

**TRADE MARKS ACT 1994 & THE TRADE MARKS (INTERNATIONAL REGISTRATION)  
ORDER 2008 (as amended)  
IN THE MATTER OF INTERNATIONAL REGISTRATION WO0000001480219  
BY CHOPARD INTERNATIONAL SA  
TO PROTECT THE FOLLOWING TRADE MARK IN CLASS 14:**



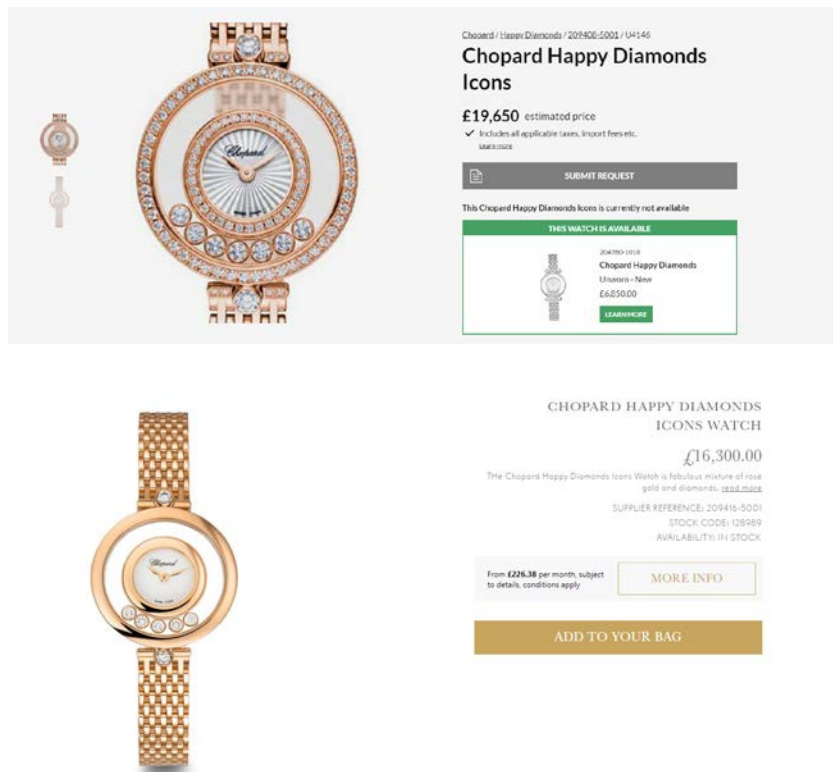
**Background**

1. On 1 August 2019, Chopard International SA ('the Holder') requested protection in the United Kingdom under the provisions of the Madrid Protocol for the above trade mark, for the following goods:

Class 14: *Timepieces and chronometric instruments*

2. On 8 August 2019, the Intellectual Property Office ('IPO') issued a provisional total refusal of protection in response to the designation. In that notification, an objection under section 3(1)(b) of the Trade Marks Act 1994 ('the Act') was raised.
3. The section 3(1)(b) objection was raised on the basis that the mark was considered to be devoid of any distinctive character, because it appeared a banal representation of a clock face adorned with precious stones. The examination report stated that when applied to goods such as timepieces and chronometric instruments, the mark would merely be perceived as a non-distinctive representation of the goods, and therefore would not function as a badge guaranteeing the commercial origin of the specified goods.
4. On 4 October 2019, a Hearing was requested by Sipara Limited. A Hearing date was scheduled for 5 November 2020. Prior to the Hearing, the agent for the Holder submitted information pertaining to earlier UK registered trade mark rights of apparent watches/watch faces (UK 00001571057; UK 00003285958), the purpose being to establish comparators. In addition, the Holder submitted internet extracts showing watch faces adorned with diamonds.
5. On 5 November 2019, the Hearing was held between Mr Robert Furneaux of Sipara Limited representing the holder, and Ms Carol Bennett of the UK IPO. At the Hearing, Mr Furneaux stated that the mark was a 3-Dimensional sign on the WIPO register, but had not been shown as 3-D on the UK database. The UK database was subsequently updated to reflect that the sign is a 3-D mark.

6. Mr Furneaux submitted that the sign must be assessed as a whole, and that where a shape deviates from the norm of the relevant sector it may be sufficient to perform a trade mark function. In addition, Mr Furneaux submitted that the sign must be considered in relation to the goods applied for, and argued that the average consumer of the relevant products would be extremely knowledgeable and circumspect, and would therefore be aware of the significance of the shape of the goods. Mr Furneaux argued that the free-floating diamonds in the medium which surrounds the watch face is not the norm for the sector, and is therefore capable of distinguishing trade origin.
7. On 12 November 2019, the Hearing Report was issued. In it Ms Bennett argued that the sign as applied for does not demonstrate that the diamonds appearing around the watch face are able to move independently, and the diamonds can only be considered in the way they appear in the mark as filed. Ms Bennett argued that the use of diamonds is very common in relation to watches, and would be seen as pure decoration. Ms Bennett concluded that the sign was devoid of distinctive character. However, she invited the holder to submit evidence of acquired distinctiveness.
8. On 12 February 2020, evidence for the purposes of providing that distinctiveness had been acquired through use was submitted. The evidence consisted of the witness statement of Mr Robert Furneaux, a solicitor and registered trade mark attorney of Sipara Limited, and was accompanied by Annex 1-4. Annex 1 consisted of examples of “floating diamonds” watches being offered for sale in the UK in websites such as chronext.co.uk and lumbers.co.uk, as shown below;



Annex 2 consisted of screen prints about Chopard’s (the holder’s) online and social media presence; Annex 3 and 4 were examples of companies and media referring to the concept of freely moving diamonds being unique to the holder. Accompanying this evidence was a request for an extension of time to file further evidence, which was subsequently granted.

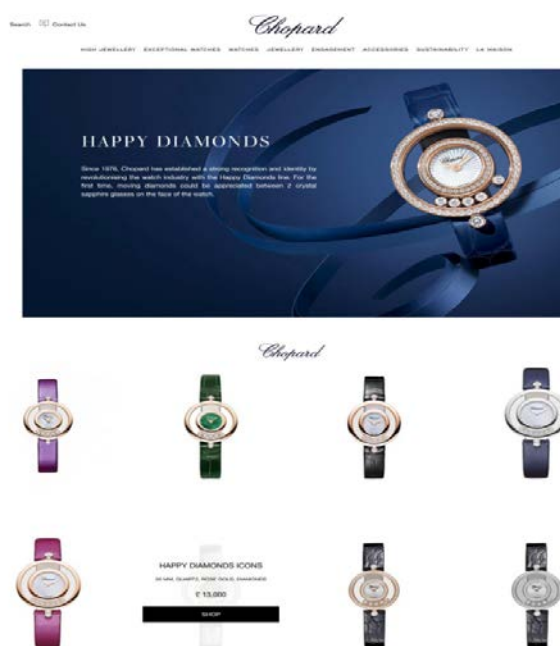
9. On 21 May 2020, further evidence of acquired distinctiveness was submitted. The additional evidence contained the witness statement of Mr Serge Steininger, Director and Chief Financial Officer of Chopard International SA. The witness statement set out the history of the holder company Chopard, starting with the establishment of a high-precision watch manufacturer in Sonvilier in Switzerland in 1860, continuing to the first Happy Diamonds watch being produced in 1976, which was inspired by Chopard designer Ronald Kurowski being mesmerized by waterfall droplets reflecting the colours of the rainbow. The inspiration was incorporated into a watch using mobile diamonds sliding and spinning freely between two transparent sapphire crystals. This design led to Chopard winning the Goldene Rose of Baden-Baden Award. The witness statement explained that the watch face device applied for comprises two rings with diamonds moving between them and a watch face in the middle of the inner ring. The witness statement explains that the products which incorporate the watch face device with the “floating diamonds” are sold under the trade mark Happy Diamonds or Happy Sport. The witness statement explained that the holder Chopard produces in total 75,000 each of timepieces and items of jewellery every year. The witness statement included the following chart of turnover and sales of Happy Diamonds Watches in the UK:

Year	Approximate Total Turnover (Swiss Francs) of Chopard	Approximate sales in UK (in Swiss Francs) of Happy Diamonds Watches
2015	800M	1.1M
2016	800M	2.6M
2017	800M	2.5M
2018	800M	2.1M
2019	800M	1.9M

The witness statement also explained that Chopard undertakes a wide range of marketing activities to promote its products, including event sponsorship, and advertisements in both social media and published media, such as Elle UK, Harper’s Bazaar UK, Tatler, The Daily Telegraph, Vogue, Vanity Fair UK and The Times.

10. The evidence included Annex 1 – 4.

Annex 1 contained extract’s from Chopard’s website, e.g.:





Chopard

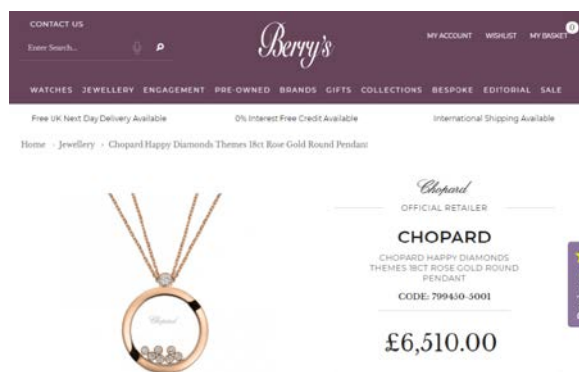
It can be seen that the watches with “floating diamonds” are sold under the banner Happy Diamonds watches, and include Chopard on the watch face.

Annex 2 gives examples of invoices selling “floating diamonds” watches, e.g.:



Each invoice is headed with Chopard, with the product described as Happy Diamonds.

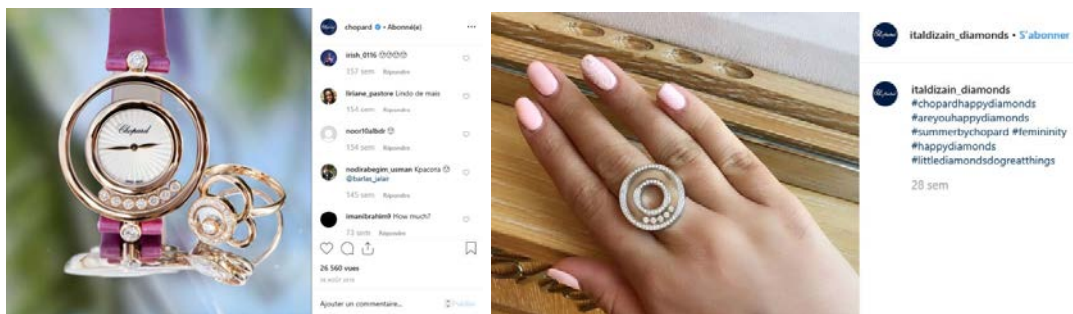
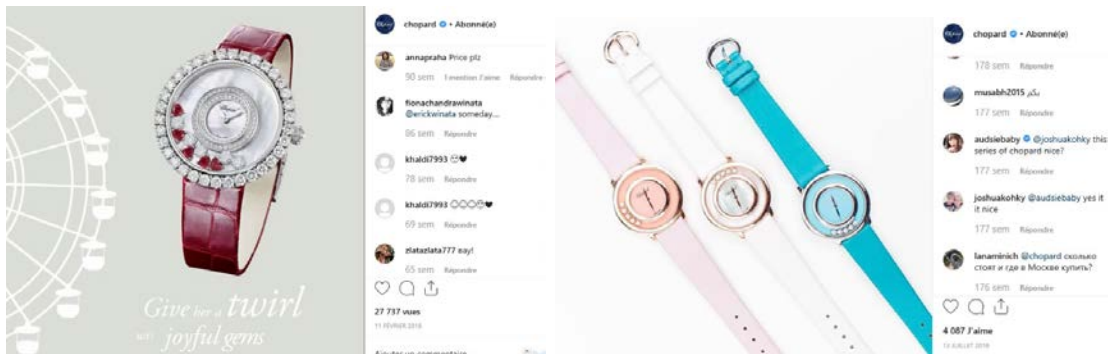
Annex 3 includes examples of Chopard's jewellery using the Happy Diamonds concept of “floating diamonds”, e.g.:





On close inspection it can be seen that the jewellery has the term Chopard included, and they are sold under the terms Chopard and Happy Diamonds.

Annex 4 supports the witness statement's submissions in relation to marketing, and contains examples of Instagram posts, e.g.:



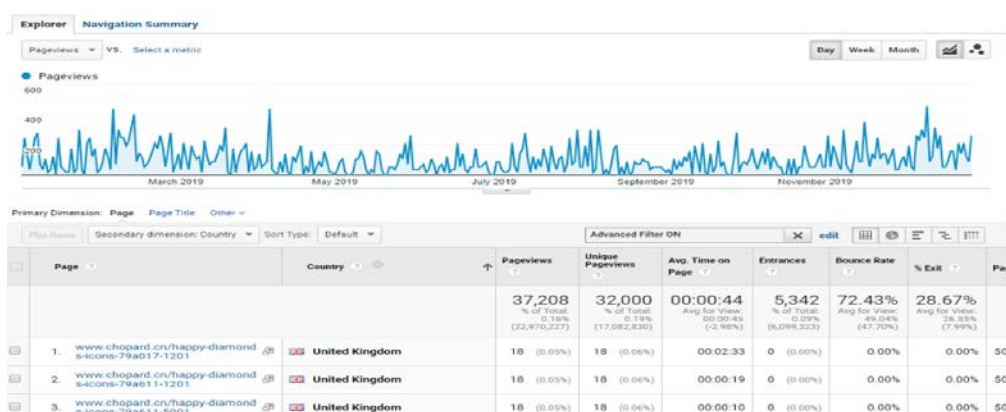
On close inspection it can be seen that the term Chopard appears on all of the watch faces. I acknowledge that the term Chopard cannot clearly be seen on the ring, nevertheless it is included in the social media terms #chopard and #happydiamonds. The posts are from between 2016-2018, and although the language of the posts is English, the language of the month of the post is French, which appears to indicate the consumer is invariably Swiss rather than a UK resident.

Annex 5 are examples of marketing activities. They include articles from websites which talk about Chopard jewellery, most notably how it featured in the film Princess Diana. It is apparent that the actress Naomi Watts wears Chopard jewellery in the film,

however based on the stills provided it is neither possible to see if the character is actually wearing a watch, nor if the supposed watch has “floating diamonds”.

Annex 5 also includes extracts from Vogue, Bazaar, and Maybourne magazines, where it is assumed that a Chopard publication appears (although this is not clear). There are also articles appearing on websites jfwmagazine.com and monochroms-watches.com, although they tend to refer to Chopard serving as a sponsor for the Monaco Grand Prix, or having a trophy named Trophée Chopard for best actress at Cannes. This is considered to refer to the holder as opposed to indicating use of the sign as filed, as in the majority of the articles the watch face with diamonds does not appear.

Annex 5 also provides data for the number of UK viewers of the website www.chopard.com:



The witness statement does not specify the information contained within, however, it appears that between March and November 2019, there were 37,208 views of the UK version of the Chopard website, in particular for the Happy Diamond watch.

11. On 18 August 2020, Ms Carol Bennett issued a decision finding the evidence to be insufficient. Ms Bennett referred to the fact that the sign as filed shows 5 diamonds in specific locations around a raised watch face. Ms Bennett pointed out that there is no written description in the designation referring to the fact that the diamonds move freely, and that the sign has not been claimed to be a movement mark. Ms Bennett argued that the evidence does not indicate that the goods are purchased purely on the basis of the placement of the 5 diamonds as shown in the mark as filed.
12. Ms Bennett argued that although the average sales are approximately £1 million – £2.6 million, this cannot be considered to all be in relation to the watch face as applied for, especially considering that the evidence of use shows a range of watch styles with a differing number of diamonds. In relation to units of sales relating specifically to the style of watch as filed, Ms Bennett identified that according to the invoices supplied only 33 were sold over 6 years. Ms Bennett accepted that the watches were an expensive and considered purchase, however, she found that the exposure of the mark in the UK must be regarded as being below the threshold required for a finding of acquired distinctiveness. Ms Bennett considered that it was the term Happy Diamonds which was truly used in the trade mark sense, and it had not been proven that the consumer would rely on the mark as filed as indicating trade origin.
13. On 7 September 2020, Mr Furneaux corresponded to identify that the invoices provided in the evidence were merely a sample. Mr Furneaux confirmed that the total

sales of Happy Diamond watches was £2 million per year, and considering the watches cost on average £5,000, this would equate to 400 watches sold per year.

14. On 13 October 2020, Ms Bennett replied that the burden of evidence of acquired distinctiveness is that it has to prove the average consumer has been educated to seeing the mark as filed performing the role of a trade mark. Ms Bennett argued that when used with the additional signs Chopard or Happy Diamonds, the burden to prove that it is the non-distinctive watch face applied for which has come to be seen as a trade mark is that much greater. Ms Bennett confirmed that the use of diamonds on a watch is more of an aesthetic and decorative feature, which would point away from trade mark significance.
15. On 8 December 2020, the holder requested to be heard in relation to the finding that the evidence was insufficient for proving that distinctiveness had been acquired through use.
16. On 20 January 2021, a Hearing was held between Mr Robert Furneaux of Sipara Limited representing the holder, and myself, Mr Dafydd Collins acting for the registrar. Mr Furneaux submitted that although the sign had been recorded as a 3-D mark, it was essentially a movement mark and should be assessed accordingly. I replied that the sign must be assessed in the way it was designated, which is a 3-D watch face with 5 diamonds. Mr Furneaux argued that the shading on the mark was designed to indicate movement. I referred to the fact that this was not supported by a mark description.
17. Mr Furneaux submitted that the previously filed evidence showed that independent sellers identified diamonds as being a hallmark of the holder's brand, for example, the Jewellery Editor described features of the watches of the holder as possessing "...diamonds that dance around the dial of a Chopard Happy Diamonds jewellery...", and "The iconic moving diamonds dance freely in the openwork wings." I argued in response that it is the perception of the end consumer which is key, not necessarily the perception of a third party buying or advertising the goods. Mr Furneaux argued that there are two consumers in this particular purchase chain, with the first being the independent sellers who purchase the watches from the holder in order to sell on, and the second being the ultimate end consumer of the watches who purchases them for personal use. Mr Furneaux argued that the evidence from websites referring to the iconic diamonds had not been taken into account to a sufficient degree, despite the fact that the joined judgments C-108/97 and C-109/97 *Windsurfing Chiemsee* identified trade recognition as a criteria for assessing the probative value of evidence of acquired distinctiveness. I informed Mr Furneaux that in my opinion there were two stand out issues in relation to the evidence. The first was that it showed a variety of different watches, with different watch faces, styles, additional elements, and varying numbers of diamonds from that of the designated sign. The second issue was that the vast majority of evidence, if not the entirety of the evidence, showed examples of watches which contained the additional sign Chopard or Happy Diamonds. I identified the judgment C-353/03 *Have A Break...* to be of importance in relation to assessing evidence of acquired distinctiveness containing use of the sign applied for in conjunction with additional signs.
18. On 21 January 2021 I issued a Hearing Report. In the report I confirmed my opinion from the Hearing. In addition, I provided Mr Furneaux with further time to provide specific submissions in relation to the case law I cited as being of importance, i.e. C-353/03 *Have A Break...* . I also requested submissions in relation to [2017] EWCA Civ 358, which considers the difference between association and reliance.

19. On 22 March 2021, Mr Furneaux provided a response. Mr Furneaux argued that the buying decision in relation to the goods applied for considered the aesthetic and functional qualities of the goods. In fact, the appearance of the product was critical to the buyer as the product has both aesthetic and functional considerations. Mr Furneaux submitted that the buyer would inevitably see the trade mark before the purchasing decision was made (unlike in the 3-D Kit Kat decision [2017] EWCA Civ 358, where it was hidden in a wrapper). Mr Furneaux reiterated the submission that the trade mark was a 3-D sign showing diamonds moving around a watch face or within a necklace, and that the moving diamonds would have a trade mark function.
20. Mr Furneaux argued that the instances in the evidence where diamonds appear on different watch faces or watches of different styles still supports the application by showing that the holder uses floating diamonds as a trade mark. The fact that floating diamonds appear on a number of different watches will inform the consumer that watches which contain floating diamonds all come from the same origin. Mr Furneaux referred to the witness statement of Mr Serge Steininger and the accompanying evidence, which included statements such as “the iconic watch from Chopard”, “Happy Diamonds watches ...and their variations”, “Contemporary, dynamic design enlivened by moving diamonds”, “Sparkling diamonds dance effortlessly around...dial of this Happy Diamonds Icons watch”, and “The Happy Diamonds watch designed by Chopard and worn by Naomi Watts in the film Diana”. Mr Furneaux argued that this demonstrates the trade mark is highly visible and fundamental in the marketing of the products (unlike in the 3-D Kit Kat decision where it was hidden in a wrapper).
21. Mr Furneaux continued that consumers had come to rely on the mark as filed as indicating trade origin. Mr Furneaux referred to the evidence accompanying his original witness statement at Annex 3 and 4 to support this, including extracts from companies and media outlets referring to the concept of freely moving diamonds as being unique to the holder, such as “Chopard’s signature moving diamonds”, “the unique concept of dancing diamonds”, “the concept would become the brand’s signature”, “its signature free-floating diamond”. Mr Furneaux also included extracts from independent reviewers, such as watchmaster.com - “Its most striking characteristic is perhaps its moving diamonds”, and ethoswatches.com - “the Happy Sport stands out beautifully, with its floating diamonds above the hands of time”. Additional references included articles from the websites shopstyle.co.uk, which showed a search result for “floating diamond watch” headed by the term Chopard watches, and chrono24.co.uk, which showed a search for “Happy Diamonds” resulting in Chopard’s Happy Diamonds. Mr Furneaux argued that the use and subsequent fame and recognition of floating diamonds in relation to the holder’s products meant that the consumer has been educated to the sign applied for as an indicator of trade origin.
22. Mr Furneaux acknowledged that the evidence filed clearly shows the trade mark applied for being used with other trade marks, such as Happy Diamonds and Chopard. However, Mr Furneaux argued that this does not prevent a finding of acquired distinctiveness. Mr Furneaux argued that the first difference between the current designation and the instance in C-353/03 *Have A Break...* is that the different marks, being the floating diamonds and the word elements Chopard or Happy Diamonds, are not conjoined as the elements were in the *Have A Break...* case. The second difference in the current designation is that the moving diamonds have been recognised as unique to the holder by independent reviewers and distributors.
23. On 30 April 2021, I responded by refusing the application under Section 37(4) of the Trade Marks Act 1994. In doing so, I argued that the fact the supposed floating diamonds are purely an aesthetical consideration confirms that the sign is not



inherently distinctive, as the element would be perceived as being merely decorative. I argued that if a trade mark is perceived as being purely aesthetically pleasing or purely decorative it does not serve to function as identifying trade origin. I reiterated that the sign cannot be considered to represent floating diamonds despite Mr Furneaux's insistence, because the mark had not been categorised as a movement mark – it is categorised as Mark Type – Standard, i.e. 3-D figurative, which is how it must be assessed.

24. I disagreed with Mr Furneaux's argument that the consumer had come to rely on the diamonds as indicating trade origin. I argued that if a consumer sees the sign applied for and states "That is a Chopard watch" or "That is a Happy Diamonds watch", then this is association with a different trade mark rather than reliance of the sign as filed.
25. I referred to the joint judgments C-108/97 and C-109/97 *Windsurfing Chiemsee*, and the established criteria for assessing evidence of acquired distinctiveness. I pointed out that i) the market share had not been provided; ii) the evidence did not provide detailed information pertaining to the geographical scope of use throughout the UK; iii) without a market share it was difficult to establish the significance of £250,000 per year in advertising, which in any case was not specific to the watches applied for; iv) the proportion of relevant class of persons who identify the mark as emanating from the proprietor is unclear, because the consumer uses Chopard or Happy Diamonds to indicate trade origin; v) there was insufficient proof that trade professionals such as retailers or reviewers rely on the sign exclusively as filed as indicating trade origin, without immediately associating it with Chopard or Happy Diamonds. Further, I stated that it had not been established specifically how much had been earned through the sales of the products being designated.
26. On 3 June 2021, the Holder filed a Form TM5 requesting a statement of grounds. As such I am now asked under section 76 of the Trade Marks Act 1994 and rule 69 of the Trade Mark Rules 2008, to state in writing the grounds for my decision and the materials used in arriving at it.

## Decision

27. The relevant parts of section 3 of the Act read as follows:

*"3.-(1) The following shall not be registered –*

*(a) ...*

*(b) trade marks which are devoid of any distinctive character,*

*(c) ...*

*(d) ...*

*Provided that, a trade mark shall not be refused registration by virtue of paragraph (b), (c) or (d) above if, before the date of application for registration, it has in fact acquired a distinctive character as a result of the use made of it."*

## The relevant legal principles - Section 3(1)(b)

28. The Court of Justice of the European Union ('CJEU') has repeatedly emphasised the need to interpret the grounds of refusal of registration listed in Article 3(1) and Article 7(1), the equivalent provision in Council Regulation 40/94 of 20 December 1993 on the Community Trade Mark, in the light of the general interest underlying each of them (*Bio ID v OHIM*, C-37/03P paragraph 59 and the case law cited there and, more recently, *Celltech R&D Ltd v OHIM*, C-273/05P).
29. The general interest to be taken into account in each case must reflect different considerations according to the ground for refusal in question. In relation to section 3(1)(b) (and the equivalent provision referred to above) the Court has held that "...the public interest... is, manifestly, indissociable from the essential function of a trade mark", *SAT.1 SatellitenFernsehen GmbH v OHIM*, C-329/02P. The essential function thus referred to is that of guaranteeing the identity of the origin of the goods or services offered under the mark to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin (see paragraph 23 of the above-mentioned judgement). Marks which are devoid of distinctive character are incapable of fulfilling that essential function.
30. Section 3(1)(b) must include within its scope those marks which, whilst not designating a characteristic of the relevant goods and services (i.e. not being necessarily descriptive), will nonetheless fail to serve the essential function of a trade mark in that they will be incapable of designating origin. In terms of assessing distinctiveness under section 3(1)(b), the ECJ provided guidance in *Koninklijke KPN Nederland NV v Benelux-Merkenbureau* (Postkantoor) C-363/99 where, at paragraph 34, it stated:

*A trade mark's distinctiveness within the meaning of Article 3(1)(b) of the Directive must be assessed, first, by reference to those goods or services and, second, by reference to the perception of the relevant public, which consists of average consumers of the goods or services in question, who are reasonably well informed and reasonably observant and circumspect (see inter alia Joined Cases C-53/01 to 55/01 Linde and Others [2003] ECR I- 3161, paragraph 41, and C-104/01 Libertel [2003] ECR I-3793, paragraphs 46 and 75).*

31. One must also be aware that the test of distinctive character is one of immediacy or first impression, as confirmed by the European Court of First Instance (now the General Court) which, in its decision on *Sykes Enterprises v OHIM*, T-130/01 (Real People Real Solutions), stated the following:

*...a sign which fulfils functions other than that of a trade mark is only distinctive for the purposes of Article 7(1)(b) of Regulation No 40/94 if it may be perceived immediately as an indication of the commercial origin of the goods or services in question, so as to enable the relevant public to distinguish, without any possibility of confusion, the goods or services of the owner of the mark from those of a different commercial origin.*

## **Application of legal principles – Section 3(1)(b)**

### **The mark in the prima facie**

32. On frequent occasions during the course of the proceedings, Mr Furneaux submitted both to myself and the previous Hearing Officer Ms Carol Bennett that the sign is a movement mark. Mr Furneaux has argued that the shading in the mark indicates that the diamonds move, and therefore it should be assessed as a movement mark. Both Ms Bennett and I have disputed the mark type, and have insisted it is figurative and

therefore must be assessed as such. Whilst it may have been the holder's intention for the shading to represent movement (although there is no mark description accompanying the sign to explain this), the fact is that the sign was not applied for as a movement mark at WIPO. This may be because WIPO does not offer movement as a type of mark, unlike the UKIPO which can capture signs as movement marks. Considering the fact that the sign in these proceedings has been designated directly from the IR database, the mark type for the UK IPO's purposes must be exactly the same as the originating office, i.e. a 3-D figurative mark. Although the UK IPO can capture a movement mark type, this would be dependent on a fresh application direct to the UKIPO. The UKIPO cannot alter the mark type of the designating registration. Therefore, the analysis going forward shall be based on the fact that the sign is a 3-D figurative mark, and its inherent distinctiveness or lack thereof.

33. The watch face itself is rudimentary. It consists of an outer and inner circle. The space between the circles is occupied by 5 diamonds, with 2 on the left and 3 on the right. The hands of the watch are basic, and although appear to be indicating a time of 10:10, there are no actual numbers on the watch face. The essential function of a trade mark is to guarantee trade origin. Considering how basic the watch face is, I do not find there to be any element which could distinguish the product from others which have another origin. This finding includes due consideration having been paid to the diamonds. Despite comments to the contrary, the diamonds are considered to be in a fixed position as their supposed movement has not been demonstrated. As previously commented upon, the sign has not been filed as a movement mark, and there is no written description to explain any supposed movement. Diamonds are not uncommon in the watch trade, and therefore the concept of diamonds on a watch face is not in and of itself sufficient to allow a consumer to distinguish the watch of the holder from the watches of other undertakings which use diamonds to adorn their watches.
34. The diamonds do not form a functional purpose, and are purely decorative. In my opinion the fact that the diamonds are decorative cannot be in doubt, as the holder has frequently referred to their aesthetic nature. The fact that a trade mark may serve a decorative or ornamental purpose is not automatically a reason to find the mark devoid of distinctive character (see T-139/08 "*Smiley*"). However, a sign which fulfils functions other than that of a trade mark in the traditional sense of the term, i.e. decorative, is only distinctive if it may be perceived immediately as an indication of the commercial origin of the goods or services in question (see T-130/01 *Real People, Real Solutions*). It is therefore necessary for a decorative sign to have a minimum degree of distinctive character (see T-139/08 "*Smiley*"). A decorative sign subsequently faces two considerations: first, the ability to be perceived immediately as indicating trade origin: second, to possess the minimum degree of distinctive character.
35. Referring to the second consideration first, the notion of a minimum degree of distinctive character is one which is difficult to quantify. Whilst judgments make clear that a minimum degree is sufficient for a finding of distinctiveness (for example C-468/01 P to C-472/01 P *Procter & Gamble v OHIM*; and T-34/00 *Eurocool*) the CJEU has studiously avoided making such remarks, and has stated that it is unnecessary to rule on the possible dividing line between the concept of a total lack of distinctiveness and that of minimum distinctiveness (C-104/00 P *DKV COMPANYLINE* [2002] ECR I-7561 at [20]). Further, and as Ms Anna Carboni explained acting as the Appointed Person in *Feedback Matters* BL O/185/12, paragraph 41:

*"Unfortunately, assessing distinctiveness is an art and not a science or a mathematical calculation; it has to be done by judging the mark, the goods/services and the relevant consumers in issue in a way which ensures*

*that only those marks which “step up out of the morass of nondistinctive material” (as it is put by the authors of Kerly’s Law of Trade Marks and Trade Names, 15th ed at para. 8-048) are accepted for registration”.*

36. As to the first consideration in the assessment of a decorative sign, the test of immediacy has frequently been considered in case law, most notably in *Sykes Enterprises v OHIM* (2002 ECT II-5179 *Real People Real Solutions*), at paragraph 20:

*“...a sign which fulfils functions other than that of a trade mark is only distinctive for the purposes of Article 7(1)(b) of Regulation No 40/94 if it may be perceived immediately as an indication of the commercial origin of the goods or services in question, so as to enable the relevant public to distinguish, without any possibility of confusion, the goods or services of the owner of the mark from those of a different commercial origin.”*

Immediacy was also considered by Ms Anna Carboni in her *Feedback Matters* decision, at paragraph 29:

*“Where an applicant does not rely on the proviso to section 3(1) concerning acquired distinctiveness, section 3(1)(b) precludes registration of marks that are not inherently distinctive. In other words, to get past the test, the mark must be capable of immediately enabling relevant consumers to distinguish the goods or services bearing the mark from the goods or services of competing undertakings: Case C-136/02 Mag Instrument at [50]. This is not about whether the relevant consumers have ever (or never) seen the mark before, or whether they will recognise the mark again, but is about whether they will see the mark as denoting the origin of the goods or services without the need to be educated. (See, for example, Yakult Honsha KK’s Trade Mark Application [2001] RPC 39, p.756 at pp.758-759.)”*

37. In order to be perceived immediately as a trade mark, the sign must possess an element which will allow it to denote trade origin. I do not consider that diamonds on a watch face to be an element which is capable of doing so, especially considering the normality for diamonds to be used decoratively in the trade of watches. The inclusion of diamonds does not, to my mind, allow the sign to step out of the morass of non-distinctive material, considering the prevalence of decorative diamonds use in the trade. To borrow the words from paragraph 31 of T-139/08 “Smiley”, there is “...no aspect of the trade mark at issue which may be easily and instantly memorised by an even relatively attentive relevant public and which would make it possible for it to be perceived immediately as an indication of the commercial origin of the goods in question”.

38. An additional consideration as to the inherent distinctiveness of the designation is that consumers are not in the habit of making assumptions about the origin of products on the basis of their shape or the shape of their packaging, in the absence of any graphic or word element (see decision of the CJEU C-136/02). Whilst the criteria for assessing the distinctive character of three-dimensional trade marks consisting of the appearance of the product itself are no different from those applicable to other categories of trade mark, account must be taken of the fact that the perception of the average consumer is not necessarily the same in relation to a three-dimensional mark consisting of the appearance of the product itself as it is in relation to a word or figurative mark consisting of a sign which is independent of the appearance of the products it denotes. This was identified in the decision of the CJEU C-144/06 P *Henkel*, which went on to specify the following:

37 *In those circumstances, only a mark which departs significantly from the norm or customs of the sector and thereby fulfils its essential function of indicating origin is not devoid of any distinctive character for the purposes of Article 7(1)(b) of Regulation No 40/94.*

38 *That case-law, which was developed in relation to three-dimensional trade marks consisting of the appearance of the product itself, also applies where, as in the present case, the trade mark applied for is a figurative mark consisting of the two-dimensional representation of that product. In such a case, the mark likewise does not consist of a sign unrelated to the appearance of the products it covers (Storck v OHIM, paragraph 29).*

As I identified above, I do not consider a basic watch face with diamonds in it to depart significantly from the norms of the relevant trade. Further, the relevant consumer is unlikely to associate trade origin based solely on the shape of the goods, and would instead look for a distinctive graphic or word element for such purposes.

39. In coming to my finding that the sign does not possess inherent distinctiveness, I have taken into consideration the reality of the relevant trade of the goods applied for, as well as the likely perception of the relevant public. These considerations have been firmly established in several cases, including *Koninklijke KPN Nederland NV v Benelux-Merkenbureau (Postkantoor) C-363/99*. It is my opinion that diamonds used in the watch industry is quite normal, and the relevant public are very much aware of this, generally perceiving them to be mere decoration.
40. It is also worth considering that even if “floating diamonds” were novel and unique to the holder in the industry, this in and of itself would not necessarily prove sufficient for a finding of distinctiveness. As has been considered in many instances of case law, novelty and originality are not a relevant criteria in the assessment of whether a mark has distinctive character (see decisions of the General Court T-336/08; T-390/14; and T-187/19). Therefore, differences that *may* exist (although I do not consider the designation to be particularly different) in relation to the norm or customs of the sector, or even the most common configurations, are not sufficiently characteristic or memorable to confer on the mark applied for a minimum degree of distinctive character and will thus not be perceived as an indication of the commercial origin of the goods (see decision of the General Court T-434/12).
41. In coming to my finding, I have kept in mind that being decorative is not a reason *per se* to object to an application. However, by fulfilling a function other than that of a trade mark in the traditional sense of the term, i.e. being decorative, the sign does have to overcome the hurdle of being perceived immediately as an indication of origin (see decision of the General Court T-139/08 “*Smiley*”). As indicated above, I do not think diamonds on a watch face are able to be instantly memorised and perceived immediately as indicating trade origin in a trade where it is an established norm to do so. I therefore find the mark to be devoid of distinctive character, and subsequently objectionable under Section 3(1)(b) of the Trade Marks Act 1994.

### **Legal principles of acquired distinctiveness**

42. The holder has filed evidence throughout the proceedings for the purposes of indicating that distinctiveness has been acquired through use. The evidence was considered to be insufficient for the purposes of proving distinctiveness had been acquired by the original Hearing Officer Ms Carol Bennett on 13 October 2020, and

again by myself on 30 April 2021. The previously filed evidence will, however, be revisited in this Statement of Grounds.

43. The CJEU provided guidance in *Windsurfing Chiemsee* (see judgment of 4 May 1999 in Joined cases C-108/97 and C-109/97) about the correct approach to the assessment of distinctive character acquired through use, setting out the relevant test in paragraph 55:

“...the first sentence of Article 3(3) of the First Directive 89/104/EEC is to be interpreted as meaning that:

- *A trade mark acquires distinctive character following the use which has been made of it where the mark has come to identify the product in respect of which registration is applied for as originating from a particular undertaking and thus to distinguish that product from goods of other undertakings;*
- *In determining whether a trade mark has acquired distinctive character following the use which has been made of it, the competent authority must make an overall assessment of the evidence that the mark has come to identify the product concerned as originating from a particular undertaking and thus to distinguish that product from goods of other undertakings;*
- *If the competent authority finds that a significant proportion of the relevant class of persons identify goods as originating from a particular undertaking because of the trade mark, it must hold the requirement for registering the mark to be satisfied;*
- *Where the competent authority has particular difficulty in assessing the distinctive character of the mark in respect of which registration is applied for, Community law does not preclude it from having recourse, under the conditions laid down by its national law, to an opinion poll as guidance for its judgment.”*

44. I am also mindful of the CJEU decision in *Bovemj Verzekeringen NV v Benelux Merkenbureau (Europolis)* C-108/05, where it was held that a trade mark may be registered on the basis of acquired distinctiveness “...only if it is proven that the trade mark has acquired distinctive character through use throughout the territory of a member state”.

45. The proviso to section 3 based on acquired distinctiveness does not establish a separate right to have a trade mark registered. It allows an exception to, or derogation from, the grounds of refusal listed in section 3(1)(a) - (d) and as such, its scope must be interpreted in light of those grounds of refusal - see e.g. case T-359/12 *Louis Vuitton Malletier v OHIM* and case law referred to at para [83]. The established principles to consider when assessing a claim to distinctiveness acquired through use can be summarised as follows:

- Mere evidence of use, even if substantial, does not make the case for acquired distinctiveness.
- A significant proportion of the relevant consumers need to be educated that the sign has acquired distinctiveness.
- If, to a real or hypothetical individual, a word or mark is ambiguous in the sense that it may be distinctive or descriptive then it cannot comply with the

requirements of the Act for it will not provide the necessary distinction or guarantee.

- It follows that, with regard to the acquisition of distinctive character through use, the identification by the relevant class of persons of the product or service as originating from a given undertaking must be as a result of the use of the mark as a trade mark. The expression 'use of the mark as a trade mark' in section 3 refers solely to use of the mark for the purposes of the identification, by the relevant class of person, of the product as originating from a given undertaking.
- Acquired distinctiveness cannot be shown by reference only to general, abstract data such as predetermined percentages (see also *Windsurfing Chiemsee* (para [52]) case and others).
- The mark must have acquired distinctiveness through use throughout the territory of the UK.

46. Also of relevance is the consideration that since a trade mark enjoys protection as of its filing date, and since the filing date of the application for registration determines the priority of one mark over another, a trade mark must be registrable on that date. Consequently, the applicant must prove that distinctive character has been acquired through use of the trade mark prior to the date of application for registration (judgments of 11/06/2009, C-542/07 P, *Pure Digital*, EU:C:2009:362, § 49, 51; and 07/09/2006, C-108/05, *Europolis*, EU:C:2006:530, § 22).

#### **Application of the legal principles - acquired distinctiveness**

47. Paragraph 51 of the joint judgments C-108/97 and 109/97 *Windsurfing Chiemsee* provided 5 criterion to be taken into account when assessing demonstration of distinctive character: i) the market share held by the mark; ii) how intensive, geographically widespread and long-standing use of the mark has been; iii) the amount invested by the undertaking in promoting the mark; iv) the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; v) and statements from chambers of commerce and industry or other trade and professional associations. The evidence submitted will be assessed against each factor.

- i) The market share held by the mark has not been provided during the course of the proceedings. The lack of information pertaining to the market share was directly mentioned as a deficiency in the probative value of the evidence on 30 April 2021.
- ii) The evidence provided on 21 May 2020 accompanying the witness statement of Mr Serge Steininger included at Annex 2 invoices of sales of "floating diamond" watches. The invoices provided in Annex 2 either related to London, or did not specify a location. This does not satisfy the required scope as identified in C-108/05, *Europolis*. No other information in the evidence has referred to the geographic spread of the use of the mark in the United Kingdom.

It is accepted that the UK version of the Chopard website (Annex 5) could have been accessed throughout the UK, although this information was neither broken down nor supplied. Annex 5 indicated that there were 37,208 views of this website between March and November 2019, however, the views were for the 'Happy Diamond' watch, which is a term not included in the designation.

- iii) The medium of marketing and advertising provided in the evidence includes magazines, social media and websites. A sum of roughly £250,000 per annum has been spent on advertising and marketing. However, without additional information regarding extent and reach of exposure it is difficult to assess the significance of such a sum. In addition, the amount spent did not specify which particular style of watch the spend related to. It should be noted that in the majority of instances, if not all instances, where a watch has appeared in advertising it is not a representation of the sign as filed.
  - iv) The information pertaining to the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking is considered insufficient. For example, consumer commentary in relation to products by the holder refer to them by the term Chopard or #happydiamonds, for instance. This is not information indicating recognition of trade origin of a watch face with 5 diamonds.
  - v) Statements from chambers of commerce have not been provided. If retailers purchasing the goods to sell on to a consumer of the watch are to be considered industry or trade professionals, which I am of the opinion they can be, the same deficiencies as those relating to iv) apply. References to Chopard do not support the position that a rudimentary watch face with five diamonds has acquired distinctive character. In instances where a trade professional mentions “floating diamonds”, it is my opinion that this is association with a concept rather than recognition of the sign as designated. A concept cannot be registered as a trade mark due to the restrictions of Section 3(1)(a). This is because a concept cannot be represented in a manner which enables the registrar and other competent authorities and the public to determine the *clear* and *precise* subject matter of the protection afforded to the proprietor. Further, an IP right is based on a precise expression rather than a vague concept which is open to interpretation.
48. The *Windsurfing Chiemsee* criterion are by no means a tick-box list of essential criteria, and an assessment of the probative value of evidence of acquired distinctiveness should not be restricted to them. However, in order to truly evaluate the probative value of the evidence it must be taken into account that the amount spent on advertising is not specific to the sign applied for; there is ambiguity as to the geographical scope of use; whilst £1.9 million was the turnover in 2019 for Happy Diamond watches, this equates to only 400 watches being sold, which in my opinion is not a significant number considering the particular industry of luxury watches, especially considering the overall annual revenue of Chopard is £800,000,000 worldwide; and the market share has not been provided. My analysis of the evidence has so far not found that a significant percentage of the relevant class of consumer has been educated to the fact that the sign applied for is an indicator of trade origin.
49. In the decision of 30 April 2021, in which the evidence deficiencies were identified, I could possibly have invited the holder to provide additional evidence, referring directly to the market share, or geographical spread or accurate marketing spend etc. At the same time, however, I was concerned as to the procedural economy. Having considered the comments of Richard Arnold in BL O/166/08 *Vibe Technologies*, para 15 and 16, I felt that sufficient opportunities had been provided:
- 15 *As the Registrar’s representative acknowledged at the hearing before me, it is evident that, in deciding to give the applicant a yet further opportunity to file evidence in support of the application, the hearing*



officer overlooked the comments of Jacob LJ in *Bongrain SA's Trade Mark Application* [2004] EWCA Civ 1690, [2005] RPC 14 at [31]:

*The applicants also sought to support the application on the grounds of Art.3.3 – that the shape was distinctive in fact. The Registry gave them an overgenerous series of opportunities to do so. The applicants successively put forward one scrap of evidence after another, submitting each time that it was enough, and, when told it was not, asking for more time to improve matters. The Registry is entitled to be firmer with this sort of thing; it should have regard to the public interest in disposing of applications one way or another. One must never forget that a pending application for an intellectual property right hangs over the public at large. A pending application, even if ultimately refused, may act as a real commercial deterrent while it 'pends'. It is not fair on the public to allow the applicant to string things out.*

16 *It is not obvious why an applicant should have more than one opportunity, or at most two opportunities, to file evidence of acquired distinctiveness in support of an application. By the time of the hearing the present application had been pending for over 18 months since the original application date and the applicant had already filed three rounds of evidence in support of it. In my judgment the course which the hearing officer should have adopted in the light of her conclusion that the evidence filed by the applicant did not demonstrate that the mark had acquired a distinctive character was to refuse the application.*

50. In addition, and having an awareness of the pattern of previously filed evidence, I could not envisage the likelihood of further evidence being provided which did not refer either to Chopard or Happy Diamonds. Indeed, even the witness statement of Mr Serge Steininger confirmed that the products which incorporate the watch face device with the "floating diamonds" are sold under the trade mark Happy Diamonds or Happy Sport. In my opinion, the constant reference to these additional signs is a reason the evidence has failed to prove that distinctiveness has been acquired through use of the sign as filed.

51. The fact that the evidence submitted shows instances of a diamond-decorated watch face appearing with/sold under either or both of the terms Chopard and Happy Diamonds does not automatically render the evidence submitted as irrelevant or insufficient. The judgment of 7 July 2005, C-353/03 "*Have a break...*" made it clear that a sign can acquire distinctive character as a result of secondary use or through its use in conjunction with another sign:

27 *In order for the latter condition, which is at issue in the dispute in the main proceedings, to be satisfied, the mark in respect of which registration is sought need not necessarily have been used independently.*

28 *In fact Article 3(3) of the directive contains no restriction in that regard, referring solely to the 'use which has been made' of the mark.*

30 *Yet, such identification, and thus acquisition of distinctive character, may be as a result both of the use, as part of a registered trade mark, of a component thereof and of the use of a separate mark in conjunction with a registered trade mark. In both cases it is sufficient that, in consequence of such use, **the relevant class of persons actually perceive the product or service,***

***designated exclusively by the mark applied for, as originating from a given undertaking [emphasis added].***

32 *In the final analysis, the reply to the question raised must be that the distinctive character of a mark referred to in Article 3(3) of the directive may be acquired in consequence of the use of that mark as part of or in conjunction with a registered trade mark.*

52. A prime example of how I believe the watches are truly advertised and perceived by consumers was provided in Annex 1 of the witness statement of Mr Serge Steininger:



The image is one which can be easily found on the Chopard UK website, and is accompanied by the explanation of what Happy Diamonds are.

## HAPPY DIAMONDS

*Since 1976, Chopard has established a strong recognition and identity by revolutionising the watch industry with the Happy Diamonds line. For the first time, moving diamonds could be appreciated between two crystal sapphire glasses on the face of the watch.*

In my opinion, the consumer will be informed that the brand of watch is Chopard, as the name appears on the watch face in the manner of standard practice for the overwhelming majority of watch manufacturers. The consumer will also understand that Happy Diamonds is the range of watch offered by Chopard, as the accompanying description informs them of this fact. As to the inclusion of the diamonds, the consumer will simply understand that they are included in the Happy Diamonds range as a decoration. This will be the perception of a consumer who is new to the holder's goods. As to the consumer who is particularly aware of Chopard's style of watch, they will already know that diamonds are used on most of their watches, even those watches which do not have the term Diamond included in the range name. For example a) the

Ice Cube watch; b) the Alpine Eagle; and c) the Imperiale, all of which are decorated by diamonds:



53. In light of the wording of paragraph 30 of the judgment C-353/03 “*Have a break...*”, I do not think it can be said that the relevant class of persons actually perceive the goods as originating from a given undertaking designated *exclusively* by the mark applied for, i.e. a rudimentary watch face adorned with 5 diamonds.

54. It may be the case that certain consumers see a watch face with five diamonds and associate it with the holder, however, this is insufficient for the purposes of acquired distinctiveness. The issue of association was addressed judgment of 17 May 2017, EWCA Civ 358. That judgment explored the difference between association, where the consumer associates a sign with an additional mark that designates trade origin, and reliance, whereby a consumer relies on a sign to designate trade origin. The difference is awkward and convoluted, as recognised by the Court in paragraph 77:

*“...the CJEU has held that it is not sufficient for the applicant to show that a significant proportion of the relevant class of persons recognise and associate the mark with the applicant’s goods. However, to a non-trade mark lawyer, the distinction between, on the one hand, such recognition and association and, on the other hand, a perception that the goods designated by the mark originate from a particular undertaking may be a rather elusive one.”*

55. If a consumer sees a watch face decorated with five diamonds as designated and says to themselves “That is a Chopard Happy Diamonds watch”, this is an example of association rather than reliance. The difference between association and reliance is fundamental, and was considered in paragraph 78 of the above cited judgment, when the Court had to consider if a four-finger chocolate bar served as an indicator of trade origin:

*“We are concerned here with a mark, the three-dimensional shape of a chocolate product that has no inherent distinctiveness. A shape of this kind is not inherently [distinctive] such that members of the public are likely to take it as a badge of origin in the way they would a newly coined word or a fancy name. Now assume that products in that shape have been sold on a very large scale under and by reference to a brand name which is inherently highly*

*distinctive. Assume too that the shape has in that way become very well-known. That does not necessarily mean that the public have come to perceive the shape as a badge of origin such that they would rely upon it alone to identify the product as coming from a particular source. They might simply regard the shape as a characteristic of products of that kind or they might find it brings to mind the product and brand name with which they have become familiar. **These kinds of recognition and association do not amount to distinctiveness for trade mark purposes, as the CJEU has now confirmed in its decision in this case**” [emphasis added].”*

Essentially the UK Court identified that association is insufficient for the purposes of acquired distinctiveness. Any association which would exist between the designation and the sign Chopard or even Happy Diamonds is insufficient for providing acquired distinctiveness of the sign itself. This is because it is incumbent on the holder to prove reliance.

56. An additional consideration for the fact that the evidence rarely demonstrates the sign, or a different version of a piece of jewellery with diamonds, without the term Chopard or Happy Diamonds, is whether or not the holder has the confidence to rely solely on the use of diamonds as an indicator of trade origin. In the decision of James Mellor QC, acting as the Appointed Person in BL O/072/18, Mr Mellor posed a similar question:

*31. The third alleged error was that the Hearing Officer applied the wrong test for acquired distinctiveness because she required the Proprietor to show sales by reference to the sole device. It is asserted that the sole device is a sub-brand, and based on the Hearing Officer’s conclusion, no sub-brand could ever have acquired distinctiveness when sold in conjunction with a main brand. Here, the ‘main brand’ is the word mark Birkenstock. It is a common and well-recognised problem that it is difficult to show that part of the appearance of the goods conveys an origin message when the ‘main brand’ conventionally conveys a very clear origin message. However, one way to show that a sub-brand does convey an origin message is to show that the proprietor has the confidence to rely on the sub-brand to convey an origin message in its marketing. In other words, a possible approach is to ask: does the proprietor trust the sub-brand to convey an origin message and is this apparent in the proprietor’s marketing?*

It is my opinion that the holder does not trust the sub-brand of diamonds on watches, which is why it is usually used in conjunction with the ‘main brand’ Chopard or Happy Diamonds, without the sub-brand every being recognised exclusively as an indicator or trade origin (see C-353/03 “Have a break...”)

57. It must be pointed out that on several occasions in both the witness statements of Mr Furneaux and Mr Steininger, the argument has been put forward that the consumer “associates” the concept of diamonds moving freely in watches with Chopard. This reaffirms my opinion that the consumer does not rely on the sign as filed to indicate trade origin, rather it associates it with a separate trade mark or company.
58. Taking the evidence as a whole, I am unable to conclude or infer that the holder has educated a significant proportion of the relevant consumers to believe that the mark applied for designation exclusively indicates trade origin.

## **Conclusion**

59. Having given due care and attention to all of the arguments put forward during the proceedings, the application is refused under Section 3(1)(b) of the Trade Marks Act 1994 for all goods in Class 14.

**Dated this 19th day of August 2021**

**Dafydd Collins  
For the Registrar  
Comptroller-General**