13. All of these individuals are also members of the public. Other members of the public may also have been made aware of the existence of the opponent through press coverage of the decision in the Swiss Court to remove the requirement for the opponent to supply others with movements despite their monopoly position. The opponent clearly has goodwill in the UK and enjoys a small degree of reputation amongst the general public. The opponent therefore clears the first hurdle.

18) It is well established that it is not necessary for the parties to a passing-off action to be in the same area of trade or even a related area of trade. The point can be supported by reference to the following passage from Millet L.J.'s judgment in *Harrods Ltd v Harrodian School Ltd* [1996] RPC 697:

“There is no requirement that the defendant should be carrying on a business which competes with that of the plaintiff or which would compete with any natural extension of the plaintiff's business. The expression “common field of activity” was coined by Wynn-Parry J. in *McCulloch v May* [1948] 65 RPC 58 when he dismissed the plaintiff's claim for want of this factor. This was contrary to numerous previous authorities (see, for example, *Eastman Photographic Materials Co. Ltd v John Griffiths Cycle Corporation Ltd* (1898) 15 RPC 105 (cameras and bicycles); *Walter v Ashton* (1902) 2 Ch. 282 (The Times Newspaper and bicycles) and is now discredited. In the *Advocaat* case Lord Diplock expressly recognised that an action for passing-off would lie although “the plaintiff and the defendant were not competing traders in the same line of business”. In the *Lego* case Falconer J. acted on evidence that the public had been deceived into thinking that the plaintiffs, who were manufacturers of plastic toy construction kits, had diversified into the manufacture of plastic irrigation equipment for the domestic garden. What the plaintiff in an action for passing-off must prove is not the existence of a common field of activity but likely confusion among the common customers of the parties.

The absence of a common field of activity, therefore is not fatal; but it is not irrelevant either. In deciding whether there is a likelihood of confusion, it is an important and highly relevant consideration.”

19) Also:

“It is not in my opinion sufficient to demonstrate that there must be a connection of some kind between the defendant and the plaintiff, if it is not a connection which would lead the public to suppose that the plaintiff has made himself responsible for the quality of the defendant's goods or services.”



20) And:

“Passing off is a wrongful invasion of a right of property vested in the plaintiff, but the property which is protected in an action for passing off is not the plaintiff's proprietary right in the name or get-up which the defendant has misappropriated but the goodwill and reputation of the business which is likely to be harmed by the defendant's misrepresentations.”

21) I will take into account the comments of Morritt L J in the Court of Appeal in *Neutrogena Corporation and Another. v Golden Limited and Another* [1996] RPC 473, when he said, in effect, that the correct test on the issue of deception or confusion was whether, on the balance of probabilities, a substantial number of members of the public

would be misled into purchasing the applicant's products in the belief that they were the registered proprietor's.

22) The opponent has goodwill for watch parts including movements. I now turn to the issue of the marks of the two parties which are reproduced below for ease of reference.

Opponent's sign	Applicant's mark
	

23) The applicant contends that the marks are different as their mark does not have a curve on one leg of the letter "A" and they do not have a cloud surrounding the mark. To my mind, whilst there are minor differences between the marks, anyone blessed with the gift of sight would accept that they are very similar. It is obvious that purveyors of expensive merchandise such as watches are more inclined to install security measures to prevent theft, particularly as their goods are relatively portable. It is common knowledge that most jewellers also sell watches, particularly the more expensive varieties. The applicant's offer a range of, broadly speaking, security services, including alarms, CCTV systems etc. Such systems usually incorporate a clock in order to register when alarms are triggered, or events being recorded occur. If a security system were offered to a jeweller/watch repairer or watch maker I believe that there is a distinctive probability that they would be deceived into believing that the opponent has diversified into providing security components and had licensed the applicant to use the opponent's logo. The group of consumers identified above will be a relatively small percentage of the population of the UK but would still be a substantial group who would have been misled. This group would be increased if one took into account those with an interest in watches but not involved in the trade who would also be aware of the opponent's logo.

24) I must now go on to consider if the opponent has suffered, or is likely to suffer, damage as a result of this misrepresentation. Lord Fraser in *Erven Warnink BV v J Townend & Sons (Hull) Ltd* [1980] RPC 31 HL, stated that the opponent must show that "he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill".

25) In the current case, people familiar with the ETA logo would expect any timepiece under a very similar mark to be from the opponent or a linked undertaking. I have already found that, as such, there is a real likelihood of deception amongst a substantial number of the relevant public. Taking all this into account and considering the very similar nature of the marks, and in the absence of any reason why the applicant adopted the mark sought to be registered, I conclude that the opponent's residual goodwill will be damaged in that, the opponent may, for example, be denied the

opportunity to license its name due to the presence on the market of the applicants' services.

26) The consequence of my findings is that the opposition under Section 5(4) (a) of the Act is successful.

27) Next, I turn to the ground of opposition based upon Section 5(3) which 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 3 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.

28) The scope of the Section 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] RPC 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 and, more recently *Mastercard International Inc and Hitachi Credit (UK) Plc* [2004] EWHC 1623 (Ch) and *Electrocoin Automatics Limited and Coinworld Limited and others* [2005] FSR 7. Guidance in relation to reputation under Section 5(3) has been set out in *General Motors Corporation v Yplon SA* in paragraphs 23 to 27. Paragraphs 26 & 27 indicate the standard that must be reached:-

“26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark.

27. In examining whether this condition is fulfilled, the national court must take into consideration all the relevant facts of the case, in particular the market share held by the trade mark, the intensity, geographical extent and duration of its use, and the size of the investment made by the undertaking in promoting it.”

29) The onus is upon the opponent to prove that its earlier trade mark enjoys a reputation or public recognition and it needs to furnish the evidence to support this claim. As stated earlier in this decision, to my mind the opponent has provided the evidence that its mark enjoys such a reputation and so it clears the first hurdle.

30) Once the matter of reputation is settled any opponent must then show how the earlier trade mark would be affected by the registration of the later trade mark. The opponent contends that its mark is unique and there is no evidence to the contrary. In *Inlima S.L's* application [2000] RPC 61 Mr Simon Thorley QC, sitting as the Appointed Person, said:

“The word ‘similar’ is a relative term. One has to ask the question ‘similar for what purpose’. The question of similarity accordingly can only be answered within the context of a particular set of facts, once one has identified both the facts and the purpose for which similarity is required. In the case of section 5(3), the purpose of requiring similarity is so that the possibility of detriment or unfair advantage might arise. In any particular case, a conclusion as to whether it does arise must depend not only upon the degree of similarity but on all the other factors of the case, not least, the extent of the reputation. I therefore conclude that the same global appreciation as is required for confusion under section 5(2) is likewise to be applied to the changed circumstances of section 5(3).”

31) More recently this matter was considered by Mr Daniel Alexander sitting as the Appointed Person in B/L O/307/10 where he stated:

“37. The Decision in this case was handed down on 18th May 2009. On 18th June 2009, the ECJ handed down judgment in *L'Oréal v. Bellure*, Case C-487/07 in which it gave guidance on the proper approach to interpretation of Article 5(2) of the First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), (the “Trade Marks Directive”).

38. The ECJ said the following as regards Article 5(2) of the Trade Marks Directive and the requirement to show detriment or unfair advantage.”

"40. As regards detriment to the repute of the mark, also referred to as 'tarnishment' or 'degradation', such detriment is caused when the goods or services for which the identical or similar sign is used by the third party may be perceived by the public in such a way that the trade mark's power of attraction is reduced. The likelihood of such detriment may arise in particular from the fact that the goods or services offered by the third party possess a characteristic or a quality which is liable to have a negative impact on the image of the mark.

41 As regards the concept of 'taking unfair advantage of the distinctive character or the repute of the trade mark', also referred to as 'parasitism' or 'free-riding', that concept relates not to the detriment caused to the mark but to the advantage taken by the third party as a result of the use of the identical or similar sign. It 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 coattails of the mark with a reputation.

42 Just one of those three types of injury suffices for Article 5(2) of Directive 89/104 to apply (see, to that effect, *Intel Corporation*, paragraph 28).

43 It follows that an advantage taken by a third party of the distinctive character or the repute of the mark may be unfair, even if the use of the identical or similar sign is not detrimental either to the distinctive character or to the repute of the mark or, more generally, to its proprietor.

44 In order to determine whether the use of a sign takes unfair advantage of the distinctive character or the repute of the mark, it is necessary to undertake a global assessment, taking into account all factors relevant to the circumstances of the case, which include the strength of the mark's reputation and the degree of distinctive character of the mark, the degree of similarity between the marks at issue and the nature and degree of proximity of the goods or services concerned. As regards the strength of the reputation and the degree of distinctive character of the mark, the Court has already held that, the stronger that mark's distinctive character and reputation are, the easier it will be to accept that detriment has been caused to it. It is also clear from the case-law that, the more immediately and strongly the mark is brought to mind by the sign, the greater the likelihood that the current or future use of the sign is taking, or will take, unfair advantage of the distinctive character or the repute of the mark or is, or will be, detrimental to them (see, to that effect, Intel Corporation, paragraphs 67 to 69).

45 In addition, it must be stated that any such global assessment may also take into account, where necessary, the fact that there is a likelihood of dilution or tarnishment of the mark.

46 In the present case, it is a matter of agreement that Malaika and Starion use packaging and bottles similar to the marks with a reputation registered by L'Oréal and Others in order to market perfumes which constitute 'downmarket' imitations of the luxury fragrances for which those marks are registered and used.

47 In that regard, the referring court has held that there is a link between certain packaging used by Malaika and Starion, on the one hand, and certain marks relating to packaging and bottles belonging to L'Oréal and Others, on the other. In addition, it is apparent from the order for reference that that link confers a commercial advantage on the defendants in the main proceedings. It is also apparent from the order for reference that the similarity between those marks and the products marketed by Malaika and Starion was created intentionally in order to create an association in the mind of the public between fine fragrances and their imitations, with the aim of facilitating the marketing of those imitations.

48 In the general assessment which the referring court will have to undertake in order to determine whether, in those circumstances, it can be held that unfair advantage is being taken of the distinctive character or the repute of the mark, that court will, in particular, have to take account of the fact that the use of packaging and bottles similar to those of the fragrances that are being imitated is intended to take advantage, for promotional purposes, of the distinctive character and the repute of the marks under which those fragrances are marketed.

49 In that regard, where a third party attempts, through the use of a sign similar to a mark with a reputation, to ride on the coat-tails of that mark in order to benefit from its power of attraction, its reputation and its prestige, and to exploit, without paying any financial compensation and without being required to make efforts of his own in that regard, the marketing effort expended by the proprietor of that mark in order to create and maintain the image of that mark, the advantage resulting from such use must be

considered to be an advantage that has been unfairly taken of the distinctive character or the repute of that mark.

50 In the light of the above, the answer to the fifth question is that Article 5(2) of Directive 89/104 must be interpreted as meaning that the taking of unfair advantage of the distinctive character or the repute of a mark, within the meaning of that provision, does not require that there be a likelihood of confusion or a likelihood of detriment to the distinctive character or the repute of the mark or, more generally, to its proprietor. The advantage arising from the use by a third party of a sign similar to a mark with a reputation is an advantage taken unfairly by that third party of the distinctive character or the repute of the mark where that party seeks by that use to ride on the coat-tails of the mark with a reputation 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."

32) Earlier I found that the marks of the two parties are very similar. I accept that the services of the applicant are, prima facie, very different from the goods of the opponent. Adopting the composite approach advocated, the conclusions that I have set out above naturally lead me to the view that there is an advantage for the applicants to derive. As far as detriment is concerned, the opponent suggested that this would subsist in a reduction in the distinctiveness of their marks. I consider that registration of the applicant's mark could have an impact in this respect, be it to the distinctiveness of the earlier marks or the reputation they enjoy. **The opposition under Section 5(3) therefore succeeds.**

33) Given the above I do not need to consider the ground of opposition under Section 5(2)(b).

CONCLUSION

34) The opponent has been successful in its opposition.

COSTS

35) As the opponent has been successful it is entitled to a contribution towards its costs.

Expenses	£200
Preparing a statement and considering the other side's statement	£200
Preparing evidence	£300
Preparing for and attending a hearing	£400
TOTAL	£1100

41) I order Matt Baker and Julie Baker to pay ETA SA Manufacture Horlogere Suisse the sum of £1100. This sum to 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 27th February 2014

**George W Salthouse
For the Registrar,
the Comptroller-General**