

O-244-15

TRADE MARKS ACT 1994

TRADE MARK APPLICATION No. 2654963

BY CHELSEA FOOTBALL CLUB LIMITED

AND

OPPOSITION No. 400689

BY BENETTON HOLDINGS LIMITED

Background and pleadings

1. This is an opposition by Benetton Holdings Limited of St Lucia, West Indies¹, to an application by Chelsea Football Club Limited to register the trade mark shown below.



2. The application covers a wide range of goods in 8 classes. However, the opposition is directed at the registration of the mark for the following goods (“the opposed goods”).

Class 9

prescription and non-prescription eye glasses, spectacles and sunglasses and cases, chains, cords and frames therefor; containers for contact lenses; optical goods being eye glasses and sunglasses;

Class 14

Watches and clocks; jewellery for personal wear and adornment; earrings; badge; and bars for use therewith; keys and key rings, key blanks and key chains; pins; pendants; jewellery charms; tie pins; cufflinks; time pieces. tie pins and cufflinks (none being of precious metal or coated therewith).

Class 18

Articles included in Class 18 made of leather or imitation leather; travelling bags; backpacks (for climbers), umbrellas, duffel bags, boot bags, holdalls; wallets; bags; belts; purses; credit card holders.

Class 25

Articles of outer clothing; articles of sports clothing; footwear being articles of clothing; and headgear (for wear); shirts; shorts; T-shirts; socks; sweatshirts/sweaters; caps (headgear); hats; scarves; jackets; dressing gowns; pyjamas; slippers; boxer shorts; baby boots; bibs; romper suits; baby sleep suits; dungarees; braces; wristbands; tracksuits; ties; casualwear; swimwear and beachwear; bath robes; lingerie and hosiery; belts.

¹ No connection to the well known clothing retailer

3. The grounds of opposition are that:

- The opponent is owner of earlier trade mark 1196388, which consists of the words CHELSEA MAN and is registered for various items of male clothing in class 25.
- The opponent's mark has been used in the UK for more than 30 years and has become more distinctive as a result of such use. Further, the opponent has acquired a protectable goodwill in the UK and therefore has common law rights to the mark CHELSEA MAN.
- The goods for which the earlier mark is registered are identical or similar to the opposed goods.
- The applicant's mark is similar to the opponent's mark such that there is a likelihood of confusion on the part of the public.
- Registration of the applicant's mark would therefore be contrary to s.5(2)(b) of the Act.
- Use of the applicant's mark would amount to a misrepresentation to the public, which would damage the opponent's goodwill. Consequently, registration of the mark would be contrary to s.5(4)(a) of the Act.

4. The applicant filed a counterstatement denying the grounds of opposition. As the earlier mark had been registered for more than 5 years prior to the date of publication of the opposed mark, the applicant put the opponent to proof of use of the earlier mark in accordance with s.6A of the Act.

The evidence

5. Only the opponent filed evidence. This consists of two witness statements by Christopher George, who is an 'Authorised Officer' for the opponent. The key points from Mr George's evidence are as follows:

- The opponent acquired the earlier trade mark and goodwill in CHELSEA MAN as a result of an assignment dated 19 November 2012 from a Mr A C K George, who is the witness's son.
- Prior to the assignment the use of CHELSEA MAN was exclusively licensed to a company called Retrofit Ltd, which is incorporated in the British Virgin Islands, but is based in Hong Kong.

- Subsequent to the assignment the use of CHELSEA MAN was exclusively licensed to Retrofit Global, which is a trust organised under the laws of the British Virgin Islands, but is also based in Hong Kong. The witness is the ultimate beneficiary of the trust.
- CHELSEA MAN branded products have been sold in the UK for at least the last 34 years.
- Since the 1980s all the CHELSEA MAN branded goods have been sold through Nickleby's retail stores.
- The witness has been actively involved in running Nickleby's stores since 1975.
- At one time there were 24 such stores, but by 2008 this had reduced to 4 stores, and by 2013 there were only 2.
- The CHELSEA MAN range covers casual jackets, knitwear, tops, shirts, T-shirts, trousers, waistcoats, coats, belts, leather jackets and coats, leather bags.
- The goods are sold on a commission basis and - from 2008 onwards – through Nickleby's "own buy" purchases.
- The "own buy" sales were casualwear. The best selling items were T-shirts, shirts, casual tops, sweatshirts and hoodies.
- The branded goods sold on commission were provided by the trade mark owner on a sale or return basis. It appears that these were mainly leather jackets and coats.
- The "own buy" goods were sourced and branded by Nickleby's. It was agreed that the trade mark owner would receive a 5% royalty on the sale of such goods if sales exceeded £200k per annum. They never did.
- £3.2m worth of CHELSEA MAN goods were sold through Nickleby's stores on a commission basis between 2002 and 2013. The highest level of sales was in 2006 when £657k worth of branded goods were sold. However, by 2008 such sales had fallen to £270k per annum. By 2012, the level of such sales reduced further to only £71k per annum.
- In addition, £83k worth of "own buy" casualwear bearing the mark was sold in the year ending March 2011 with a further £65k worth the following year. The witness estimates that £468k worth of casualwear bearing the

CHELSEA MAN mark was sold through Nickleby's between 2008 and 2013.

- There has not been any significant marketing of CHELSEA MAN products since the 1990s. It is not clear what marketing was done then.

Representation

6. A Hearing took place on 21 May 2015 at which the opponent was represented by Mr Kieron Taylor of Swindell & Pearson Ltd and the applicant by represented by Mr Guy Hollingworth of Counsel, instructed by Mathys & Squire LLP.

Outcome

7. The opposition is rejected.

Reasons

8. I start by giving my reasons for rejecting the opposition based on s.5(4)(a). The provision is as follows:

“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.”

9. The requirements to succeed in a passing off action are well established. They are conveniently set out in Halsbury's Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165 as follows:

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

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

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

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

10. Mr Hollingworth attacked the opponent's evidence as vague in places, insufficiently supported by documents showing actual uses of the opponent's mark, particularly in recent years, and unconvincing as to whether any use (or more than trivial use) had been shown of the CHELSEA MAN mark in relation to any goods, with the possible exception of leather jackets. For his part, Mr Taylor submitted that Mr George's statements were adequately particularised and that the truth of what Mr George had said had not been challenged.

11. In *South Cone Incorporated v Jack Bessant, Dominic Greensmith, Kenwyn House and Gary Stringer (a partnership)*², Pumfrey J. stated:

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

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

12. This might suggest that evidence only from the opponent itself is insufficient to support a passing off right claim. However, in *Minimax GmbH & Co KG v Chubb Fire Limited*³ Floyd J. (as he then was) stated that:

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

² [2002] RPC 19

³ [2008] EWHC 1960 (Pat)

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

13. The normal civil standard of proof applies to opposition proceedings. Accordingly, it is sufficient for the opponent to show that, on the balance of probabilities, it had the requisite goodwill at the date of the application for registration on 5th March 2013 (“the relevant date”). In my judgment, the opponent’s evidence is sufficient to establish that the opponent had probably acquired a protectable goodwill under the name CHELSEAMAN by the relevant date. The goodwill was modest in extent: CHELSEAMAN goods had only been sold through a handful of shops for at least 5 years prior to the relevant date, and such sales were restricted to just 2 shops by 2013. Further, there had been no advertising of the mark for at least the previous 13 years. Nevertheless, the length of the use of the mark and the cumulative sales over the previous 10 years and longer meant that the goodwill that existed in 2013 was more than trivial. I am satisfied that the opponent is entitled to claim to be the owner of that goodwill. It would almost certainly have been sufficient for the opponent to prevent another party from trading in, at least, leather clothing under the mark CHELSEAMAN or CHELSEA MAN at the relevant date. And I accept that the opponent’s evidence is sufficient to establish a *prima facie* case that its goodwill also extended to casual clothing, such as T-shirts and sweatshirts.

14. There can be no doubt that the opposed application covers some of the goods associated with the opponent’s goodwill under CHELSEAMAN, e.g. leather jackets.

15. My reason for rejecting the opponent’s case is that the degree of similarity between the respective marks is insufficient for normal and fair use of the applicant’s mark to constitute a misrepresentation to the public. As stated by *Lord Oliver of Aylmerton in Reckitt & Colman Products Ltd. v. Borden Inc.*⁴ the question on the issue of deception or confusion is:

“is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]”

16. In approaching this question I have assumed the opponent’s customers and potential customers are members of the general public and pay an average level of attention when selecting the opposed goods.

17. Mr Hollingworth suggested that there was a material difference between CHELSEA MAN and CHELSEAMAN. I do not agree. The latter is plainly composed of the conjoined words CHELSEA and MAN. That is how consumers of clothing

⁴ [1990] R.P.C. 341 at page 407

would see it. The words sound the same whether conjoined or not. I therefore reject Mr Hollingworth's submission that, in contrast to CHELSEA MAN, CHELSEAMAN would be viewed as an invented word. I accept that CHELSEAMAN is even less visually similar to the applicant's mark than CHELSEA MAN, but in my view, little turns on this.

18. The key point is that whereas there is undeniably a small degree of similarity between the look and sound of the marks at issue, because that the first recognisable word that one comes to in the respective marks is the word CHELSEA, this is where any similarity ends. Compared as wholes there is very little visual similarity between the marks. In particular, the figurative device in the applicant's mark makes a significant contribution to the visual impression created by that mark and that element has no counterpart in the opponent's mark. I accept that the device is unlikely to be verbalised, so the marks are a bit more similar to the ear than they are to the eye. Even so, CHELSEAMAN sounds (and looks) very noticeably different to CHELSEA SUPPORTERS TRUST. I cannot image how the one mark could be mistaken for the other, even allowing for imperfect recollection. When I pressed Mr Taylor about the circumstances in which confusion might arise, he relied mainly on the likelihood of indirect confusion. In other words, that although consumers would recognise that the marks are different, they would be deceived into believing that the parties' marks are used by economically connected undertakings. This is said to be because the word CHELSEA appears at the beginning (or top) of the marks and qualifies the words that follow. I see no merit in this submission because:

- Chelsea is a well known place name and therefore of limited distinctiveness. There is therefore no reason to believe that the public would expect two undertakings to be economically connected simply because they use marks including the word CHELSEA.
- There is no reason to believe that the opponent's use of CHELSEAMAN for 34 years has affected the public's perception of the word Chelsea alone.
- The words 'Man' and 'Supporters Trust' convey very different meanings. The meaning of Man is obvious. A supporter's trust is a trust organised by, or for the benefit of, supporters. When combined with the word CHELSEA the applicant's mark therefore conveys the idea of a trust organised by, or for the benefit of, supporters of CHELSEA. By contrast, the applicant's mark conveys the idea of a man from CHELSEA, which in the context of clothing may be an allusion to the fashionable image associated with men from Chelsea.

18. Mr Hollingworth drew my attention to the decision of Mr Geoffrey Hobbs QC as the Appointed Person in *McQueen Clothing Co.*⁵ where in the context of marks consisting of personal names, Mr Hobbs emphasised the need for marks to be compared as wholes. Mr Hollingworth also drew my attention to *Bimbo v OHIM*⁶ where, in the context of trade mark law, the Court of Justice of the European Union stated that individual words in a composite word mark should not be regarded as having an independent distinctive role where the words “*form a unit having a different meaning as compared with the meaning of those components taken separately*”. These cases should be seen as reminders that the public perceive trade marks as wholes and therefore do not normally attach critical importance to the individual words or features within composite marks. That general rule, or observation, is as true in passing off cases as it is in trade mark cases. The opponent’s case is contrary to this general rule, and presents no reason to depart from it.

19. That conclusion is borne out by a point made by Mr George in his first witness statement where he sought to illustrate how deception would occur in practice. He suggested that the public “*will inevitably think that the applicant is selling our ‘CHELSEA MAN’ clothing from via their club stores and online*”. In my view, this is self evidently farfetched. Why would anyone coming across products under the applicant’s mark (in its stores or otherwise) be caused to believe that these are connected with the undertaking that hitherto sold products under the mark CHELSEAMAN? In my judgment, it is not likely that a substantial number of members of the public will be deceived by normal and fair use of the applicant’s mark, even for leather jackets. Indeed I doubt that anyone will be deceived, or even be caused to wonder whether there is a connection between the users of these marks.

20. My primary reason for rejecting the opposition under s.5(2)(b) of the Act based on earlier trade mark 1196388 is that this registration is subject to a disclaimer which reads:

Registration of this mark shall give no right to the exclusive use, separately, of the words "Chelsea and "Man."

21. This disclaimer was entered at the time that the mark was registered in 1983, but it was transferred to the register created under the 1994 Act in accordance with paragraph 3(2) of schedule 3 to the Act, and is to be treated as though entered under s.13 of the current Act, which reads:

’13. – (1) An applicant for registration of a trade mark, or the proprietor of a

⁵ BL O-120-04

⁶ Case C-591/12, CJEU

registered trade mark, may;

(a) disclaim any right to the exclusive use of any specified element of the trade mark, or

(c) agree that the rights conferred by the registration shall be subject to a specified territorial or other limitation;

and where the registration of a trade mark is subject to a disclaimer or limitation, the rights conferred by section 9 (rights conferred by registered trade mark) are restricted accordingly.’

22. Following my decision in *PACO/PACO LIFE IN COLOUR Trade Marks*⁷ the registrar changed his practice and the following entry was made in the manual of trade mark practice:

“Where the only component of the earlier trade mark which could be regarded as creating a similarity with the later trade mark is the subject of a disclaimer to any exclusive right the examiner will not consider the marks to be similar enough to create a likelihood of confusion.”

23. The correctness of this practice was tested in *General Cigar Co Inc v Partagas y Cia SA*⁸ on appeal to the High Court in 2005. Lawrence Collins J. upheld the registrar’s decision in that case and endorsed the registrar’s practice on disclaimers. It is therefore settled, at least at this level, that the effect of a disclaimer is such that an opposition cannot succeed where it is based only an element of an earlier mark to which exclusive rights have been disclaimed. That is precisely the position in these opposition proceedings and this is why the opposition under s.5(2)(b) is hopeless.

24. In any event, it should be evident from the reasons I have given for rejecting the opposition under s.5(4)(a), why the opposition under s.5(2)(b) would have failed even without the disclaimer. The wording of the disclaimer simply reflects my conclusion that the distinctive character of the earlier mark resides in the combination of the words CHELSEA and MAN and not in either of these word alone. That finding is fatal to this opposition.

25. In these circumstances, it is not necessary for me to formally determine whether the opponent has satisfied the applicant’s request to show genuine use of the earlier mark sufficient to satisfy s.6A of the Act, although again it should be clear from what I have said above what my conclusions would have been.

⁷ [2000] RPC 451

⁸ [2005] EWHC 1729 (Ch)

Costs

26. The applicant has been successful and is entitled to a contribution towards its costs. In the circumstances I order Benetton Holdings Limited to pay Chelsea Football Club Limited the sum of £2100 as a contribution towards the cost of the proceedings. The sum is calculated as follows:

£300 for considering the notice of opposition and filing a counterstatement

£200 for filing written observations

£600 for considering the opponent's evidence

£1000 for preparing for and attending the hearing

27. The above sum should be paid within 14 days of the expiry of the appeal period or, if there is an appeal, within 14 days of the conclusion of the appeal proceedings.

Dated this 27th day of May 2015

**Allan James
For the Registrar**