

O-173-09

TRADE MARKS ACT 1994

**IN THE MATTER OF APPLICATION NO 2387842
BY FABERGE LIMITED
TO REGISTER THE TRADE MARK:**

FROM RUSSIA WITH LOVE

IN CLASS 14

AND

**IN THE MATTER OF OPPOSITION NO 94440
BY DANJAQ LLC**

TRADE MARKS ACT 1994

IN THE MATTER OF Application No 2387842
by Faberge Ltd
to register in class 14 the trade mark:

FROM RUSSIA WITH LOVE

and

IN THE MATTER OF Opposition No 94440
by Danjaq LLC

BACKGROUND

1. Gigajoule Ltd ("*Giga*") applied for the above trade mark on 24 March 2005. Following an assignment dated 31 March 2008, the application now stands in the name of Faberge Ltd ("*Faberge*"). Nothing turns on this change in proprietorship particularly given that at the hearing that subsequently took place before me, *Faberge*, at my request, gave an oral undertaking that it stood by *Giga*'s counterstatement and evidence, and that it took on any liability arising out of these proceedings in relation to any costs that I should award against it. *Faberge* seeks registration in relation to the following goods:

Class 14: Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; horological and chronometric instruments; precious stones (not including diamonds); jewellery and diamonds of Russian origin.

2. Registration is opposed by Danjaq LLC ("*Danjaq*") on grounds under section 5(2)(a), 5(3) and 5(4)(a) of the Trade Marks Act 1994 ("the Act"). In relation to the grounds under sections 5(2)(a) and 5(3), *Danjaq* rely on its earlier Community Trade Mark ("CTM") 004333308 for the mark FROM RUSSIA WITH LOVE. Under section 5(2), *Danjaq* additionally relies on a mark (FROM RUSSIA WITH LOVE) that it says is entitled to protection under the Paris Convention as a well-known trade mark; there was a dispute as to whether such a claim was correctly pleaded in *Danjaq*'s notice of opposition, I will return to this issue when dealing with the ground itself. In relation to the ground under section 5(4)(a) of the Act, *Danjaq* claims to have been using the sign FROM RUSSIA WITH LOVE since 1963 and that use by *Faberge* is liable to be prevented under the law of passing off.

3. Both sides filed evidence (this is summarised below) and the matter came to be heard before me on 20 March 2009. At the hearing, Mr Julius Stobbs of Boulton Watt represented *Danjaq*. Mr Simon Malynicz of Counsel, instructed by Clifford Chance LLP, represented *Faberge*. Mr Pope of *Danjaq* also attended the hearing for cross examination.

THE EVIDENCE

Danjaq's evidence

Witness Statement of David Pope

4. Mr Pope is *Danjaq's* Chief Executive Officer and is responsible for the film and licensing business including that of the JAMES BOND 007 films. He states that *Danjaq* is the "joint owner.... of all copyright in relation to the film character James Bond 007 and in the 21 films in the James Bond Series of films.". He refers to Exhibit A which is an extract from the web-site of the US Copyright Office showing an entry for the film FROM RUSSIA WITH LOVE; *Danjaq* is listed as a joint claimant alongside *United Artists Corporation*.

5. Reference is then made to James Bond 007 related trade marks, Mr Pope states that *Danjaq* is the legal owner of them. He refers to Exhibit B which shows details of a US trade mark registration and a CTM (4810628) for the mark FROM RUSSIA WITH LOVE. It should be noted that the CTM referred to (which has a later date of filing compared to the application in suit) is not the CTM relied on in these proceedings.

6. Mr Pope then sets out some historical information about the JAMES BOND 007 series of films which he says number 21 (he adds that *Danjaq* also obtained the rights in the 1967 film *Casino Royale*). In relation to FROM RUSSIA WITH LOVE he states that this was a 1963 film, that it was the second film in the series, and that the film grossed \$78.9 million worldwide. He states that from 1963, the mark FROM RUSSIA WITH LOVE has also been used in relation to merchandise. Exhibit C is an "Exhibitors Campaign Book" that was released in conjunction with the film and which features merchandise and promotions. It includes promotional tie-ins with a range of goods and services such as toiletries, travel agency services and records. Mr Pope adds that other merchandise from around the same period included a toy attaché case, jigsaw puzzles, a slide viewer, a soundtrack and sticker sets.

7. Mr Pope states that the series of films is the most successful film franchise in history which has, since 1962, grossed over \$3.8 billion worldwide on goods and services under the JAMES BOND 007 marks. He states that the films are very well known and refers to a 2001 survey result that shows that for the UK, Germany and France, 100% of a sample of consumers had heard of James Bond. I should say that nothing about the methodology of this survey is provided. Mr Pope goes on to state that FROM RUSSIA WITH LOVE is one of the best known films and is, therefore, extremely distinctive and an extremely well known trade mark both in the UK and worldwide. He adds that there is no reason for any other party to use the name. Exhibited are theatrical gross receipts 1962-2000. In relation to the UK, FROM RUSSIA WITH LOVE exceeded \$3million in this period.

8. Reference is then made to the marketing and promotion of the series of films. Financial information for the period 1962-2000 is given. Worldwide spend on this is said to be \$500 million¹, in particular, \$2.9 million has been spent on promoting

¹ Although I note that the accompanying exhibit states just under \$400 million.

FROM RUSSIA WITH LOVE. He states that substantial financial investments also come from *United Artists/MGM* (co producers/distributors) and that substantial amounts are spent on promotional campaigns across various media (TV, radio, print and the Internet). He states that through these collective efforts the JAMES BOND 007 marks (registered and unregistered) have a high degree of recognition and goodwill and that, as such, they are valuable intellectual property rights suitable for third party licensing and promotional tie-ins. Mr Pope states that such licensing relates to the marks JAMES BOND, 007, 007 and gun LOGO, the characters, titles and images of the various actors. Goods on which such activities have taken place are said to include comic books, clothing, music, books, cell phone content, calendars, trading cards, board games, action figures, toys, watches, model cars, video games, posters, computer software, pre-recorded compact discs, cd-roms, dvds, cigarette lighters, coffee mugs, glasses, wall clocks, pens, school supplies, encyclopaedias, fragrances, cosmetics, shampoo, magnets, lapel pins, key chains, telephone debit cards, automobiles, boats, soft drinks, alcoholic beverages, luggage etc.

9. In relation to FROM RUSSIA WITH LOVE, Mr Pope states that it continues to market and licence under this mark. He refers to Exhibit G which is the cover of a FROM RUSSIA WITH LOVE video game that a *Danjaq* licensee recently released. He states that it was extremely successful and has helped the James Bond video game franchise to become one of the most popular in history. He also refers to recent use in relation to watches. This is through another of its licensees, *Swatch*, and relates to a series of watches named after various James Bond films, including FROM RUSSIA WITH LOVE. Information on these goods is shown in Exhibit H. The first document in this exhibit is from SWATCH-SHOP.CO.UK which shows the goods and which appears to have been printed in June 2005. The other document is from WATCHSWATCH website which highlights that the range was launched around the world in 2002 – this ties in with the fact that the watches are highlighted as 40th Anniversary watches – the first film (Dr No) having been released in 1962.

10. Further licensing activity is shown in Exhibit I. This shows products made by *Corgi*. They are all toy/model vehicles from the James Bond films. One is a Chevrolet flower truck and the packaging includes the words FROM RUSSIA WITH LOVE. This is not, however, dated. Another print shows further vehicles that feature in other films (the film names are not mentioned) but the page (print obtained May 2007) states “vehicles from the Bond films new and old”. Exhibit J relates to cosmetics sold under the name FROM RUSSIA WITH LOVE by *REVLON*. He adds that further activity includes use on trading cards and commemorative plates amongst other things. I note that in all of this the words FROM RUSSIA WITH LOVE are accompanied by other signs relating to James Bond, e.g. James Bond/007, the gun logo etc.

11. Mr Pope then refers to the current availability of the film FROM RUSSIA WITH LOVE on a new series of DVD's and also that it has been available on video and DVD for many years. A front cover of the DVD is shown in Exhibit K. He states that the films have frequently aired on TV in the UK which has maintained its profile and recognition. He states that revenue related to FROM RUSSIA WITH LOVE also comes from theatre, video on demand, cassette tapes, DVDs , pay television, cable syndication, network payments, pay per view, music publishing and copyright

royalties. Figures for these revenue streams (but with no date range) are said to be \$90million. Mr Pope adds that they are still active sources of revenue. Exhibit L sets out EU Home video gross receipts for the James Bond films. In the period 1962-2000 this equates to \$2.3 million in the UK for FROM RUSSIA WITH LOVE.

12. He completes his evidence by concluding that the James Bond films, including FROM RUSSIA WITH LOVE, enjoy huge success not only in terms of the films but also successful merchandising and that the public upon seeing FROM RUSSIA WITH LOVE in connection with *Faberge's* goods will believe that they originate from *Danjaq* or are licensed accordingly, and that this will lead to damage.

13. Mr Pope was cross-examined at the hearing. I will return to this later.

Witness Statement of Emma Pettipher

14. Ms Pettipher is a trade mark attorney working for Boulton Wade Tennant, *Danjaq's* representatives in this matter. She begins her evidence by providing details (in Exhibit EP1) about Ian Fleming's books (on which the James Bond films are based). FROM RUSSIA WITH LOVE was published in 1957. She then refers to Exhibit EP2 which consists of a print from the web-site IMBD (an independent film web-site) which provides information about the film FROM RUSSIA WITH LOVE. This shows worldwide gross of \$78.9 million and non-US gross as \$54 million. She also refers to the FROM RUSSIA WITH LOVE video game (cover shown in Exhibit EP3). Exhibit EP4 contains an extract from *M16 news* which lists the top 20 game franchises – the James Bond video game franchise comes in at No 15.

Faberge's evidence

Witness Statement of Kevin Mutch

15. Mr Mutch is the Group Legal Director of *Giga*. He states that *Giga* are part of the same group of companies as *Faberge* (who are now recorded as the applicant) and are involved in the mining and commodities sector. Information on *Faberge* is given in Exhibit 1 – in summary, the company is of Russian origin, and is famed for the production of luxury objects such as jewellery. *Faberge* intends on offering a range of luxury items under the FABERGE brand and the mark FROM RUSSIA WITH LOVE was applied for against this background. He states that *Giga/Faberge* own numerous applications/registrations around the world for FROM RUSSIA WITH LOVE (details are shown in Exhibit 2).

16. Mr Mutch refers to the channels of trade for the goods it seeks to register. He says that this would be via jewellery and watch shops or relevant sections of department stores. Exhibit 3 contains examples of web-sites selling such goods. He contrasts this to the channels of trade for video games (the goods of *Danjaq's* CTM) which he says would be supermarkets, game and video shops or relevant sections of a department store. Exhibit 4 contains examples of web-sites selling such goods. His view is that the two do not overlap other than in department stores, but, even then they would not be in the same section.

17. Reference is then made to *Danjaq's* video game FROM RUSSIA WITH LOVE. Mr Mutch notes that no information on UK (or elsewhere) sales have been provided. He refers to Exhibit 5 which consists of a press release from the game's developer *Electronic Arts* – it is clear that as of 3rd August 2005 it had not yet been released. He adds that there is no reason to believe that the game subsequently became well-known – he refers to Exhibit 6 which consists of lists from the web-site *Wikipedia* showing video games that have sold over 1 million copies – FROM RUSSIA WITH LOVE is not listed.

18. He then refers to what he describes as third party use of the sign FROM RUSSIA WITH LOVE. He refers to the holding of literary rights in relation to the Ian Fleming novels held by Ian Fleming Publications Limited (an extract from the companies house web-site is provided in support). This company also appears to own UK and CTM trade marks for James Bond related names and titles; Exhibit 9 contains details but, I note that none are for FROM RUSSIA WITH LOVE. This, he says, is contrary to what Mr Pope states in his evidence. Mr Mutch also notes that whilst *Danjaq* own the rights in a number of James Bond films, there were two films not so produced (*Casino Royale* in 1967 and *Never say never again* in 1983); information in Exhibit 8 from *Wikipedia* highlights this.

19. Mr Mutch states that use is also made by other third parties unconnected with Ian Fleming or *Danjaq*. He refers to Exhibit 10 which relates to a TV documentary about the Russian ballet dancer Rudolph Nureyev. The programme broadcast on 22 September 2007 (which I note is after the application date here) and was called *Nureyev: from Russia with love*. Further use of the phrase (which Mr Mutch states appeared in UK publications in the 12 months prior to 24 March 2005) is also shown. These include the name of a European deli, the name of an exhibition about ballet costume design, a photography web-site, the title of an extract from the Newcastle evening chronicle about a Russian musical event, similar extracts from a range of national and local newspapers that use the phrase either as part of the title, the full title of the article, or otherwise used in the article itself.

Danjaq's reply evidence

2nd Witness statement of David Pope

20. Mr Pope gives more detailed information about the ownership of rights in the James Bond films. He states that the film and TV rights to Ian Fleming's novels (except *Casino Royale* and to a limited extent *Thunderball*) were assigned from Ian Fleming and his assignees in 1962 to *EON*, who then transferred them to *Danjaq*. This also included rights to create and distribute films about new James Bond adventures not based on the novels. He confirms the relationship between *Danjaq* and *United Artists/MGM*. A further agreement with the Fleming trustees was made in 1997 relating to film and TV rights (including confirming prior grants) which this time included *Thunderball* and *Casino Royale*.

21. In relation to merchandising, he provides information on various agreements that have culminated in *Danjaq* being the sole authorised user of the various James Bond marks. In relation to specific marketing he refers to the *Swatch* licensing agreement and includes a redacted copy at Exhibit DP2 and also a promotional catalogue. This

contains information about proposed retail routes including normal retail channels, high quality department stores, boutique stores, jewellery stores and watch stores. A further document is provided in DP2 which relates to *Danjaq's* licensing opportunities. On page 24, information about the *Swatch* merchandising is given, including that 650,000 units were sold in the first 12 months with over 834,000 sold at the date of publication of this document (although it is not dated). Mr Pope states that the FROM RUSSIA WITH LOVE watch is the number one best seller and the most successful *Swatch* ever.

22. Exhibits DP3 & DP4 are royalty reports for the *Swatch* licence agreement. The figures in DP3 are not broken down to the UK market. He states that total sales of all James Bond *Swatch* watches was 652,187 (74,164 for the FROM RUSSIA WITH LOVE watch) in 2002. He states that a significant number were made in the EU and a significant number in the UK. DP4 is more helpful because it breaks down sales per country. In relation to the UK, in 2003 there were 946 sales and in 2004 there were 51 sales for the FROM RUSSIA WITH LOVE watch; the sales for 2002 are not set out.

23. Mr Pope refers to other licensing arrangements. For example, there is use of FOR YOUR EYES ONLY on a line of *Zeon* watches (DP5) and that *Omega* produce a line of James Bond related SEAMASTER watches under licence.(an example of the watch is shown in the "opportunities" document in DP2). The licence agreement with *Omega* (which includes pictures of the watches) is shown in Exhibit DP6. They use signs such as 007 not FROM RUSSIA WITH LOVE.

24. Mr Pope refers to an event with the *Harrods* department store in which the storefront contained windows themed on James Bond films – a photograph of the FROM RUSSIA WITH LOVE window is shown in DP7. He estimates that 50-60 million people passed Harrods during this time period (2002 holiday season) and that 200,000 people shopped at the store.

25. Reference is then made to the video game FROM RUSSIA WITH LOVE and Exhibit DP8 contains the relevant licence agreement. The agreement is from before the application date and Mr Pope considers that this shows a reputation for the film name and that even 40 years after its release high profile companies still wish to licence products. He provides further images of the cosmetics that bear FROM RUSSIA WITH LOVE and other James Bond film names.

Witness statement of Keith Snelgrove

26. Mr Snelgrove is *Danjaq's* Senior Vice President of Global Business Strategy. He refers to the *Swatch* agreement (he was involved in this project) and he confirms that a substantial proportion of the FROM RUSSIA WITH LOVE sales were made in the EU of which a significant number were made in the UK. He makes similar comments in relation to the *Swatch* James Bond collection as a whole.

27. He also refers to the *Corgi* license agreement and confirms that a Chevrolet truck was sold under the name FROM RUSSIA WITH LOVE in the UK prior to the application date.

1st Witness statement of Tracey Giertz

28. Ms Giertz is a trade mark administrator with the Chicago law firm Brinks Hofer Gilson & Lione which is a representative of *Danjaq*. She states that she accessed the website of *Omega* (omegawatches.com) on 1 May 2008. Various screen prints are then provided. Exhibit A & B both show *Omega* watches together with an image of Daniel Craig portraying James Bond. Exhibit C is a screen shot of a commercial promoting watches in connection with the film *Casino Royale*. Exhibit D is a picture of a watch showing a close-up back view of an *Omega* watch carrying the CASINO ROYALE trade mark. Exhibit E is said to be a watch showing the 007 trade mark, however, I cannot see this myself. Exhibit F contains various photographs of *Omega* watches produced following the 2002 licence agreement bearing the 007 trade mark. Exhibit G consists of pages from the *Omega* web-site detailing its stores in London.

2nd Witness statement of Tracey Giertz

29. Ms Giertz refers to the CTM and US trade marks that *Danjaq* own and exhibits details of them at Exhibit A (these are the trade marks referred to by Mr Pope in his first witness statement – see paragraph 5 above). She then states that on 11 April 2008 she purchased a *Swatch* FROM RUSSIA WITH LOVE watch from WWW.SQUIGGLY.COM. Photographs of the watch are shown in Exhibit B. I note that the watch strap retainer carries the 007 gun logo and the strap has the words FROM RUSSIA WITH LOVE TM 1964. Exhibit C shows that the retailer is based in The Netherlands and Exhibit D shows that the main objective is to sell *Swatch* products through the Internet to collectors and consumers.

Witness statement of Michael Moore

30. Mr Moore is the Vice President and Assistant General Counsel, Intellectual Property for Metro Goldwyn-Mayer Studios (“*MGM*”). *MGM* co-produce and distribute the James Bond films. He provides further financial revenue information on the James Bond films including the film FROM RUSSIA WITH LOVE. Exhibit MGM1 shows combined revenues generated through theatrical rentals, home video, TV and ancillary activities from inception of the respective films to November 2003; in this period the revenue exceeded \$1 billion in the EU. In relation to FROM RUSSIA WITH LOVE, revenues in the same categories and time period exceeded \$35 million for the EU. Further information is provided in MGM2 on DVD/cassette revenue in the period 2005-2007; revenue was \$1,522,352. MGM3 shows the initially identified product categories’ worldwide revenue in the period 2000-2004; revenue was nearly \$30 million.

Witness statement of Julius Stobbs

31. Mr Stobbs is a trade mark attorney at Boulton Wade Tennant, *Danjaq*’s representatives in the matter. He makes further reference to the *Swatch* FROM RUSSIA WITH LOVE watch and notes that the film name appears on the strap and that the letters TM are used. This, he says, is a clear indication that the mark is being used and is intended to be used as a trade mark on these goods.

32. He then refers to the relationship between the James Bond franchise and watch products. He refers to third party information on the Internet that demonstrates these links. JS1 is an article that refers to the promotions/product placement of *Omega* in the recent *Casino Royale* film and the launch of a Russian *Omega* store by Daniel Craig. Another article is shown in JS2 which makes reference to *EON/Danjaq* controlling all James Bond merchandising etc.

Cross examination of Mr Pope

33. As mentioned earlier, Mr Pope attended the hearing for cross-examination. I will begin by giving my assessment of him as a witness. Mr Pope struck me as a confident witness who answered the questions posed to him in what appeared to me to be an honest, straightforward and direct manner. He did not obfuscate in any way and he was honest when it came to the sources of information (which were not always his own) on which his statements were made. He was a good witness. Mr Malynicz's lines of questioning focused on the following topics:

Ownership of James Bond related trade marks.

34. In his written evidence, Mr Pope stated² that *Danjaq* owned all James Bond related trade marks. However, this was countered by Mr Mutch's evidence which highlighted the existence of James Bond related trade marks owned by a company associated with Ian Fleming. In relation to this apparent inconsistency in evidence, Mr Pope explained under cross-examination that in 1989 all trade mark rights were bought from them (the Flemings) but one or two may not, erroneously, have been transferred. Furthermore, that the Fleming group applied for further trade marks subsequent to this agreement which *Danjaq* then opposed and, via a settlement, all have now been transferred to *Danjaq*. Although this settlement took place after Mr Pope gave his written evidence he explained that the sense of what he said in his witness statement was that it (*Danjaq*) were the only true legal holders of James Bond trade marks.

The vernacular

35. Mr Pope's written evidence³ contained the statement "...indeed the film character and many of the films have become widely recognised as aspects of popular culture..". Mr Malynicz questioned whether Bond had entered the public domain. Although Mr Pope answered this in the negative, Mr Malynicz turned the questioning to the type of evidence given by Mr Mutch showing use of the words "from Russia with love" in various publications and other uses including use in relation to a documentary about Rudolph Nureyev. Mr Pope was taken to a number of these uses but his answer to their content was the same, namely that the words were being used as a reference to the James Bond film and that the person encountering it would realise the reference and make an association with James Bond.

² Mr Pope's 1st witness statement, paragraph 3

³ Mr Pope's 1st witness statement, paragraph 7

Merchandising at the film's release

36. Mr Malynicz took Mr Pope to paragraph nine of his first witness statement where he referred to “other items of merchandising sold around the period of the film’s release” including “a toy attaché case, jigsaw, puzzle, a slider viewer set, a soundtrack a sticker set”. Mr Malynicz questioned as to the source of this information and whether Mr Pope was confident that such merchandise was sold in the UK. Mr Pope explained that the information comes from an archive his company maintains but he then stated that although he assumed that the goods were sold in the UK, he did not really know.

The FROM RUSSIA WITH LOVE video game

37. Mr Pope referred to this video game in his written evidence⁴ as being extremely successful helping the video game franchise to become one of the most popular in history. Mr Malynicz highlighted that the video game does not appear on a list of games that broke the one million barrier. Mr Pope responded to this by stating that the list is a *Wikipedia* list and questioned its reliability because *Electronic Arts* (the video game licensee) could not provide unit sales information. However, what Mr Pope did inform the tribunal of was that around 1-1.25 million copies were sold with around 8% (as advised to him by *Electronic Arts*) sold in the UK (so, around 100,000 games). The unit figures were worked out from revenue (12% royalty) that *Danjaq* take. Mr Malynicz questioned why this information had been saved up for today – Mr Pope responded to the extent that as he knew he was going to be cross examined he had looked up the relevant information.

The Swatch FROM RUSSIA WITH LOVE watch

38. Mr Pope’s evidence contains information about the use by *Danjaq*, through its licensee *Swatch*, of the FROM RUSSIA WITH LOVE mark on watches. Mr Malynicz’s first line of questioning related to whom the customer who had purchased such a watch would complain in the event of malfunction or from whom a retailer would request replacement stocks. Mr Pope answered that this would be the place that the customer brought it from and, *Swatch*, respectively. Mr Malynicz questioned whether this was because the customer would not assume *Danjaq* were responsible for the quality of the product, Mr Pope disagreed stating that the use on something with our mark on comes with a certain quality associated – he expanded on this by stating that the consumer would believe it to be of a cool design, that it has integrity or cache. He stated that they “get to wear a little bit of Bond on their wrist” and “it is this that they are paying for”.

39. Mr Malynicz then questioned on the use of the letters TM (as indicating “trade mark”) on the FROM RUSSIA WITH LOVE watch to which Mr Pope’s evidence refers. Whilst Mr Pope did not necessarily agree with Mr Malynicz that the use of the letters TM was illegible, he conceded that it was more difficult to apply to a watch. He then highlighted that *Danjaq*’s insist that the letters TM are used. This prompted Mr Malynicz to question on the licence agreement⁵ with *Swatch* which does not carry

⁴ Mr Pope’s 1st witness statement, paragraph 15

⁵ Mr Pope’s 2nd witness statement, Exhibit DP1

any clause to that effect. Mr Pope answered this by saying that it is something that *Danjaq's* licensing people would have asked for when approving the product - he said he had seen this being done on many occasions during product design phases, although, he conceded that he had no direct knowledge of the specific instance relating to the FROM RUSSIA WITH LOVE watch.

40. Mr Malynicz also questioned Mr Pope about his statements made in relation to the sales of the FROM RUSSIA WITH LOVE *Swatch* watch, particularly Mr Pope's comments that it was the biggest selling *Danjaq* watch and also the biggest selling *Swatch* watch ever. Mr Malynicz highlighted some tension in his statements given that from the figures provided in Exhibit DP3 the FROM RUSSIA WITH LOVE watch was outsold by the GOLDFINGER watch. For the record, the calculations are that the cumulative total (worldwide) for the years 2002, 2003 & 2004 are that the FROM RUSSIA WITH LOVE watch sold 94,213 and that the GOLDFINGER watch sold 103,142. Under cross examination, Mr Pope stated that the retail figures that are shown in DP3 were bolstered (for the FROM RUSSIA WITH LOVE watch) by around 10,000 units as a special one-off sale to a company (possibly *Smirnoff*) and, therefore, the FROM RUSSIA WITH LOVE watch was the best seller. In relation to being the biggest selling *Swatch* watch ever, this statement was made on the basis of what Mr Pope had been told to him by Mr Snelgrove (who has also given written evidence in these proceedings) rather than from his own knowledge. Under re-examination Mr Pope explained the key role played by Mr Snelgrove in *Danjaq's* licensing business and that he would have got his information directly from *Swatch*.

41. Mr Malynicz also questioned Mr Pope on what proportion of the worldwide sales were made in the UK. Exhibit DP4 contains UK sales for the years 2003 & 2004 but not for 2002 (Mr Pope said he did not have the 2002 figures at the relevant time). Mr Pope stated that from his research (with *Swatch*) UK sales equated to around 6-8% of the total. Mr Malynicz queried this because the relevant proportion of the 2003 sales (946 of 18517) and 2004 sales (51 of 1532) was a lot less than this (equating, by my calculations, to 5.1% & 3.3% respectively). Mr Pope did not disagree that this was slightly less than his estimate but that this would still represent a significant market share in 2003 and also in 2002 if worked out on the basis of a similar trend.

Other merchandising activities

42. Mr Malynicz referred to the examples of the *Corgi* and *Revlon* licensees⁶ and again questioned about who a customer would complain to and who would a retailer get further supplies from – Mr Pope agreed that this would be the retailer and *Corgi* or *Revlon* respectively.

⁶ Mr Pope's 1st witness statement, Exhibits I & J

DECISION

The section 5(4)(a) ground of opposition

The law

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

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

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade, or

(b)

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

44. The elements of the classic trinity of passing off can be summarised as: 1) goodwill, 2) misrepresentation and 3) damage. In *Reckitt & Colman Products Ltd v Borden Inc* [1990] R.P.C.341, Lord Oliver summarised the position quite succinctly when he stated:

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

The material date

45. I must determine the date at which *Danjaq*'s claim is to be assessed. I will refer to this as the "material date". A number of cases⁷ have established that the material date is the date of which the conduct (in this case *Faberge's or Giga's* conduct) is first complained of. I also bear in mind that section 5(4)(a) is derived from article 4(4)(b) of First Council Directive 89/104 which states:

"(b) rights to a non-registered trade mark or to another sign used in the course of trade were acquired prior to the date of application for registration of the subsequent trade mark, or the date of the priority claimed for the application for registration of the subsequent trade mark and that non-registered trade mark or other sign confers on its proprietor the right to prohibit the use of a subsequent mark;"

46. On the basis of the above, the date complained of can be no later than the date of filing of the application. It can, however, be from before the date of application in appropriate circumstances. There is, however, no use of the applied for mark (or at least none that has been brought to the attention of the tribunal) prior to its application. Consequently, the date of application of 24 March 2005 must constitute the material date in these proceedings.

Goodwill

47. I next turn to consider whether *Danjaq* had a goodwill at the material date. The concept of goodwill was explained in *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 at 223 as:

"What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first."

48. I also note from the relevant case-law that to qualify for protection under the tort, the goodwill must be of more than a trivial nature⁸.

49. It is clear from the evidence that *Danjaq* are responsible (or partly responsible) for the production of the well-known James Bond series of films. I say "well-known" with little hesitation as I am of the view that the James Bond series of films are so well-known that their existence and popularity is a notorious fact of which I could take judicial notice. The films are based on the adventures of a fictional British secret agent called James Bond. The fact that *Danjaq* did not produce⁹ the 1967 film *Casino Royale* (although *Danjaq* now own the rights in it according to Mr Pope's evidence) or the 1983 film *Never Say Never Again* does not detract from this. I say this because other than James Bond aficionados, I doubt whether this fact is likely to

⁷ *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] R.P.C. 429 and *Inter Lotto (UK) Ltd v Camelot Group PLC* [2004] R.P.C. 8 and 9

⁸ *Hart v Relentless Records* [2002] EWHC 1984

⁹ According to Mr Mutch's evidence

be known by many people. To all intents and purposes, the James Bond films will be seen as a franchise of films under the control of a particular undertaking. The individual film titles are also likely to be well-known. Even if I could not accept this as a matter of judicial notice, the evidence shows that the James Bond films as a whole are well known given their popularity at the cinema box office, their frequent airing on television and the sales of DVDs and videos (see the evidence of Mr Pope and Mr Moore).

50. Greater care needs to be exercised in relation to the public knowledge of the FROM RUSSIA WITH LOVE film given that it was released in 1963. Nevertheless, I am content to find that this will also be a well known film from the James Bond franchise. This manifests itself not only from the public knowledge of the James Bond franchise but also in relation to specific and recent DVD sales and TV broadcasts of FROM RUSSIA WITH LOVE. However, public knowledge of the film title does not necessarily equate to a relevant goodwill because a single film title may be seen as denoting nothing more than the film itself rather than denoting or pointing towards goodwill in the business of the film's producers¹⁰. Despite this, I am conscious that the nature of the James Bond films is of a series of linked films with the same main character and, as such, I am of the view that the goodwill is represented to the public both by the name of this main character – James Bond – and by the individual film titles. All of this, therefore, creates a goodwill upon which *Danjaq* can rely, a business that is involved in the production and distribution of a series of linked films. FROM RUSSIA WITH LOVE is one of the signs that contributes to that goodwill.

51. I turn to consider whether this business extends to any other form of goods and services. Much of the evidence relates to licence agreements in relation to the sale of watches. The FROM RUSSIA WITH LOVE watch is one of the biggest sellers of the collection. I noted above that in terms of retail sales the GOLDFINGER watch was number 1 with FROM RUSSIA WITH LOVE number 2 (worldwide) but I am content to accept Mr Pope's statements made under cross-examination regarding the additional sales, although, I doubt whether being number 1 or number 2 will affect the eventual outcome. Whilst, ideally, this information should have been included in Mr Pope's written evidence, Mr Malynicz asked for an explanation and Mr Pope duly gave one, an explanation which did not strike me as implausible and, as stated earlier, Mr Pope struck me as honest and reliable.

52. Of more significance though is the fact that the sales figures mentioned in the previous paragraphs are for worldwide sales whereas the question I must answer relates to UK goodwill and custom. Specific UK sales figures for the FROM RUSSIA WITH LOVE watch are given for the years 2003 & 2004 which equates to 5.1% and 3.3% of the worldwide sales for these years. It is unfortunate that the 2002 figures were not put in evidence, but I did not detect anything in the cross-examination of Mr Pope to suggest that this was done to hide a low (or non-existent) UK sales figures for 2002. On the basis of the written evidence together with Mr Pope's testimony under cross-examination, I am prepared to accept that UK sales were made in 2002, but, given the discrepancy in the estimates of proportion (Mr Pope initially suggested

¹⁰ See the discussion in *Wadlow's The Law of Passing-Off – Third Edition* at paragraph 8-106 onwards.

6-8%) compared to the actual proportions shown in 2003 and 2004, it would be wrong to infer any more than a 3% proportion (the lowest proportion on record). Nevertheless, this would still equate to the sale of around 2200 watches. The difficulty that arises from this is the capacity to assess the significance of these sales given that none of this is contextualised against the market as a whole. Whilst I am prepared to accept that the sales are more than trivial, I cannot put it much higher than that given that the figures do not strike me as particularly significant ones.

53. Sales themselves are not, however, the full story. For example, if the buyer of such a product saw the words FROM RUSSIA WITH LOVE or, indeed, any of the other film themed watches as nothing more than a decorative or descriptive element rather than indicating that the watches are produced by or under licence from *Danjaq* then I cannot see how this can contribute to any goodwill. In my view, the position is quite clear. Whilst *Danjaq* will not be seen as the manufacturer of the watches they will instead be seen as the licensor, in other words, the public will believe that the film titles are being used under licence from the James Bond film people. I am, of course dealing solely with *Danjaq's* use (not *Faberge's* proposed use) and I come to this view due to the nature of the evidence presented, namely, the fact that a whole collection of Bond themed watches are produced, that they commemorate the 40th anniversary of the James Bond films and that other signs (James Bond, 007) are used. All of this contributes towards *Danjaq's* goodwill with a business licences its signs (including FROM RUSSIA WITH LOVE) in relation to watches.

54. In relation to any other goods and services, Mr Pope stated in his written evidence that the James Bond marks in general are merchandised on a number of goods¹¹. He then went on to refer to specific activities in relation to the FROM RUSSIA WITH LOVE mark, namely, the original merchandising at the time of the film's release, the sale of *Corgi* model/toy vehicles and the sale of *Revlon* cosmetics. However, as Mr Malynicz pointed out at the hearing, there is little by way of detail on these activities. The *Corgi* licensing is said to be worth £4 million per year but no UK proportion is highlighted (Mr Stobbs said that Mr Pope's testimony under cross-examination indicated 6-8% but reading the transcript this relates to watches not toys). There is no detail at all regarding UK sales in relation to the cosmetics. In relation to the original merchandising, this may be long forgotten by the public and, in any event, Mr Pope (under cross-examination) stated that he only assumed that the goods were sold in the UK. The above lack of detail is a concern. For this reason, I cannot hold that *Danjaq's* goodwill (to the extent that it has any association with FROM RUSSIA WITH LOVE) extends beyond the film itself and as a licensor in relation to watches.

55. I have so far focused primarily on goodwill associated with FROM RUSSIA WITH LOVE. However, other signs also contribute to *Danjaq's* goodwill, such as its other film titles. Whilst this does not improve *Danjaq's* position in relation to goodwill associated with FROM RUSSIA WITH LOVE, such use can still be a factor to

¹¹ Comic books, clothing, music, books, cell phone content, calendars, trading cards, board games, action figures, toys, watches, model cars, video games, posters, computer software, pre-recorded compact discs, cd-roms, dvds, cigarette lighters, coffee mugs, glasses, wall clocks, pens, school supplies, encyclopaedias, fragrances, cosmetics, shampoo, magnets, lapel pins, key chains, telephone debit cards, automobiles, boats, soft drinks, alcoholic beverages, luggage etc.

consider certainly when it comes to whether a misrepresentation will occur or not. On this, and in relation to worldwide sales of the whole collection, sales equate to over 650,000 watches, and, working on the same basis as the UK proportion for the FROM RUSSIA WITH LOVE watch, this would equate to around 19,500 watches for the collection as a whole in the UK. On these sales, again, although the collection as a whole has sold more than the FROM RUSSIA WITH LOVE watch alone, the sales figures are not particularly significant given that the potential market is the general public. There is also other evidence connected with watches, namely, licences with *Omega* and *Zeon* which are referred to in Mr Pope's written evidence and the Bond connection with watches referred to in Mr Stobbs' and Ms Giertz's evidence. I do, however, have some concerns about the significance of this given that no detail regarding sales of the *Zeon* watch are provided. In relation to the *Omega* watches, although a copy of the license agreement (from 2002) was provided in evidence, there is, again, a lack of detail (in terms of sales). Furthermore, some of the use put forward (although not all) may not have been prior to the material date given that the prints relied on were obtained after the material date and there is no evidence to suggest that the watches were sold before the material date. For example, some of the watches were *Casino Royale* watches and there is nothing to show that this film was launched or promoted before the material date.

Misrepresentation

56. In *Reckitt & Colman v Borden*, Lord Oliver described misrepresentation thus:

"...[the plaintiff] must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely upon a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name"

57. I intend to consider the position in relation to watches before moving on to consider any of the other goods for which *Faberge* seek registration. Despite the fact that I have found *Danjaq's* goodwill to relate to watches, I have also found that this is as a licensor rather than as a manufacturer mark nor will it be considered to be a supplier or trader in watches. Nevertheless, although the more direct type of misrepresentation outlined in *Reckitt & Coleman v Borden* will not occur, a misrepresentation can occur when a consumer understands that a licence is in play. In the *BBC Worldwide Ltd v Pally Screen Printing Ltd* [1998]F.S.R. 665 ("*Teletubbies*") Mr Justice Laddie stated:

"It seems to me that it inevitably must be a question of fact whether or not members of the public seeing the T-shirts in issue will be deceived. To succeed on this part of the case the plaintiffs will need to show that they have built up the necessary reputation so that members of the public would look at this type of artwork and consider it to represent the plaintiffs or products made

with the plaintiffs' approval. It seems to me that it is quite possible that members of the public will look at T-shirts bearing this artwork and think no more than it is artwork bearing illustrations of well-known television characters without having any regard whatsoever to the source of supply and without having any regard as to whether or not these T-shirts were put out with the sanction of or under the aegis of the plaintiffs. It seems to me impossible to say at this stage that the defendants cannot succeed on the passing off issue since they may be able to prove that there has been no deception of the public and that none is likely."

58. Furthermore, in *Mirage Studios and Others v. Counter-Feat Clothing Company Limited and Another* [1991] F.S.R. 145, the Vice Chancellor Sir Nicolas Browne-Wilkinson stated:

"If, as the evidence here shows, the public mistake the defendants' turtles for those which might be called genuine plaintiffs' Turtles, once they have made that mistake they will assume that the product in question has been licensed to use the Turtles on it. That is to say, they will connect what they mistakenly think to be the plaintiffs' Turtles with the plaintiffs. To put on the market goods which the public mistake for the genuine article necessarily involves a misrepresentation to the public that they are genuine. On the evidence in this case, the belief that the goods are genuine involves a further misrepresentation, namely that they are licensed."

59. I do not understand Mr Malynicz to dispute the fact that a misrepresentation could occur through the mistaken belief that a particular product has been licensed (although he argued that the evidence presented does not show that the public will see any of the goods as being licensed), however, he did argue that any misrepresentation must also be material in the sense that the fact that the goods are licensed must play a role in their purchase. I will return to the question of materiality later.

60. The first question I must answer is whether misrepresentation (be it material or otherwise) will occur in that the public (or a substantial number of them¹²) will assume that a *Faberge* watch sold under the sign FROM RUSSIA WITH LOVE is a licensed *Danjaq* product. Mr Malynicz argued that whilst the law may have moved forward (forward from *ELVIS PRESELEY Trade Mark* [1990] R.P.C. 567) with regard to real person endorsement (to the extent that endorsement by real people is easier to infer or assume), this was not the case with regard to character merchandising. He relied on the following comment of Mr Justice Laddie in *Irvine v Talksport Ltd* [2002] F.S.R. 60 where he stated:

"9 Before considering the principles of law and the facts in this case, it will be useful to clear up one issue of terminology. Throughout the trial reference was made to sponsorship, endorsement and merchandising. The evidence sometimes referred to one, sometimes another and at times to all of these. As Ms Lane, who appeared for the claimants, explained, this case is concerned

¹² See the findings of the Court of Appeal in *Neutrogena Corporation and Ant. V. Golden Limited and Anr.* [1996] R.P.C. 473

with endorsement. When someone endorses a product or service he tells the relevant public that he approves of the product or service or is happy to be associated with it. In effect he adds his name as an encouragement to members of the relevant public to buy or use the service or product. Merchandising is rather different. It involves exploiting images, themes or articles which have become famous. To take a topical example, when the recent film, *Star Wars Episode 1* was about to be exhibited, a large number of toys, posters, garments and the like were put on sale, each of which bore an image of or reproduced a character or object in the film. The purpose of this was to make available a large number of products which could be bought by members of the public who found the film enjoyable and wanted a reminder of it. The manufacture and distribution of this type of spin-off product is referred to as merchandising. It is not a necessary feature of merchandising that members of the public will think the products are in any sense endorsed by the film makers or actors in the film. Merchandised products will include some where there is a perception of endorsement and some where there may not be, but in all cases the products are tied into and are a reminder of the film itself. An example of merchandising is the sale of memorabilia relating to the late Diana, Princess of Wales. A porcelain plate bearing her image could hardly be thought of as being endorsed by her, but the enhanced sales which may be achieved by virtue of the presence of the image is a form of merchandising.”

61. Mr Stobbs argued that the above statement is *obiter*. Mr Stobbs may or may not be right on this, however, it seems to me that these comments were only aimed at explaining the difference between endorsement and merchandising and no more than that. There is, in any event, as I believe both sides accept, no specific character merchandising right – the question simply reverts to the normal considerations applicable in passing-off cases. I do, though, accept Mr Malynicz’s argument that simply because the James Bond films may be well-known does not mean that the public will perceive the link under discussion. It is, as always, a matter based on the facts of each case.

62. Against that background I now consider what the public’s reaction would be to seeing the FROM RUSSIA WITH LOVE trade mark in relation to the sale of watches. I should firstly state that, in my view, a large proportion of the general public will recognise the phrase FROM RUSSIA WITH LOVE as the name of a James Bond film. I note the evidence attempting to show that the words are in the public domain or used as part of the vernacular. However, Mr Pope’s response during cross-examination (that the words will be seen as referencing the film) strikes me as a fairly accurate assessment of the position. The individual films titles are well known, including, as I have already found, the film FROM RUSSIA WITH LOVE. Although the words could be said to have a descriptive meaning, it seems to me that the common reaction to encountering the mark will be as some form of referencing to the film. However, being seen as a reference to the film is not the same as the sign representing to the public that the goods are licensed goods. The use of the title could just as easily be put down to a reference or nod to the film (similar in manner to those journalistic type references shown in Mr Mutch’s evidence) perhaps because of the origin of the goods (as the people in the journalistic articles seem to be) is Russian.

63. I must also take into account that the backdrop to these sales was the 007 40th Anniversary and that this information (together with other Bond signage) will also have been noticed by the people who encountered the *Swatch* watch. This, therefore, will undoubtedly have sent a stronger message that the *Swatch* watches are licensed goods compared to simply seeing FROM RUSSIA WITH LOVE in isolation. This is an important point because if it is this other Bond signage, albeit together with the words FROM RUSSIA WITH LOVE, that guaranteed to the public that the *Swatch* watches were licensed goods then absent this other signage such a guarantee may not be present.

64. After taking into account the above considerations my view is that for those members of the public who have previously encountered the *Swatch* watches, there will be a bringing to mind of the James Bond film and that they will, at the least, pause to wonder whether the use of FROM RUSSIA WITH LOVE is representing to them that the goods are licensed. However, my view is that despite all this they will not presume or actually believe that the goods are licensed. The absence of the other Bond signage together with the fact that the sign itself has a potentially dual meaning (as to country origin) even though it may be taken as a referencing the film, will prevent them from making the assumption (as to the existence of a license). This finding is supported, in my view, by the fact that the particular film under discussion is an old one and that there is no evidence of licensing use of FROM RUSSIA WITH LOVE on any other goods or services beyond that identified. Furthermore, the nature of the *Swatch* collection was of an anniversary collection and may have been regarded by those who encountered it as a one-off licensing opportunity (and with the bulk of sales being 2-3 years prior to the material date) and, therefore, the propensity of someone to move beyond wondering is further diminished. All these factors, taken together with what I consider to be a proportionately small amount of persons who would have encountered the *Swatch* licensing, informs me that misrepresentation to a substantial number of persons would not occur.

65. In relation to those members of the public who do not know of the previous *Swatch* licensing, the answer is clearer. Whilst I have found that the film title will be brought to mind, this must be balanced against the fact that the film FROM RUSSIA WITH LOVE is an old film and, therefore, it may appear a strange circumstance that film merchandise is still being produced. There is no pattern of merchandising (not even, for this category of people, the *Swatch* licensing) for the old films such as FROM RUSSIA WITH LOVE. I, therefore, come to the same view here, there is no misrepresentation.

66. In coming to the above views I have not ignored the fact that FROM RUSSIA WITH LOVE is a well known James Bond film and that although it is an old film it is still part of a on-going and successful franchise, and, furthermore, that there are other James Bond linkages to watches (see the evidence of Mr Stobbs & Ms Giertz); although, on this latter point I expressed my concern earlier as to the significance of this. However, these factors do not outweigh those identified above that have led me to conclude that a misrepresentation will not occur.

67. In the circumstances, I do not need to deal with the question of materiality in any great detail. My view, however, in case of appeal, is that if a substantial number of the public did believe that the goods were licensed then this would be sufficient. I

come to this view given that if such a belief existed and *Faberge* then produced goods of an inferior quality then this could clearly damage *Danjaq's* licensing business and I find it difficult to accept that such a misrepresentation could lack materiality. Additionally, in the context of watches, I can see the desire for a licensed watch as opposed to an unlicensed one as there will be a perceived indication of quality. This can be contrasted with the position (as in the *Teletubbies* case) where goods may be purchased merely because they carry a representation of a particular character, but this is not as applicable to goods such as watches which are not really image carriers. Furthermore, there is judicial support for the proposition that the mere belief that the goods are licensed constitutes a misrepresentation¹³.

68. In relation to *Faberge's* other goods, it can be in no better position given that there is no evidence that would advance its case from that in relation to watches. Indeed, its case is probably weaker. There is no misrepresentation. **The ground under section 5(4)(a) fails.**

The section 5(2) ground of opposition – earlier mark CTM 004333308

69. The applied for mark and the earlier mark both consist of the words FROM RUSSIA WITH LOVE. The respective specifications read:

Danjaq's earlier mark:

“Magnetically encoded computer game programs; computer software for multimedia and interactive computer games contained on cassettes, cartridges, tapes and CD ROMs, magnetic coded cards; video and computer game cassettes and cartridges adapted for use with television receivers; computer hardware and software for multimedia and interactive computer games; computer game cartridges, cassettes, programs and tapes.”

Faberge's application:

“Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; horological and chronometric instruments; precious stones (not including diamonds); jewellery and diamonds of Russian origin.”

70. Section 5(2)(a) of the Act states:

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

(a) It is identical with an earlier trade mark and is to be registered for goods or services similar to those for which the earlier trade mark is protected, or

(b)

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

¹³ *Mirage Studios and Others v. Counter-Feat Clothing Company Limited and Another*

71. An earlier trade mark is defined in section 6 of the Act, which reads:

“6. - (1) In this Act an “earlier trade mark” means –

- (a) a registered trade mark, international trade mark (UK), Community trade mark or international trade mark (EC) which has a date of application for registration earlier than that of the trade mark in question, taking account (where appropriate) of the priorities claimed in respect of the trade marks,
- (b) a Community trade mark or international trade mark (EC) which has a valid claim to seniority from an earlier registered trade mark or international trade mark (UK),
- (ba) a registered trade mark or international trade mark (UK) which-
 - (i) has been converted from a Community trade mark or international trade mark (EC) which itself had a valid claim to seniority within paragraph (b) from an earlier trade mark, and
 - (ii) accordingly has the same claim to seniority, or
- (c) a trade mark which, at the date of application for registration of the trade mark in question or (where appropriate) of the priority claimed in respect of the application, was entitled to protection under the Paris Convention or the WTO agreement as a well known trade mark.”

72. When reaching my decision I have taken into account the guidance provided by the European Court of Justice (“ECJ”) in a number of judgments germane to this issue, notably: *Sabel BV v. Puma AG* [1998] R.P.C. 199, *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* [1999] R.P.C. 117, *Lloyd Schuhfabrik Meyer & Co. GmbH v. Klijsen Handel B.V* [2000] F.S.R. 77, *Marca Mode CV v. Adidas AG + Adidas Benelux BV* [2000] E.T.M.R. 723, *Medion AG V Thomson multimedia Sales Germany & Austria GmbH* (Case C-120/04) and *Shaker di L. Laudato & Co. Sas* (C-334/05). I will take all these cases into account when determining this issue.

73. Earlier marks for which the registration procedure was completed before the end of the five year period ending with the date of publication of the applied for mark may only be relied upon to the extent that they have been used (or that there are proper reasons for non-use)¹⁴. *Faberge’s* mark was published on 24 March 2006. *Danjaq’s* earlier marks completed its registration procedure on 8 March 2006, therefore, the proof of use provisions do not apply and the earlier mark can be considered for its full range of goods and services. This analysis is also applicable to the section 5(3) ground of opposition.

74. Before considering whether there is a likelihood of confusion, it is a prerequisite that the marks are identical (they, self evidently, are) and also that the respective goods are similar. In relation to the goods, all relevant factors relating to the goods in the respective specifications should be taken into account in determining this issue.

¹⁴ See section 6A of the Act (added by virtue of the Trade Marks (Proof of Use, etc.) Regulations) 2004 (SI 2004/946) which came into force on 5th May 2004.

In *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer* the ECJ stated at paragraph 23 of its judgment:

“In assessing the similarity of the goods or services concerned, as the French and United Kingdom Governments and the Commission have pointed out, all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, *inter alia*, their nature, their intended purpose and their method of use and whether they are in competition with each other or are complementary.”

75. Other factors may also be taken into account such as, for example, the distribution channels concerned (see, for example, paragraph 53 of the judgment of the CFI¹⁵ in Case T-164/03 *Ampafrance S.A. v OHIM – Johnson & Johnson GmbH (monBeBé)*). I also take into account the decision in *British Sugar Plc v. James Robertson & Sons Ltd* [1996] RPC 281, where Mr Justice Jacob stated:

“...I think the following factors must be relevant in considering whether there is or is not similarity:

- (a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.”

76. From an initial analysis I can see no similarity between the goods at issue. The nature, the purpose, and the methods of use are all different. There may be an overlap between the respective users, but this can be said about any product (no matter how different) that is aimed at the general public. If consumer similarity is the highpoint of the claim, it is my view that this would be wholly inadequate in the circumstances of this case. Mr Stobbs argued that any degree of similarity, no matter how small, was enough for me to at least go on to consider whether there exists a likelihood of confusion. That may be so, however, the goods must still be similar. Mr Stobbs, by way of example, referred to the potential for a computer game to relate to the telling of time and that a watch would, therefore, be a complementary product. This is, in my view, nothing more than clutching at straws. A computer game (even of

¹⁵ The Court of First Instance of the European Communities

the nature hypothesised) and a watch are different in nature, method of use, purpose, trade channels etc. Neither do I know if such a computer game actually exists. In terms of complementarity, in *El Corte Inglés SA v. OHIM* (Case T-443/05) the CFI stated:

As to whether clothing, footwear and headgear in class 25 are complementary to 'leather and imitations of leather, and goods made of these materials and not included in other classes' in class 18, it must be recalled that, according to the case-law, goods are complementary if there is a close connection between them, in the sense that one is indispensable or important for the use of the other in such a way that customers may think that the responsibility for the production of those goods lies with the same undertaking (*S/SSI ROSSI*, paragraph 42 above, paragraph 60).

77. I am not persuaded that the hypothesised clashing goods meets the complementary test outlined above. The goods are certainly not indispensable between each other and neither do I see them as particularly important. Whilst the hypothetical situation may exist, I am far from satisfied that the use of the goods is so important that the consumer may think that the same undertaking was responsible for both. No evidence has been presented to counter any of these views. **My finding is that the goods are not similar, therefore, this ground of opposition must fail.**

The section 5(2) ground of opposition – well known mark under the Paris Convention

78. As mentioned earlier, there was a dispute between the parties as to whether this ground had been properly pleaded when the opposition was lodged. The dispute stemmed from the fact that the well known mark claim was only detailed in the accompanying explanation of grounds and was not specifically listed in the actual Form TM7 itself.

79. Whilst, at the time of the opposition being lodged, there was space on the Form TM7 for a ground under section 56 of the Act, Mr Geoffrey Hobbs QC has highlighted¹⁶ that this is not a self-standing ground of opposition because it relates merely to the potential availability of injunctive relief. The ground of opposition is simply section 5(2) with reliance placed on a Paris Convention well known mark. Ideally, the section 5(2) part of the TM7 should have been adapted to make this clear, however, the reliance on a well known mark was, in my view, clearly highlighted in the accompanying statement of grounds (paragraphs 4-6). Therefore, I indicated at the hearing that the ground could be pursued.

80. I have already highlighted the parts of the Act that define what an earlier trade mark may constitute. One category of earlier mark outlined in section 6 is:

c) a trade mark which, at the date of application for registration of the trade mark in question or (where appropriate) of the priority claimed in respect of the application, was entitled to protection under the Paris Convention or the WTO agreement as a well known trade mark."

¹⁶ See his decision (sitting as the Appointed Person) in *Patrick Melly's Applications* (BL O-043-08)

81. *Danjaq* say that FROM RUSSIA WITH LOVE is a well-known trade mark in relation to:

“Watches, films, DVD’s, videos, comic books, music recordings, books, posters, action figures (toys), entertainment and broadcasting services”

82. I will come back to whether the mark is well-known or not shortly, the reason for this is that it is irrelevant (in the context of section 5(2)) that the mark may be well known if the goods for which it is well-known are not similar to those of *Faberge’s* application (watches, jewellery etc). In my view, and applying the same principles as outlined in paragraphs 76-77 above, the goods for which the mark is said to be well-known (with the exception of watches) are not similar to *Faberge’s* goods. The nature, purposes, methods of use, distribution channels etc. are different and I can see no competitive or complementary relationship.

83. In view of the above, I need only consider whether the mark is well-known in relation to watches. Whether a mark is well-known must be assessed as to whether it is well-known throughout the United Kingdom or in a substantial part of it in order to qualify for protection as an earlier trade mark within the scope of Section 6(1)(c) of the Act (see case C-328/06 *Alfredo Nieto Nuno v. Leonci Monlleo Franquet*). In terms of being well-known, in *Le Mans* (BL O-012-05) Mr Richard Arnold QC, after thoroughly reviewing the relevant jurisprudence, adopted the criteria outlined in Article 2 of a joint recommendation (dated September 1999) from the Assembly of the Paris Union for the Protection of Intellectual Property and the General Assembly of the World Intellectual Property Organisation (WIPO), namely:

“1. the degree of knowledge or recognition of the mark in the relevant sector of the public;

2. the duration, extent and geographical area of any use of the mark;

3. the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;

4. the duration and geographical area of any registration, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;

5. the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well known by competent authorities;

6. the value associated with the mark.”

84. Before applying these criteria, I must deal with the submission of Mr Stobbs that the evidence relating to the film itself can be factored in as part of the whole context of use, including it being a well-known film, e.g. its DVD sales and any other activity. I strongly refute this submission. A mark may be well-known for some things but not for everything. Utilising a well-known mark as a basis for a section 5(2) requires an

assessment of whether the mark is well-known and for what. To do otherwise would, in my view, be taking the provisions outside of their scope.

85. Is the mark a well-known trade mark in relation to watches? There is certainly more use of the mark in relation to watches (the *Swatch* watch) outside of the UK. However, there is nothing in the evidence to suggest that the public in the UK would be aware of that fact. There is no evidence of promotion in relation to watches. There is no evidence of the degree of knowledge. Some members of the public will know of the mark (I have found that this is sufficient in a passing-off context) but the levels of sales etc are not, in my view, sufficient to say that the mark is well-known for watches. There is no evidence of successful enforcement of rights in relation to watches. Whilst the licence agreement with *Swatch* indicates that the mark has some value in a licensing context, I doubt whether this, alone, can support a well-known mark claim. In my view, the claim to being well-known in relation to watches falls well short of that required. **This ground of opposition must fail.**

The section 5(3) ground of opposition

86. Section 5(3) of the Act reads¹⁷:

“5-(3) A trade mark which-

(a) is identical with or similar to an earlier trade mark,

shall not be registered if, or to the extent that, the earlier trade mark has a reputation in the United Kingdom (or, in the case of Community trade mark, 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.”

87. The scope of Section 5(3) has been considered in a number of cases most notably: *General Motors Corp v Yplon SA (Chevy)* [1999] ETMR 122 and [2000] RPC 572, *Premier Brands UK Limited v Typhoon Europe Limited (Typhoon)* [2000] FSR 767, *Daimler Chrysler v Alavi (Merc)* [2001] RPC 42, C.A. *Sheimer (M) Sdn Bhd's TM Application (Visa)* [2000] RPC 484, *Mastercard International Inc and Hitachi Credit (UK) Plc* [2004] EWHC 1623 (Ch), *Davidoff & Cie SA v Gofkid Ltd (Davidoff)* [2003] ETMR 42, *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd (Adidas-Salomon)* (C-408/01) & in *Intel Corporation Inc v CPM (UK) Ltd (“Intel”)* (C-252-07). I will take all these cases into account when determining this issue.

88. The earlier mark must have a reputation. In *Chevy* the ECJ stated:

“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.”

¹⁷ Section 5(3) was amended by The Trade Marks (Proof of Use, etc) Regulations 2004 (SI 2004 No. 946) giving effect to the judgments of the ECJ in *Davidoff & Cie SA and Zino Davidoff SA v Gofkid Ltd* (C- 292/00) and *Adidas-Salomon AG and Adidas Benelux BV v Fitnessworld Trading Ltd* (C-408/01).

89. The earlier mark is registered for:

“Magnetically encoded computer game programs; computer software for multimedia and interactive computer games contained on cassettes, cartridges, tapes and CD ROMs, magnetic coded cards; video and computer game cassettes and cartridges adapted for use with television receivers; computer hardware and software for multimedia and interactive computer games; computer game cartridges, cassettes, programs and tapes.”

90. In terms of use, the only possible use in relation to the above goods comes from the FROM RUSSIA WITH LOVE video game. However, it is clear from the evidence that this game was not sold until the end of 2005. This is after the relevant date here, namely, 24 March 2005. I therefore have some difficulty in seeing how the earlier mark can have a reputation if the goods for which it is registered had not even been used. Mr Stobbs argued that it was a reputation in the mark that was required and that such a reputation could stem from other goods and services. He noted that section 5(3) does not specifically say that a reputation must exist in relation to the goods and services for which the mark is registered.

91. I understand the point raised, but I do not agree with it. As can be seen from the above statement in *Chevy*, there is a clear link between the goods and services covered by the earlier mark and the requisite reputation. Whilst it is possible to make a similar comment to the *Chevy* statement, namely, that the reference is merely identifying the public concerned and that so long as the public concerned with the goods and services of the earlier mark knows of it then it does not matter where the source of this knowledge comes from, this strikes me as an overstretching of the sense in which the *Chevy* guidelines were being given and also of the general objectives underpinning this particular section of the Act. I also note that the further elements of section 5(3) such as the required link and any subsequent detriment or unfair advantage are all clearly factored upon the goods and services of the earlier mark and the goods and services of the later mark (for example, see the decision of the ECJ in *Intel*). The link, for example, is a multi-factorial assessment, the factors of which include the degree of similarity between the respective goods and also the strength of the reputation. To consider any reputation outwith the goods for which the earlier mark is registered would, in my view, be wholly inappropriate.

92. On the above basis I cannot find that the mark enjoys a reputation in relation to the goods for which it is registered. **For this reason, this ground of opposition must fail.**

CONCLUSION

93. All the grounds of opposition, and therefore the opposition as a whole, have failed.

Costs

94. *Faberge* have been successful and is entitled to a contribution towards its costs. I hereby order *Danjaq* LLC to pay *Faberge* Ltd the sum of £2300 made up as follows:

Considering notice of opposition	£200
Filing counterstatement	£300
Considering <i>Danjaq's</i> evidence	£400
Filing evidence	£800
Preparation for, and attendance at, the hearing	£600
Total	£2300

95. The above sum should be paid within seven days of the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 23rd day of June 2009

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